India's Foremost Trade & Investment Magazine

INDIA GLOBAL BUSINESS

UK Edition

Sitharaman wields the tax axe

September 2019

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Brexit quake leaves Boris shaken, but not stirred

The UK Supreme Court declaring Boris Johnson's prorogation of Parliament unlawful has shaken up the British political system to its very core, with political experts scrambling for words beyond historic and unprecedented.

"The decision to advise Her Majesty to prorogue Parliament was unlawful because it had the effect of frustrating or preventing the ability of Parliament to carry out its constitutional functions without reasonable justification," declared Lady Hale in the unanimous verdict of 11 judges from the UK's highest legal authority. The fact that a sitting Prime Minister's political move to suspend Parliament was declared null and void has triggered a constitutional crisis like no other, forcing Johnson to dash back from the UN summit in New York to confront belligerent MPs in the Commons
.

But the questions go beyond just the realms of politics. While Johnson remains determined not to budge from his "do or die" pledge for Britain to leave the EU by the 31 October deadline, the uncertainty for the business community has only further compounded. The brakes on business as usual have been applied for far too long as the revolving door at Downing Street carries on swinging.

The Pound Sterling has already had a series of turbulent months as the Johnson-led government continues to ramp up the rhetoric over no-deal Brexit and the latest jolt of a legal nature will do little to calm those nerves. In a recent edition, 'India Global Business' had pictured Johnson piloting a WWII plane with the headline: Kamikaze Boris? Perhaps the time is coming close when that question mark will no longerbe required!

India presses the growth reset button

Indian Finance Minister Nirmala Sitharaman last week unveiled her boldest tax move yet. In one fell swoop, she cut India's corporate tax rate from 34 per cent to just over 25 per cent. Further, she announced a new tax rate of 17 per cent for manufacturing companies setting up after 1 October this year and commence operations before 31 March 2023.

These are, easily, the most aggressive and far reaching direct tax cuts for the Indian corporate sector and redeem a pledge made during the Modi government's first term to reduce the rate to 25 per cent to make it competitive vis-à-vis China and the South East Asian economies.

The lower tax rate of 17 per cent is expected to make India an attractive destinations for companies that are looking for alternatives to China in the wake of the China-US trade war. Many of these companies are considering locations in Vietnam and other ASEAN nations. High tax rates were considered the major reason for not considering India. Of course, other issues, like rigid labour laws and poor infrastructure were also hobbling fresh investments in India but these, too, are being addressed by the Modi government.

'India Global Business' believes that these tax cuts will spur a fresh investment cycle and lift the Indian growth rate, which had been lagging in recent quarters, to a much higher trajectory.

US support for Modi on Kashmir, opens trade talks

The Howdy Modi rally in Houston and mutual bonhomie on display there between the Indian Prime Minister and US President Donald Trump and their interaction on the sidelines of the UNGA in New York had messages for India, the US, Pakistan and even China.

A very important development, which has got lost in the euphoria over the rally, is Trump's assertion that a trade deal between the two countries is imminent. Even a limited trade deal that restores Generalised System of Preferences benefits to some Indian exports to the US will soothe frayed nerves on both sides.

Modi has also given a new potency to the 3-million strong and affluent Indian American diaspora. Astute political observers would not have missed that Texas is now emerging as a key 2020 presidential election battleground and the Indian American vote and their dollars will be very valuable.

Then, as noted columnist Roger Cohen noted in the NYT: "Less than two months after Narendra Modi… revoked Article 370 of the Indian Constitution… Trump chose to signal approval by standing side-by-side with the Prime Minister."

There were energy deals that preceded the rally and a meeting in New York that followed it, but this was possibly the biggest takeaway from the Houston rally. Trump and the US administration may not want to publicly articulate this stand but the image of the US President and the top leadership of both the Republican and Democratic parties looking on while Modi spoke about his government's rationale for defanging Article 370 could well become the defining feature of the Indian PM's US visit.

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The UK Edition of 'India Global Business' leads with the biggest shakeup in India's tax regime with the announcement by Finance Minister Nirmala Sitharaman to cut corporate tax significantly to spur growth. The rest of the package covers the usual range of analyses and interviews.

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Modi's Houston meeting with CEOs to enhance India's energy security

by Arnab Mitra

The Indian Prime Minister's meeting with the heads of major US oil companies and his government's tango with the Middle East and Russia will ensure that the country gets adequate hydrocarbon supplies to power its growth aspirations.

The recent attack on Saudi Aramco's plants, which resulted in the suspension of 5 per cent of the world's crude oil supplies, led to violent swings in global oil prices. In the two days following the attack, Brent futures went up by almost 20 per cent to $71.95 per barrel and WTI futures by 15.5 per cent to $63.34. This brought home the importance of ensuring India's energy security and highlighted the criticality of Indian Prime Minister Narendra Modi's meeting with leaders of the US oil and gas industry in Houston on 21 September, which had been fixed months in advance.

Why the Houston meeting with oil CEOs is important

Modi met the virtual who's who of the US and European energy sector. His round table included the CEOs of ExxonMobil, BP, Total, Tellurian, Schlumberger, Baker Hughes, Cheniere Energy and Dominion Energy, among others.

India already imports about $4 billion worth of oil and gas from the United States and there are reports that this could double in the near future. Also, US Secretary of State Michael Pompeo has promised India adequate crude oil supplies in the wake of US sanctions on Iran.

Engaging US energy majors is important not only for India's energy security but also for other collateral benefits. It is well known that energy companies are among the top campaign contributors to the Republican Party. Thus, having a long-term relationship with these companies and their influential CEOs, who enjoy tremendous clout in Washington, makes political and strategic sense for India.

The deals in the pipeline

Modi, who drove to the meeting with the head honchos of oil companies straight from the Houston airport, tweeted: "It is impossible to come to Houston and not talk energy! Had a wonderful interaction with leading energy sector CEOs. We discussed methods to harness opportunities in the energy sector. Also witnessed the signing of MoU between Tellurian and Perronet LNG."

He was referring to the agreement to negotiate the import of five million tonnes per annum of LNG by the public sector Indian company from the US energy behemoth's Driftwood project in Louisiana in which the Perronet may also invest $2.5 billion.

Subject to further due diligence and necessary approvals, Tellurian and Perronet are expected to finalise the agreement by 31 March 2020.

Then, Indian Oil Corporation (IOC), India's largest oil refiner, signed two contracts to buy 4.6 million tonnes of US crude oil in 2019-20 from Norway's Equinor ASA and Algeria's state energy company Sonatrach.

Earlier reports said the world's most valuable energy company, ExxonMobil Corporation, is likely to enter a partnership with the public sector GAIL India Ltd to set up a green energy platform in India. India may also pick up a stake in ExxonMobil's offshore Stabroek block in Guyana, which has estimated reserves of more than five billion oil-equivalent barrels.

And as has been widely reported in the Indian media, Indian oil majors have invested about $4 billion in US shale gas assets.

ENGAGING US ENERGY MAJORS IS IMPORTANT NOT ONLY FOR INDIA'S ENERGY SECURITY BUT ALSO FOR OTHER COLLATERAL BENEFITS.

Why energy security is important

India imports 82 per cent of its oil and gas requirements, mostly from the Middle East but also from the US, Russia, Africa and South America. In 2018-19, the country's oil import bill was about $112 billion, a jump of about 30 per cent from $88 billion the previous year. Local production has been stagnant, and this is unlikely to change in the foreseeable future. Even the production of oil from overseas fields owned by Indian companies hasn't been rising fast enough to compensate for stagnating local output.

This will have to change quite drastically if India is to achieve the target set by Modi of reducing oil and gas imports to half the current figure by 2030. As an interim goal, the Indian government is targeting a 10 per cent reduction in oil and gas imports by 2022.

But energy is vital for India to achieve its goal of becoming a $5 trillion economy by 2025 and provide 24x7 power for every Indian by 2022.

India's energy mix

Coal is still the largest source of energy in India. It accounts for 72 per cent of India's electricity generation and is also the main fuel used by sectors such as cement and steel.

BP Energy Outlook 2019 estimates that coal's share in India's primary energy consumption will fall from 56 per cent in 2017 to 48 per cent in 2040. This is more or less in line with the estimate of NITI Aayog, the government's official think tank, which put the figure at 44 per cent. The share of oil will fall from 29 per cent to 23 per cent while that of renewables will rise five-fold over this period to 16 per cent.

India's energy demand is expected to grow at a CAGR of 3.7-4.5 per cent per year till 2047, according to the NITI Aayog. The corresponding figure for electricity demand is 5.4-5.7 per cent. And although the country is home to 18 per cent of the world's population, it consumes only 6 per cent of the world's primary energy.

This is expected to change quite

dramatically as India's per capita energy consumption of 521 kgoe in 2014, which is one-third of the world average, first catches up and then overtakes its share of the world's population.

The renewable energy push

Pushing this surge in energy consumption is the Modi government's aggressive and ambitious target of setting up 175 GW of renewable energy (RE) – solar, wind and biomass – capacity by 2022. According to data available on the website of the Government of India's Ministry of Power, the country had an installed capacity of slightly more than 80 GW of RE, or a little less than half the target, as on August 31, 2019.

Beyond that, India has an even more ambitious goal of setting up 450 GW of RE capacity by 2030 but this will come with its own set of problems.

Infirm power

RE, especially solar and wind power, are infirm sources of power. That means, unlike thermal, hydro and nuclear power, they cannot be produced on demand. Solar power plants cannot generate electricity when the sun is down. Wind power plants cannot generate power when wind speeds are below a particular threshold.

Solar power generation stops in the evening, leaving the grid with a sudden and massive withdrawal of supply between 5 pm and 6 pm every day. The grid faces a similar "shock" from wind power withdrawal when winds stop. This can result in grid instability and huge outages if alternative sources of power are not available to substitute for the power that is withdrawn.

Thermal power plants are not able to ramp up fast enough to replace this. Among power sources, only hydropower plants, gas-based power plants and nuclear power plants can do this.

But India lacks sufficient capacity in these. The alternative is battery storage systems.

In India, power demand peaks in the evenings when solar power plants can no longer generate electricity. But battery storage technology is not yet sufficiently advanced to store the quantum of power needed to compensate for the shortfall.

THE COUNTRY WILL HAVE TO MOVE FAST ON EASING LAND ACQUISITION AND ENVIRONMENTAL AND FOREST CLEARANCE NORMS TO FACILITATE RAPID EXPANSION OF COAL PRODUCTION IN THE COUNTRY.

This makes it imperative for India to secure adequate and reliable supplies of gas as a fuel for power plants that can ramp up or ramp down on demand since hydro and nuclear power plants have long gestations periods and entail huge environmental costs.

This makes security of gas supplies imperative for India's energy security.

The problem with coal

India is the world's second-largest coal producer after China with a share of 10 per cent of the global output and has the fifth-largest coal reserves in the world, according to IEA. India's share of world coal consumption is 13 per cent.

However, 87 per cent of Indian reserves of this mineral fuel is non-coking coal, forcing the country to import 80 per cent of its coking coal needs. Then, India's coking coal reserves are of a poorer quality than those available elsewhere. This means that India will have to continue importing this fuel whose use is expected to triple to 180 million tonnes by 2030.

India also has to import about 20 per cent of its thermal coal requirements as Coal India Ltd (CIL), till recently the monopoly merchant producer of this commodity, which accounts for 84 per cent of the country's coal production, is unable to increase its

THE MODI GOVERNMENT WILL HAVE TO CAREFULLY FINESSE ITS HAND TO MANOEUVRE BETWEEN THESE COMPETING GLOBAL GEOPOLITICAL CONFLICTS TO DIVERSIFY CRUDE SOURCES AND ENSURE INDIA'S ENERGY SECURITY.

output at the required rate.

According to rating agency Crisil, CIL's production will touch one billion tonnes in five years against its target of doing so this year. Since the government has not moved on facilitating private participation in merchant coal production despite passing a law to do so last year, India's coal demand continues to outstrip domestic supplies.

The country will have to move fast on easing land acquisition and environmental and forest clearance norms to facilitate rapid expansion of coal production in the country.

However, the good news is India's peak electricity deficit has declined from 12.7 per cent in 2009-10 to 0.8 per cent in 2018-19.

Walking on geostrategic eggshells

The Middle East, the main source of hydrocarbon supplies to India, is a volatile region. US sanctions on Iran, which supplied up to 10 per cent of India's crude requirements until recently, has adversely impacted India's energy security.

India has turned increasingly to Russia to diversify its crude supply sources. But this, too, has fallen foul of US sanctions on Moscow. Despite this, ONGC Videsh, the foreign investment arm of India's national oil explorer, has a $6-billion investment in the Sakhalin oil fields in the region.

Last year, India and Russia agreed to a sea link between Vladivostok and Chennai that will cut down the transport time from 40 days at present to 24 days, making it easier less costly to import Russian crude.

Thus, the Modi government will have to carefully finesse its hand to manoeuvre between these competing global geopolitical conflicts to diversify crude sources and ensure India's energy security.

Strategic moves

To guard against any major disruption in energy supplies, the Indian government is building a strategic reserve of 5.33 million tonnes of crude in Mangalore (Karnataka), Vishakhapatnam (Andhra Pradesh) and Pudur (Karnataka) to provide for 10 days of supplies.

The Abu Dhabi National Oil Company (Adnoc), has provided half the crude oil that is stored at the 1.5 million tonne Mangalore rock cavern and is also providing oil for the 2.5 million tonne storage facility at Pudur in Karnataka.

Then, Saudi Aramco will invest $15 billion to buy a 20 per cent stake in the oil refining and petrochemicals business of Reliance Industries, India's largest private sector company. This will ensure reliable supplies of crude, the main raw material for Reliance's refining and petrochemicals businesses, at a reasonable cost. A large Saudi stake will provide its Jamnagar refinery, the largest in the world, a secure insurance against Pakistani air and missile attacks in case of hostilities.

In a mutually beneficial deal, the Saudis will gain a secure market for 500,000 barrels of oil every day, a strong partner in the Indian market and an entry into this market of 1.3 billion consumers.

This will give the world's largest oil producer a stake in India's energy security.

Key to energy security

India will also need to address some major internal challenges to ensure its energy security.
According to an EY report: "… While the country has surplus refining capacity and is an exporter of petroleum products, major investments will have to be made in the domestic upstream industry and to acquire hydrocarbon reserves abroad. Additionally, key areas of action are:

- Accelerated development of energy infrastructure
- Human resource development
- Technological upgrade

A more conducive policy environment coupled with an effective regulatory regime is, without doubt, the basis for accelerated growth of domestic energy resources. Energy security needs integrated action by all stakeholders."

The UK provides a compelling offer for Indian businesses

by Peter Estlin

The Lord Mayor of the City of London reflects on the opportunities for collaboration between the UK and India within the digital sphere as he leads a major fintech delegation to India.

As a businessman who has travelled to India no less than 20 times over three decades, it was fantastic to return to the country as Lord Mayor of the City of London, and principle ambassador for the UK financial and professional services sector.

Last week, I visited three cities – Delhi, Hyderabad and Mumbai – as the head of a delegation of UK firms. Over this time, we have learnt a lot, but more importantly, we have seen huge areas of potential for further UK-India growth.

One thing that struck me was the sheer scale and pace of innovation taking place within the private sector. During a presentation by the head of PayTM, we heard the incredible story of the company's growth from small start-up to giant fintech. Now boasting 500 million active users and an array of products, the firm is a prime example of first-class Indian innovation, with plenty of potential to grow even further.

Elsewhere, the biggest group in India, TATA, continues to grow, and in a meeting with Chairman Natarajan Chandrasekaran, I was impressed by their amazing digital vision for the future. PolicyBazaar, India's largest online insurance marketplace, is also steaming ahead with its expansion plans, and I had the pleasure of chatting to them about the future of the sector in India.

That's not to say there isn't room for foreign expertise in the Indian market. As a world leader in financial and professional services and fintech, the UK continues to provide a compelling offer for India in many areas and is well placed to act as a knowledge partner to fill gaps in know-how and skills. But in the face of increasingly advanced innovation and competition in India, it is clear that UK companies need to think carefully about where they fit, and UK Plc needs to be structured in its overall approach when seeking Indian partners.

Another important takeaway from my visit is the keen focus from the top to deliver on the campaigns and initiatives of Prime Minister Modi and his government. In New Delhi, I met with the Secretary at the Department of Economic Affairs, Atanu Chakraborty, who was hugely encouraging about the future of economic reforms in the country. This positivity was reinforced during a meeting with think tank NITI Aayog, where I gauged some real forward thinking on government priorities, including health, renewable energy and agriculture, and where the UK can assist in these areas. Outside of the capital, I also met with representatives from the state governments of Telangana & Maharashtra – both competing to attract the best talent, the best companies and create the best ecosystem, and both providing compelling offerings to UK companies wanting to enter the Indian market.

What also came across in all my meetings was a clear commitment from those I met to make a success of the Gujarat International Finance Tech-City (GIFT City). While growth

AS A WORLD LEADER IN FINANCIAL AND PROFESSIONAL SERVICES AND FINTECH, THE UK CONTINUES TO PROVIDE A COMPELLING OFFER FOR INDIA TO ACT AS A KNOWLEDGE PARTNER TO FILL GAPS IN KNOW-HOW AND SKILLS.

in Modi's visionary new city has been slow, it's obvious to me that this is a project that the government is committed to, and I expect to see many more initiatives with regards to GIFT in the near future, particularly after the high-speed rail link has been built.

Going forward, the City of London Corporation that I represent will, of course, stay abreast of developments in GIFT and across India through our long-standing representative office in Mumbai. But we will also continue to work with organisations like Invest India to accelerate trading ties in financial and professional services. A prime example of a key player in the Indian market driving the foreign direct investment agenda, I hope in the future we can work more closely together, especially in the area of fintech.

I also hope we continue to build on our relations with several trade associations, including the Data Security Council of India, CII and DCB Banks, all of which are hugely ambitious conveners with an international outlook. There is plenty of appetite for partnerships with industry, in areas from cyber security and fintech, to promoting direct learning and collaboration, and my advice for any budding UK partner is to home in on the specifics in the market you want to deliver.

Of course, I gave this same advice to members of my hugely impressive business delegation, each of which has an existing India story that I hope my visit has helped to accelerate. In areas as diverse as cyber security, insurance, biometric verification and payments, each delegate flew the flag for UK Plc and provided a glowing glimpse of the massive potential UK fintech has to offer India. I, for one, look forward to further stories of success over the following months from my delegation, but also companies across the UK. At the City Corporation, we stand ready to support all firms entering India.

Alderman Peter Estlin is the Lord Mayor of the City of London, and a principle ambassador for the UK financial and professional sector.

India will remain a very attractive place to do business

Gaurav Dalmia, Chairman of Dalmia Group Holdings, discusses the current economic and business climate in India while also highlighting some key lessons for Private Equity investors considering the Indian market.

How would you classify the Indian investment climate against the backdrop of an economic slowdown?

India has been quite a hot destination for investment over the past few years. In the fiscal year 2018-19, India attracted $44 billion in inbound FDI. This is capital that chooses target destinations freely. In the same period, Vietnam attracted about half that. Though for a fair comparison, these numbers should be adjusted for relative economy size etc. They point to the fact that India is an attractive investment destination. On other parameters, the signs may look weaker. For instance, Nomura had a report on the US-China trade war and which countries were gaining trade share and ultimately investment share. Taiwan and Vietnam were large gainers, I suspect, mostly because of their electronics manufacturing base. Malaysia and Chile were also up there. India was not as significant as it ought to be. India's household savings rate as a percentage of GDP and our investment rates are also in decline. To me, if this is a secular trend, it is the most worrying element. There can be a chicken-and-egg type of argument: what came first, the slowdown in the economy or the slowdown in investments, but these reinforce each other. Given high capacity utilisation levels in many sectors, the need for infrastructure and given the low penetration levels in so many consumer categories, I believe that India will remain a very attractive place to do business. This slowdown is not the end of the world; we have been through downturns before. Obviously, we should not ignore it. But we should also not get overwhelmed by it.

Does the outlook for a continued strong growth momentum in private equity in India look promising?

India has seen tremendous private equity interest. Last fiscal, some $37 billion was invested by PE funds. It's become a mainstream financing tool. The industry is mature enough now that we see at least six different distinct segments appearing: buyouts, growth capital, technology venture capital, private equity style investment in public companies, structured credit, and real estate. Emerging markets private equity bets are on growth and have high relative valuations, while developed markets private equity bets are on stable cash flow, low valuation, and financial engineering. Hedge fund managers use the term alpha to measure the extra return from a particular market or strategy. From the figures I have seen, if you compare like-with-like, India does generate 300 to 400 basis points alpha in dollar terms over developed markets. I was told that for the global behemoth Blackstone, India has been the best performing investment destination over the past few years. If you compound this alpha over a decade or more, it can be a real outlier.

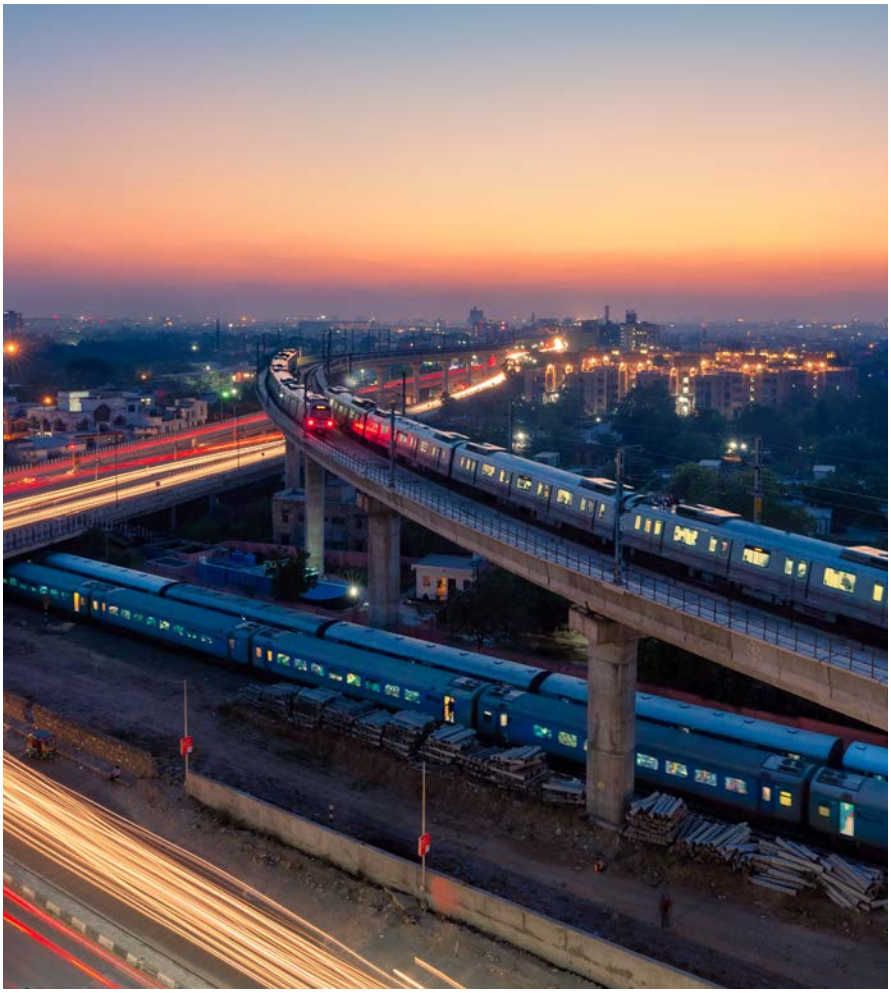
THIS SLOWDOWN IS NOT THE END OF THE WORLD; WE HAVE BEEN THROUGH DOWNTURNS BEFORE. OBVIOUSLY, WE SHOULD NOT IGNORE IT. BUT WE SHOULD ALSO NOT GET OVERWHELMED BY IT.

What are some policy reforms you would highlight as contributing to global investor interest in the Indian economy?

To begin with, one should be clear that there are different end goals. If the end goal is 7 per cent or so growth, which I believe is India's natural fighting weight, then we need to ask how to get the hygiene factors out. Financial sector liquidity, plugging the delays in the GST system, relook at agricultural support prices, lower real interest rates – the prescriptions would be of this type. However, if one wants to go into a different orbit, say 10 per cent growth for the next decade, much like what China has achieved, then merely sorting out the hygiene factors will not be enough. Incrementalism and tactical views will not take us there. We'll need fundamental and strategic changes. The policy prescription then would be that India needs to be a part of more free trade agreements, which it needs to negotiate and shape to its advantage. India needs to invest in physical infrastructure for better inventory turnaround, and in education to get productivity gains that are the bedrock of economic growth. Two relevant points worth mentioning here. One, these have long gestation periods and will transcend political and election cycles. Inevitably, in the medium term, there will be noise around such profound changes. Which brings me to my second point. The solutions are not just in the arena of economics. They will fall into the realm of political economy, judicial reform, behavioural science led nudging, international diplomacy etc. The whole country – and not just the government – will have to make hard decisions.

Is India's $5-trillion vision on track; what are the crucial sectors to watch out for in this regard?

There are the usual suspects. Let's look at a sample. It might sound almost trivial, but tourism would be a sector we need to develop. If one takes direct and indirect employment generation, this is the largest employer in the world. And there is quite a bit of headroom for India. For instance, tourism is 5.5 per cent of total exports from India, while for countries such as Australia, which we normally consider as an agriculture and mineral exporter, tourism's share of exports is almost 10 per cent. Infrastructure is another obvious one. We need to over-engineer our infrastructure with a long-term demand estimate and not play continuous catch-up. Social infrastructure like health and education need to be prioritised via private sector investment. This would have multiplier benefits. South East Asian countries have shown this



to be the case. Agriculture is rather inefficient in India. Big structural changes need to be made here and will involve land reform, scaling, water management, insurance, logistics etc. Financial inclusion is another important consideration. My colleagues did some research a few years ago. In 2016, the capital needs of India's small and medium enterprises was $529 billion. Of this, formal sources such as banks funded $116 billion and finance companies funded $63 billion. Informal, friends and family sources funded the rest, which was a staggering $350 billion. In 2020, it is estimated that SME's will collectively need $ 990 billion or so. If we don't strengthen and formalise the financial sector, it could be a serious impediment to progress. We are already seeing the disruptions arising out of the NBFC sector. Let me say, on the whole, the road to $5 trillion is not for the faint-hearted.

What would be your checklist for PE players eyeing the Indian market?

We have been making private equity investments since the '90s. Some lessons stand out. One, make decisions locally. Helicopter style management will not work. One can see the difference in the returns for investors with deep on the ground presence and those who don't have local underwriting capability. Two, because the Indian private equity story is that of funding growth, returns take time. So, this neat year time frame for exits is not optimal. If investors have longer fund lives and more of a business-building temperament, the payoffs can be huge. Three, most mistakes we have seen, at least the ones we have made, have a common theme: investors get seduced by assets and give inadequate attention to people when underwriting new investments, and that is where they falter. Four, add value to investments. Sequoia, Blackstone, Warburg Pincus, they have all built their franchises in India not because they have large wallets, but because they have a deep understanding of businesses and appreciate the unique challenges of scaling in India. It is surprising to me; how many private equity investors have an invest-and-pray strategy for all practical purposes. And five, while investors always marry a top-down view with a bottom-up view, in India, we think a bottom-up view needs more emphasis since most top-down views are quite attractive given the growth; we have seen in so many industries over the past two decades. Having said this, global private equity investors are in their third capital rotation cycle from India now, and all in all, they have become excellent brand ambassadors for India!

On a personal note, what inspires your commitment to the primary education sector?

It is well known that primary education, particularly girls' education, has the best payoffs for society. The North-South divide one can see is closely linked to better education in southern India. Most of South East Asia has seen how investments in education pay off 10-15 years later. Given our size and demographics, we have a unique challenge. And a unique opportunity. Personally, I am very committed to primary education. We have done quite a few things in this area. Most recently, maybe a year or so ago, we contributed to a Silicon Valley-based charity called Room to Read, which has a proven template for improving literacy and is very successful in India. I also Chair Room to Read's Indian Advisory Board. We are going through our own J curve of growth in India. Prime Minister Modi spent considerable time in a Room to Read School in Varanasi on his birthday last year. There is so much good work being done and remains to be done. We have just touched the tip of the iceberg.

Improving Lives with Technology and Finance

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

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UK's Labour Party is recklessly out of sync with New India

by Manoj Ladwa

Labour's politics is terribly and recklessly out of sync with Britain's business and wider strategic interests in aligning with democratic India. The US Democrats would do well to take note.

The Labour Party has historically enjoyed good relations with India and its 1.5-million strong diaspora community in the UK. The overwhelming majority of British Indians have traditionally voted for Labour. It has long been felt that the Labour Party has best represented the interests of immigrant communities. But no longer.

In the biggest jolt to India, and the Indian community's relationship with Labour that I can ever remember, the party at its annual conference earlier this week passed a resolution which demanded international intervention and a campaign for self-determination in Kashmir. In uncharacteristic bluntness and speed, the Indian Ministry of External Affairs (MEA) spokesperson issued an instant rebuke with the words: "We regret the uninformed and unfounded positions taken at this event". Raveesh Kumar went further to declare that there is no question of India engaging with the Labour Party or its representatives on this issue.

The resolution about the Indian state of Jammu & Kashmir is ill conceived, misinformed, and will only further alienate the vast majority of Indians from Labour.

THE RESOLUTION ABOUT THE INDIAN STATE OF JAMMU & KASHMIR IS ILL CONCEIVED, MISINFORMED, AND WILL ONLY FURTHER ALIENATE THE VAST MAJORITY OF INDIANS FROM LABOUR.

The revocation of Article 370 was constitutional, democratic and just, giving women, minorities, LGBTQ communities at last the rights which the so-called "special status" denied. It's ironic that Labour, the historic flag-bearer of liberal social values, through adopting this resolution, seeks the continued oppression of these communities.

Under Jeremy Corbyn it is obvious that the relationship has become fractured. Having been a member of the Labour Party for over 20 years, before I resigned soon after Corbyn took over, and having run many of its community engagement programmes, I have had first-hand experience of its changing face. I therefore have no hesitation in saying that Labour now has an institutional bias against India and Indians.

I left the Labour Party precisely because it no longer is a party of the many. Much of its policy-making has been hijacked by a coalition of hard Left extremists and Jihadi sympathisers. Corbyn's long-held support for separatist and often violent causes around the world is well known. Under his leadership, Labour pretends to speak in liberal terms but panders to the most illiberal ideologies. This is a slippery road

to more divisions in British society, precisely at a time when Brexit-torn Britain needs politicians to build bridges with all communities and friendly nations like India.

India is today the third-largest investor into the UK and among the largest employers of the economy with the Tata Group leading that front.

Hence, with the prospect of a Corbyn-led government, one would not blame Indian companies if they start to re-evaluate their UK investment plans, just as British Indian voters have started to turn their backs on their traditional party of choice. This would be a real shame, given the immense work over many years by both countries, and successive governments of all shades, to build an otherwise robust trade, investment, and strategic relationship.

This Labour Party is, however, unable to reconcile the re-emergence of its militant tendency in a much more potent avatar, with a new, confident, outward-looking, and economically progressive India. Labour's politics is terribly and recklessly out of sync with Britain's business and wider strategic interests in aligning squarely with democratic India.

In a book titled 'Winning Partnership – India-UK Relations Beyond Brexit' that I edited, Britain's former Ambassador to India, Sir Michael Arthur, questioned whether the UK needed India more or vice versa. He concluded: "India will need to be an important part of Britain's global leg — if India sees its interests that way." Under Corbyn, the days of New Labour, and its centrist politics, are truly over. But the days of New India are firmly here. It's high time Labour smells the chai. But I fear it may be already too late. The US Democrats would do well to take note.

Manoj Ladwa is the Founder and Chief Executive of India Inc. and a former Chair of the Labour Party's Indian Community Engagement Forum.

Brexit can potentially act as a reset button for British manufacturing

by Fhaheen Khan

An economics and public policy expert summarises how a no-deal Brexit will impact manufacturing in the UK and India.

In 1610, the English adventurer Sir Thomas Roe was sent by Queen Elizabeth on a mission to the West Indies in search of the fabled El Dorado, the city of gold reported in the myths of Spanish conquistadors. Roe failed, however, and instead turned his attention to the East, seeking Emperor Jahangir's blessings to bring British trade to India. The result was to separate Britain's interests from Europe's path at a time when England's ambitions were too often stifled by those of greater European powers.

Four centuries on and the UK is again seeking to diverge from its European neighbours. In trying times, where Brexit dominates the news with little clarity on its impact domestically or internationally, more trade with India may be a step in the right direction. Even so, there has been very little emphasis on how non-EU countries, like India, will be affected.

While the size of the manufacturing sector has declined over time in the UK, the sector's prominence has grown in India, resulting in two nations with significant productive capacity in manufacturing. For example, the UK is the ninth-largest manufacturer in the world by output, accounting for 10 per cent of domestic GDP and 44 per cent of exports. India, however, has steadily grown its presence since the mid-2000s, to become the sixth-largest manufacturer by output worth approximately 15 per cent of domestic GDP.

In anticipation of the original Brexit deadline of 31 March, Make UK data shows that output skyrocketed as a result of stockpiling activities between Q1 and Q2. The subsequent effects from this made it appear as if the UK manufacturing sector was performing well amidst the uncertainty. However, the March deadline being pushed back to 31 October and a series of unpredictable political events over the past three months led many manufacturing subsectors to weaken, with average output falling severely since Q2. This, alongside a drop-in order both domestically and internationally, means that many manufacturers are having their margins increasingly squeezed as they are unable to raise prices to cover costs over fears of losing key foreign suppliers. As a result, business confidence has fallen to its lowest since the referendum. A culmination of the above has now left many UK manufacturers with little desire to invest over the next year.

IN TRYING TIMES, WHERE BREXIT DOMINATES THE NEWS WITH LITTLE CLARITY ON ITS IMPACT DOMESTICALLY OR INTERNATIONALLY, MORE TRADE WITH INDIA MAY BE A STEP IN THE RIGHT DIRECTION.

At the moment, it all seems to be gloom and doom for the UK. So, what is the bright side to this chaos? Are there opportunities for gain as opposed to losses for British manufacturing? In theory, many opportunities could exist. The outcome depends on new trade deals with both the EU and the rest of the world post Brexit.

Consider the UK and India. India is an economic powerhouse today, with a rising share of middle-class citizens with a growing taste for high-quality foreign goods. According to the Department for International Trade (DIT), trade between the UK and India totalled more than £20 billion in 2018, of which the value of UK export goods totalled £5.5 billion. In the grand scheme of exports, trade between the UK and India is relatively small – as a reference point, the value of manufactured goods exports from the UK to the US totals at £45 billion.

It is true that trade between the UK and India has remained surprisingly stagnant over the last decade, whilst in the same timeframe, trade between the EU and India has increased. One might like to believe that because trade links between the UK and India are relatively weak, a no-deal Brexit would not directly and substantially impact India's economy.

However, if we consider trade through

the instruments of "value-added" travelling through supply chains, then some proportion of the products that India imports from the EU will contain elements of British manufacturing (such as a component of a passenger vehicle, which is then completed in Germany). Subsequently, businesses in India will be indirectly affected – a concept that economists refer to as spill over effects – in the form of increased delays in orders and potentially higher prices from tariffs applied to UK goods when trading with the EU.

For example, take the UK's automotive sector, which relies heavily on international demand to survive and sees over 50 per cent of UK produced vehicles exported to the EU. It is also one of the main UK subsectors integrated as part of the automotive supply chain, within the Indian economy, and includes companies like JCB, Jaguar Land Rover and GKN Driveline.

Make UK's Q3 Manufacturing Outlook publication highlighted a sharp fall in orders for basic metals, a key component of automotive productions. This fall in demand is primarily from North America, but a domino effect will ensue, impacting UK automotive manufacturers' domestic and foreign operations, as a result, thereby affecting India. A no-deal Brexit will lead to further stagnation in the automotive sector for the UK, with knock-on effects within the Indian automotive sector in the form of reduced demand for vehicle components.

Nevertheless, the impact on India will be less than that on the UK itself, and its closest neighbours in the EU. Additionally, the UK primarily imports textiles, jewellery, machinery, pharmaceutical goods and mechanical appliances from India. A weak exchange rate will have already impacted the demand for these goods. Without an improvement in purchasing power, UK manufacturers will struggle to import important materials from India, raising the need for an efficient trade deal between the two nations. In the absence of effective trade, both UK and Indian manufacturers will feel the repercussions of a No-Deal Brexit. The only uncertainty is to what magnitude this will take place.

The final question remains: why has trade between the UK and India failed to progress? The value of trade between two of the largest economies in the world may seem insignificant but suggests that there is opportunity for growth. Brexit has the potential to act as a reset button for British manufacturing, providing the sector with a fresh opportunity to consider new trade relationships, to some extent. In a world where we no longer trade freely with the EU, perhaps simpler trade with India could be the answer. Of course, India and the EU are not perfect substitutes (i.e. interchangeable) as a trading partner for the UK due to a number of constraints, including the differences in business culture and time-zones. Moreover, a key determinant of trade is geographical proximity which illustrates that we tend to trade more with countries that are geographically closer to us. As far as we know, and as convenient as it would be, it is not possible to move one country next to another for trade. Truly, if that were possible, we would end up reverting to Pangea! Despite this, the EU has successfully developed a strong trading relationship with India.

Although it is clear that the potential challenges that await UK manufacturers from a No-Deal Brexit will only impact India partially, an efficient trade agreement between the two nations could potentially mitigate the negative consequences of Brexit, as well as fill the gaps left by reduced trade with the EU. It should be noted, however, that in a post-Brexit world, the EU is likely to remain the UK's most important trading partner and immediate negotiation efforts are expected to be concentrated in stabilising UK/EU trade before developing trade deals in the interest of UK manufacturing with the rest of the world.

Fhaheen Alam Khan is an Economist for Make UK.

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The UK-India Tech Partnership: Supporting our future workforce

by Julian David

As the UK is predicted to have sizeable increase of tech-related jobs over the next few years, a partnership with India could be the solution to the futureproofing the workforce.

Whether you call it the Fourth Industrial Revolution or Society 5.0, the transformations we are witnessing across the globe bring unprecedented changes and enormous opportunities. Equally, they present difficult challenges. Rapid advances in technology are fundamentally changing the way we work and learn, and how we connect with the world. In the UK, we must work together now with international partners to reap the rewards of what this digitised world has to offer.

We often refer to the Fourth Industrial Revolution as if it is a static moment in time – a moment of huge upheaval and then a settling down. The truth is new technologies are becoming ever more sophisticated and integrated, creating wave after wave of change – with the UK and India having built excellent foundations to ride these waves together.

The ties that bind both nations today go beyond the usual rhetoric of shared history, common language or cultural ties. The UK-India partnership has weathered the test of time and both countries now stand as equal partners with a strong two-way investment story to tell.

The UK is now the single largest western investor in India with British businesses creating over 422,000 jobs since the turn of the century. India, on the other hand, is the third-largest source of FDI into the UK. Its record number of 842 companies, with combined revenues of £48 billion, employ nearly 110,000 people in the UK. The benefits of this unbeatable combination are clear: new jobs, economic growth and new avenues to co-create and co-innovate.

Individually, both nations are thriving in this space. The UK's digital economy is worth more than any other European country while India is on course to becoming the second largest market for internet in the world. Collectively, they bring visible contributions to each other's tech sectors. Around 31 per cent of India's investments in the UK are now in tech, while the UK has increased its digital services exports to India to £344 million. Notably, India now places the UK as the second-largest international partner in research and innovation.

Undoubtedly the UK-India Tech Partnership lies at the heart of this relationship. Established as a stalwart example of a mutually beneficial relationship, the one-year-old Partnership has already delivered notable achievements. The list of achievements is long, and the partnership is going from strength-to-strength. This includes cluster partnerships to enable complementary regions to connect, a new UK-India Tech Hub to fast-track mechanisms for investments and trade-barrier resolutions.

There are, however, still opportunities beyond tech trade and investment and to work together to address common challenges, including skills and future workforce development.

There is no denying that there is a widening supply and demand gap in the STEM field in the UK. Over 83 per cent of the tech community believe their biggest challenge is access to skilled workers and the scarcity of digital skills affects around 93 per

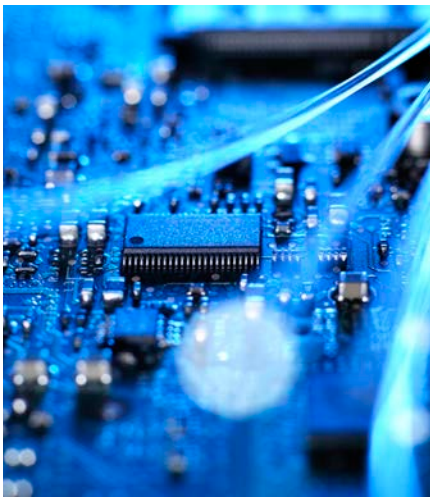
cent of UK tech companies. While we currently have around 600,000 digital vacancies at any given time, this number is expected to increase to one million by 2020. By 2030, it is forecast that around 35 per cent of the existing workforce (11 million jobs) will become automated while an additional 4.5 million new jobs will be added to the tech economy.

Accelerating advancement in new technology will certainly continue to change the nature of work with whole new industries being created and old roles becoming obsolete at an increasing speed. Enabling businesses to take advantage of arising opportunities while also preparing the workforce to adapt to these changes is one of the most critical policy discussions facing us today.

In this context, we need to ask ourselves: given that we are creating more jobs than we can fill, and the shortage of talent increases, how can we futureproof our workforce? Failure to address these challenges in the short-term, as well as finding innovative solutions for the future, could leave the UK trailing behind our global peers in a rapidly expanding digital economy.

The UK-India Tech Partnership is creating vast opportunities for tech investment and incentives for businesses to embed their operations in local markets. An undeniable by-product of this is that companies are not only investing heavily in digital transformation but also enhancing the local supply of skills to achieve their businesses' objectives.

Companies like Vodafone have launched digital skills and jobs initiatives to train over five million people in India. Similarly, Indian companies are now a leading force in upskilling in the UK. To name but a few, Infosys, Wipro and TCS have invested in coding academies, talent and innovation hubs and online skills platforms respectfully. By enabling businesses to expand across the UK-India tech corridor, facilitating collaboration and generating opportunities to embed locally, the Tech Partnership is opening up spaces for businesses to invest more in skills and contribute towards futureproofing the workforce.



RAPID ADVANCES IN TECHNOLOGY ARE FUNDAMENTALLY CHANGING THE WAY WE WORK AND LEARN, AND HOW WE CONNECT WITH THE WORLD.

The inescapable short-term reality is, however, that the UK also needs more highly skilled talent in the next few years than we will be able to produce. Whilst many businesses are already taking steps to address their digital skills needs, and the majority are somewhat confident that they will be able to hire the skills they need over the next five years, most businesses are taking the same action by hiring overseas talent.

Partnership with India – a growing source of intellectual tech capital – is offering avenues to explore and address these short-term questions further. The country is expected to have a surplus of 1.3 million highly skilled people in tech by 2030 and it now produces approximately four million highly skilled graduates each year in specialisms that UK businesses need. I am delighted to see that the UK-India Tech Partnership – through efforts of many collaborating partners, including techUK – is now shaping the conversation on how we can enable more frictionless movement of tech talent across the UK-India corridor. From the relaxation of rules on ICT visas to recently announced extensions on student work visas, we are moving in the right direction. To truly capitalise on this opportunity, the momentum must be sustained.

However, this is not a one-way street. As India steers towards becoming one of the leading economies in the world, its rapid growth in new tech comes with its own challenges. It must keep pace with the transformation of its digital economy and find the right ways for bringing new skills and new types of company into its market. According to KPMG, no less than 54 per cent of all employees will require significant re-skilling and upskilling by 2022 and approximately 60-65 per cent of four million tech jobs are expected to change over the next five years. India's talent movement story will have to shift from an exclusive "India outbound" chapter to more of "India inbound,". Enabling greater mobility and opportunities for UK companies to set up in India will contribute to its quest for transforming its economy.

I am proud that the techUK-NASSCOM UK-India Tech Alliance is leading the conversation on talent and skills and we have made great strides in the right direction but there are still greater opportunities for further collaboration. As India's Prime Minister, Narendra Modi, once said, "the UK and India are an unbeatable combination." Ties built in the past have grown stronger in the present and there are opportunities to make these bonds even more robust in the future. It is now time to build on this positive momentum and get ready for a gear change in upskilling, collaboration, co-innovation and co-creation.

Julian David is the CEO of techUK.

Tech deals dominate the India-UK equation

Fintech, engineering solutions and FMCG sectors in India and the UK saw a lot of action in the past month.

SBI launches mobile app in the UK

State Bank of India (SBI) has launched its digital banking app YONO in the UK, marking its global launch.

SBI Chairman Rajnish Kumar unveiled the app at an exclusive event hosted in coordination with the UK India Business Council (UKIBC) in London on September 23.

Rajnish Kumar, Chairman, SBI, said: "YONO SBI UK is one of the highlights of SBI's technological capabilities. I am delighted to launch YONO for our UK customers, after its success in India."

"I am sure the easy-to-use features and refreshing design will ensure that the app offers a positive customer experience and showcases the bank's strong focus on digital banking."

YONO SBI UK is described as an enhanced mobile app which is "simple, intuitive, and user-friendly" for customers to carry out almost all their banking needs. After the UK, the app will begin being launched by SBI at its other operations worldwide.

Richard Heald, UKIBC Group CEO, said: "It is exciting to see how passionate SBI is in its determination to deliver innovative technological products for its customers, particularly here in the UK which has a large Indian diaspora."

UK protein brand enters India

UK-based sports and nutrition brand Myprotein has marked the entry into India, with a strategic partnership with MSM Retail Pvt Ltd.

The company established a warehouse with a robust distribution network in place to provide quicker delivery services, reducing the average wait span for its customers from 25-30 days to three to five days.

'Myprotein' was acquired by British e-commerce company The Hut Group in 2011. The group operates over 100 international websites selling fast-moving consumer goods (FMCGs) directly to the consumers through its proprietary e-commerce platform.

Esha Singh, general manager, emerging makers, nutrition and beauty brands, said: "India is a key market for Myprotein and demand for the products has increased over the years, but due to limited availability, customers had to order products from the UK which meant a long delivery time. As a result, Myprotein now has an official warehouse in Gurugram to deliver the same assurance of quality and authenticity, which is enjoyed by millions of worldwide, to our customers quicker and we are determined to continue to increase our investments in India over the next few years."

Hyderabad's Cyient in pact with UK science firm

Hyderabad-based engineering and technology solutions company Cyient has signed an agreement QinetiQ's Target Systems (QTS) to offer avionics products for its unmanned target systems. UK-based QinetiQ is a leading science and engineering company operating primarily in the defence, security and critical infrastructure markets.

Under the agreement, Cyient will provide advanced manufacturing and electronics engineering solutions for the UK firm's unmanned air, land, and sea target systems from its facilities in India, according to Anand Parameswaran, Senior Vice President, Aerospace and Defence at Cyient.

Graham Brooks, Programme Manager (India) of QinetiQ Target Systems, said in a statement: "Initial efforts are focused on the manufacture and assembly of avionics and electronics assemblies for our target systems."

What's ailing India's solar rooftop ecosystem?

by Andrew Hines

India's solar rooftop sector reached a culminative capacity of 3.3GW last financial year. Andrew Hines, Co-founder of CleanMax Solar, India's largest provider of solar power in the commercial and industrial segment, identifies areas India needs to address if it is to meet its target of 40GW of rooftop solar power by 2022.

In the past decade, renewable energy has emerged as a force to be reckoned with, providing power that is not only clean but also increasingly cost-effective. Solar and wind power have become steadily cheaper, and are now more cost effective than coal, gas and other forms of power generation in much of the world. The case for renewable energy in India is particularly strong, as the country has relatively expensive electricity prices, and arguably the cheapest solar power in the world. An analysis by IRENA has found that the cost of setting up solar PV projects in India has dropped by about 80 per cent, between the years 2010 to 2018. In the meantime, thermal power prices have risen steadily, to the point that major investors, lenders and insurers are becoming reluctant to invest in new coal plants.

From a holistic perspective, rooftop solar power is among the most advantageous forms of renewable energy, as it can generate cheap and clean electricity where it's needed, without the need for land or new transmission infrastructure. Rooftop solar also creates jobs – far more per employment per kWh than fossil fuel power generation, and also more than large-scale renewable projects. In fact, in the US, the rooftop solar industry already far surpasses the coal industry in terms of employment.

As solar prices have fallen, the rooftop solar sector in India has grown significantly. At the end of the last financial year, the cumulative installed capacity of rooftop solar reached 3.3GW, with rooftop installations growing by 66 per cent year-on-year, with capacity additions to the tune of 1.7GW within one year. That said, the country is still far from its stated target of 40GW of rooftop solar by 2022, and there is still enormous potential for growth in untapped segments.

The vast majority of the rooftop capacity installed to date is in two segments. One is government buildings, where central and state governments can take direct action to adopt solar themselves. The second category, accounting for 70 per cent of installations, is the commercial and industrial (C&I) segment, and particularly large, creditworthy or cash-rich power consumers. The reason this segment has thrived is very simple. These consumers pay the highest electricity prices and have the means to adopt rooftop solar in order to achieve significant operating cost savings. They can afford to either invest in the plants themselves or are creditworthy enough to get into long-term power purchase agreements (PPAs) with solar developers.

To accelerate the growth of rooftop solar, the country needs to take a two-pronged strategy. The first prong is to sustain, rather than slow down, the growth of the C&I segment. As the sector has grown, utilities have begun to resist it, creating obstacles to projects and pushing regulators for restrictions. The motivation to do so is obvious – rooftop solar projects take away their best customers. However, the C&I segment is crucial to the continued growth of rooftop solar in India. Policymakers and regulators must address the revenue concerns of utilities, but not by curtailing rooftop solar projects or creating policy uncertainty, which will directly lead to a slowdown in the sector.

The second way to encourage growth would be to create favourable conditions in other segments. The residential segment has great potential in aggregate but is difficult to promote. Individual rooftops are very small, and individual consumers may be reluctant to make large investments, even if it's in their long-term interest. This is why it currently accounts for only 9 per cent of installations. To promote this segment will require more than subsidies – a new and creative approach to this segment would likely be required.

A SUCCESSFUL POLICY WOULD NEED TO RECOGNISE THE SPECIFIC CONSTRAINTS OF EACH SEGMENT – RESIDENTIAL USERS, MSMES, LARGE CORPORATES, AND OTHERS.

A more addressable segment would be MSMEs. The early adopters of rooftop solar have been the C&I consumers with financial means. However, below this "cream" of the C&I segment is a vast number of companies which could benefit financially but would find it difficult to do so. They may not have the financial means to invest in a project with a long-term payback. At the same time, solar developers and banks will not make the investment unless they are highly creditworthy.

To promote this segment, what is needed is not a subsidy, but someone to take on some of the credit risks of these projects. For example, a "first loss protection" program, promoted by the government or perhaps a multilateral agency, would reduce the credit risk to these projects. This would allow MSMEs to enter into long-term, zero capex rooftop solar contracts. In addition to benefiting the environment, it would also bring down electricity costs for these companies, which are a significant impediment to industrial growth in India, and the associated employment.

Earlier this year, the government issued guidelines for the second phase of the grid-connected rooftop programme for achieving a cumulative capacity of 40GW rooftop capacity by 2022. The guidelines are a step in the right direction; for example, recognising the important role that utilities must play in the sector, and recommending they be incentivised to encourage projects rather than obstruct them. However, the guidelines do not address the obstacles constraining growth in the C&I segment, nor do they get at the fundamental obstacles facing MSMEs and residential consumers.

To truly nurture this industry, the approach should be to create a national rooftop solar policy. Rather than subsidising or mandating installations, the approach should be to create an enabling environment, with the objective of broad adoption of rooftop solar by all categories of consumers.

A successful policy would need to recognise the specific constraints of each segment – residential users, MSMEs, large corporates, and others – and take measures to address them. Once those obstacles are removed, those companies and individuals will do what is in their interest: to harness the cheap and abundant energy of the sun, to the benefit of the entire country.

Andrew Hines is the co-founder of CleanMax Solar, the largest provider of solar power in the commercial and industrial segment in India.

India-UK maritime security: Convergences and opportunities

by Rahul Roy-Chaudhury

A strategic expert writes on how a transformative bilateral relationship between India and Britain will require greater convergence on maritime security.

In post-Brexit UK, economic and foreign policy seeks to be independent of the EU with the ambition for a 'Global Britain'. As a rising great economic power, India will become a key focus of the UK's revised 'prosperity agenda', along with the US, Australia, Japan and New Zealand. But, India's increasing strategic influence also provides new opportunities for engagement with the UK's post-Brexit 'security agenda'. Cooperation on maritime security, especially in the Arabian Gulf region and the western Indian Ocean, lies at the heart of such an agenda.

For too long, India-UK relations are perceived through the prism of trade and investment, alongside a recent focus on the British Indian diaspora community. This neglects a key component of India's prime minister Narendra Modi's 'new India', as a self-confident and assertive regional strategic player. The Indian Ocean has now become an essential part of India's 'immediate and extended neighbourhood' as well as a foreign and security-policy priority emanating from its 'neighbourhood first' policy.

Maritime Security Convergences

With higher economic growth fuelled by greater energy consumption, India is dependent on the Indian Ocean for both trade and energy. Over 90 per cent of India's foreign trade by volume and 70 per cent in value terms is seaborne, accounting for approximately 40 per cent of India's GDP. In March 2015 in Mauritius, Modi expressed a five-pronged vision for the Indian Ocean, named Sagar (Security and Growth for All in the Region) (meaning lake), including safeguarding India's territories and interests as well as maintaining its role as a provider of 'net security' in the Indian Ocean.

The Gulf region, moreover, accounts for nearly two-thirds of India's oil imports or nearly 60 per cent of its total oil demand. An estimated 8.5 million expatriate Indians live and work in the Gulf, providing over $40 billion or approximately 55 per cent of India's total foreign exchange remittances annually. As a result, the Indian navy regularly carries out 'mission-based deployments' in the area, exercises bilaterally with Gulf navies and builds cooperative bilateral defence and security partnerships in the region.

It is not well known that 80 per cent of the UK's natural gas imports, a key component of its energy security, pass through Indian Ocean sea lanes. To build on its own strong bilateral trade, political and security links in the Gulf, the Royal Navy now has its first permanent naval support facility in Bahrain, opened in 2018, over 50 years after its withdrawal 'east of Suez'. This is in addition to its Maritime Component Command in Bahrain. Royal Navy ships operate in the region independently or under multinational frameworks such as the EU naval force Operation Atalanta for counter-terrorism and counter-piracy operations. Since 2001, the UK Maritime Trade Operation (UKMTO) office in Dubai has also provided information to shipping and is a first point of contact in the event of piracy that is available to any flag.

The UK also maintains sovereignty over the British Indian Ocean Territory (Diego Garcia) in the Chagos archipelago, with its joint US/UK facility supporting regional operations, including the prevention of human trafficking and countering narcotics and terrorism. While this is a controversial political issue in India, its strategic dimensions for India, including the provision of UK membership of the Indian Ocean Naval Symposium (IONS) (alongside the UK's dialogue partnership of the Indian Ocean Rim Association (IORA)), cannot be ignored.

India-UK maritime security cooperation currently comprises the annual bilateral naval exercise

THE INDIAN OCEAN HAS NOW BECOME AN ESSENTIAL PART OF INDIA'S 'IMMEDIATE AND EXTENDED NEIGHBOURHOOD' AS WELL AS A FOREIGN AND SECURITY-POLICY PRIORITY EMANATING FROM ITS 'NEIGHBOURHOOD FIRST' POLICY.

Konkan (its 14th edition taking place in the English Channel in August 2019); warship visits to each other's ports; the recent induction of two UK submarine rescue vessels into the Indian navy; the signing of the 'white-shipping' MoU; and prospective UK participation in the recently established Indian Information Fusion Centre for the Indian Ocean Region (IFC-IOR). Mutual high-level visits continue; in March 2019, the IISS hosted in London the first joint discussion session with the visiting Indian Chief of Naval Staff and the UK First Sea Lord.

Maritime Security Opportunities

Yet, more needs to be done bilaterally to enhance the safety and security of shipping in the Gulf and the western Indian Ocean. To be most effective, these policy initiatives need to be 'deep and narrow' rather than 'shallow and broad'. The Konkan exercises, currently limited to one ship on each side, needs to be expanded and made more complex; the maiden deployment of the new UK aircraft carrier Queen Elizabeth and its strike group in the Indian Ocean in 2021 provides such an opportunity. Both navies could cooperate bilaterally on specific anti-piracy patrols off the Gulf of Aden rather than separately as is the current norm. Their unique privileged access to the strategically located Duqm port in the Sultanate of Oman (where the UK opened its logistics support base in in 2018) provides significant joint opportunities, including exercising together in the area as well as multilaterally with the US or/and other regional navies of the Gulf. Indian naval access to the UK's Bahrain base would be useful. Naval technology transfers and warship building, focusing on aircraft carrier capability, could be enhanced, as could maritime domain awareness to counter maritime terrorism and the joint pursuit of an international rules-based system, including the law of the sea and freedom of navigation and overflight. Both countries could, along with select Gulf member states, seek to enhance the effectiveness of and coordination between the IONS and the IORA for maritime security and safety. Recent bilateral political consultation on Sri Lanka and the Maldives could be strengthened through mutual Commonwealth linkages. High-level naval-to-naval bilateral meetings and visits should be encouraged.

Maritime Security Dialogue

Amidst growing geo-strategic competition in the Indian Ocean, both India and the UK have further opportunities for a convergence of interests. This can take place despite differing regional security perceptions. There is therefore a need for a 'track 1.5' bilateral maritime security dialogue that can help facilitate the sharing of emerging strategic perspectives post-Brexit and provide pragmatic policy-relevant recommendations for furthering maritime security cooperation in the Gulf and the western Indian Ocean.

Rahul Roy-Chaudhury Senior Fellow for South Asia (IISS).

Queensland: A smart investment decision

by Gitesh Agarwal

Renowned for its excellence in a broad spectrum of sectors including agritech, biotech, education and renewable energy, Queensland's innovative climate and geographical positioning make it an ideal bet for Indian investors, claims a trade expert.

Stretching across 1.7 million kilometres in Australia's sunny north, the state of Queensland is looking to the future and embracing the opportunities of a changing global economy.

Queensland is finding new and better ways to build on strengths such as resources and agriculture and making a global mark in forward-looking industries including renewables, advanced manufacturing, and knowledge industries. It is ideally positioned to take advantage of the flourishing economies of the Asia-Pacific which are creating extraordinary opportunities, with markets in China, Hong Kong, Korea, Japan and Singapore all within just two hours of Queensland's time zone.

Queensland's results speak for themselves:

- Our rate of economic growth has consistently outperformed the average of other advanced economies since the early 1990s.
- The value of Queensland's goods and services exports has increased by more than 50 per cent in the last decade.
- The GSP of the state is A$348 billion (2017-18) and Exports were A$85 billion in 2019 (May).
- Queensland has a diverse economy, with strong growth in future-focused industries such as education and training, manufacturing, and professional and scientific services.

Why Queensland?

- **Strong economy:** Queensland has a highly resilient and stable economy, underpinned by strong economic growth, with continued growth forecast of just under 3 per cent per year over the next three years.
- **Strategic location:** Queensland is ideally positioned as an international gateway to the Asia-

Pacific region, in close proximity to some of the world's strongest growth markets. Its unique time zone advantages and cultural connection with Asia and strong business relationships with America and Europe make it a perfect location for international investment.

- **Business-friendly regulatory environment:** The state's legal framework is conducive to business investment, by enforcing the regulation of contracts, loans, banking, real estate and the stock market, and by providing full protection of intellectual property and patents.
- **Competitive operating environment:** Queensland offers business owners and investors many advantages, including one of the lowest rates of payroll tax in Australia, competitive labour costs, low cost of living, simple development approval and project facilitation processes, and strong private-sector investment.
- **Focus on innovation and research and development:** Queensland has been recognised by the World Bank as a global innovation hotspot. Assisted by the Government's Advance Queensland agenda, the economy is experiencing increased levels of innovation and research and development within business and industry. This has been vital to support the growth of existing, new and emerging industries, and is of increasing importance in a global economy characterised by innovation and technological change.

COMBINED WITH ITS STRATEGIC ASIA-PACIFIC LOCATION, EFFICIENT PROCESSING AND RELIABLE SUPPLY CHAINS, QUEENSLAND IS A WORLD LEADER IN FOOD AND AGRIBUSINESS.

- **Stable government and institutions:** Queensland presents a low sovereign risk, with a stable government, a democratic society and well-established legal systems that operate under the rule of law. The state has sound finances and is well positioned to further foster diversification, innovation and skilled workforces.
- **Infrastructure:** Queensland boasts robust supply chains and industry clusters. Across the state, thriving industries are connected to international markets through world-class infrastructure.
- **Interconnectivity:** With six international airports and 191 regional airports (including 56 certified airports), criss-crossed by more than 177,000 km of modern and efficient road network, Queensland is connected to land transport routes that play a crucial role in moving freight to international markets.
- **Highly skilled and multilingual workforce:** Queensland has a multicultural, well-educated, resourceful and versatile workforce. Its enviable lifestyle, world-class education and training institutes attract and retain highly skilled workers. Its dynamic workforce is adaptable to change as new technologies, innovations and industries drive structural shifts in the economy and labour market.

MULTIPLE SECTORAL STRENGTHS

Mining, and mining equipment, technology and services

Queensland is one of Australia's leading mining states with vast

QUEENSLAND HAS A HIGHLY RESILIENT AND STABLE ECONOMY, UNDERPINNED BY STRONG ECONOMIC GROWTH, WITH CONTINUED GROWTH FORECAST OF JUST UNDER 3 PER CENT PER YEAR OVER THE NEXT THREE YEARS.

coal, gas, copper, zinc and other mineral resource endowments, well-established expertise and a proven history of innovative exploration and mining practices.

Supported by over 800 high-quality mining equipment, technology and services (METS) companies, the state is a mining and resources investment proposition of choice.

It is the largest exporter of metallurgical coal in the world and its liquified natural gas (LNG) industry is fast emerging as a global force in production and export.

Food and agribusiness

Combined with its strategic Asia-Pacific location, efficient processing and reliable supply chains, Queensland is a world leader in food and agribusiness. Its clean environment, climatic diversity and abundance of agricultural land make it possible to generate high-quality, fresh, clean and sustainably produced meat, seafood, fruit and vegetables for export internationally.

Meat and livestock

The region is a world-class provider of tropical and subtropical livestock technologies and services that include genetics, nutrition, pasture management, food safety and integrity, livestock tracing systems, environmental management, specialist infrastructure and equipment, technical training and animal health and welfare. Over 60 countries import Queensland beef products.

Agricultural technology

Queensland's agtech sector is known for a variety of innovative technologies including farm equipment and management, weather, seed optimisation, fertiliser and crop inputs, remote sensing and agricultural big data.

It has internationally recognised research and development capabilities at its major universities, with biotech research that encompasses new industrial processes, new or improved crops or foods and the development of antibiotics, vaccines, genomics and advanced imaging.

Queensland's cleantech sector also features companies with expertise in water management, biomass and waste mitigation, controlled environment agriculture, renewable fuels and carbon trading.

International education and training

Queensland's world-class education and training institutions, safe, multicultural communities, idyllic locations, and enviable lifestyle make it the location of choice for many international students.

Among its 10 universities, The University of Queensland is one of the world's top 50 universities. The state is also home to another three of Australia's top 10 universities: Queensland University of Technology, Griffith University, and James Cook University. BOND University is also Australia's only Private University.

New and emerging industries

Queensland is taking the lead to invest, develop and incentivise, new and emerging industries that are already servicing the needs of our changing world represent strong opportunities for investors.

Investors keen on Queensland will

find an advantage in the Queensland Government's Advance Queensland (AQ) initiative, which is providing $755 million in grants and incentives to help drive innovation and grasp tomorrow's opportunities.

Under the program's initiatives, Queensland entrepreneurs, industry, universities and government agencies are collaborating to turn great ideas into commercial products and services.

Through AQ, the Government is creating 10-year roadmaps and action plans across - Advanced manufacturing; Aerospace; Bio-futures; Biomedical; Defence; Mining Equipment, technology and services; Screen Industry and Agriculture & food.

Renewable energy

Queensland has an enviable capacity to produce renewable and alternative energy, being rich in renewable energy resources and possessing existing operations in large-scale solar, wind, biomass, geothermal and hydroelectric energy. With a strong agricultural sector and boasting an average of 300 days of sunshine annually, Queensland has a solid platform to expand the renewable energy sector and become a global leader in the transition towards a clean-energy future.

The Queensland Government has released the Powering Queensland Plan to achieve a 50 per cent renewable energy target by 2030. As a result, Queensland is already Australia's most popular renewable energy investment location, with over 24 large-scale projects either commencing construction or finalising commercial arrangements.

Queensland is also home to the world's first utility-scale battery storage connected to a solar project next to the electricity grid.

The Queensland Government is committed to attracting international investment and growing international trade:

a) Queensland released its first **country-specific strategy,** with India being the first focus nation. The strategy was released in Oct 2018 by Hon Kate Jones, Minister for Innovation, Tourism and Commonwealth Games, in Bangalore.
b) The Queensland Government is focused on providing Long-term infrastructure planning and project pipelines. Queensland's **State infrastructure plan** identifies investment opportunities and gaps across a 15-year timeframe, to support innovations and encourage private-sector investment and partnerships to deliver Queensland's infrastructure needs.
c) **Market-led proposals** allow the private sector to initiate and submit proposals seeking exclusive commercial arrangements with the Queensland Government. Through the Queensland Government's Market-Led Proposals Framework, the state has improved the efficiency of project decision-making and delivery by contracting exclusively with proponents rather than engaging in unnecessary competitive processes for services or infrastructures.
d) **Priority development areas** provide opportunities for investment in a broad range of infrastructure projects, through the support of the Queensland Government. In partnership with local councils, investors are able to streamline the planning, approval and development processes for investment.
e) **State development areas** are clearly defined areas of land established by the Coordinator-General to promote economic development in Queensland. They typically take the form of one of the following: industrial hubs for large-scale, heavy industry; multi-user infrastructure corridors and major public infrastructure sites.
f) **The business migration program** - The Queensland Government welcomes successful business investors who wish to invest and live there. In partnership with the Australian Department of Home Affairs, Queensland nominates business migrants seeking to make an investment that directly benefits the state's economy. Nominations for business migrants are available through the Business Innovation and Investment Program. This is administered by Business and Skilled Migration Queensland (BSMQ).

Gitesh Agarwal is Commissioner – India at Trade & Investment Queensland.

The flexibility offered by e-learning holds many merits

by John Ingram

An EdTech champion discusses the role online learning can play in upgrading India's education system.

Over the past two decades, despite rapid economic growth and technological advancement, government and investor interest, and the rise of EdTech companies such as Byju's, India's education system remains among the worst in the world. Despite enacting the Right to Education A in 2009, which aimed to give every child in the country the right to a full-time elementary education "of satisfactory and equitable quality", India ranks 94th out of 149 countries in the Legatum Institute's overall Prosperity Index rankings and 104th in the education category.

Half of India's 1.3 billion population is under 25, and, with more than 260 million enrolments, it has the world's largest K-12 education system. Yet, like many other countries around the world, India is facing a teacher shortage in order to educate this vast, young population – UNESCO estimates that it will need some three million new school teachers by 2030. Other challenges include keeping girls in school (between 2006 and 2010, only 26 per cent of girls completed secondary education, compared to 50 per cent of boys) and the lack of PCs or tablets in schools.

THERE HAS ALSO BEEN A STRONG GOVERNMENT PUSH TO INTRODUCE NEW ONLINE EDUCATIONAL TECHNOLOGIES, NOT LEAST BY THE "DIGITAL INDIA" STRATEGY.

Despite what may appear to be a gloomy outlook, I'm optimistic that methodologies such as online learning can help modernise India's education system and bring it into the 21st century. There are in fact many possibilities, including collaborative online international learning (COIL) where students connect virtually on courses with different countries, such as the recent example of Cornell University students in the US liaising with students from two universities in China and one university in India via online discussions and video conference to discuss sustainable food, energy and water policies around the world and propose solutions to problems related to global food and nutrition security. Despite the lack of connectivity in many of India's public schools at the moment, there have been efforts to extend access or build offline solutions, especially in rural areas. Private sector schools, which account for a quarter of the nation's 1.5 million schools, are also rapidly upgrading their digital and connectivity tools and facilities.

There has also been a strong

government push to introduce new online educational technologies, not least by the "Digital India" strategy led by Prime Minister Modi. In recent years, the government has rolled-out five major e-learning initiatives, each seeking to uphold the three principles outlined in the Education Policy of Digital India: access, equity, and quality. These are SWAYAM, which lists over 1000 MOOCs; SWAYAM Prabha, which offers 32 Direct-to-Home channels for transmitting high-quality educational content; the National Digital Library which contains over 15 million books in more than 70 languages; the National Repository of Open Educational Resources; and E-pathshala, a bank of educational e-books and resources. Over the last three years, the government has committed over £30 million to the projects.

On top of these government initiatives, students themselves are leaning towards online learning as a preferential way of learning. A recent research survey by Gradeup, a preparatory platform for competitive exams, on over 10,000 students from across India who were studying for competitive exams like JEE, NEET, GATE, and SSC, found that 70 per cent of students who were preparing for exams offline would shift to online if they were given access to live online classes. Bangalore-based Unacademy, which operates an online learning platform to help students prepare for exams in India, recently raised $50 million to further scale its reach – showing the high demand that exists for online learning within exam preparation alone.

But it's not just exam preparation where online learning can help students. Increasingly, students can take entire subjects online throughout an academic school year. These can be through virtual classrooms with fully trained online teachers – perhaps to provide cover for temporary teacher shortages at a school. Learning online like this can also be life-changing for a student who would otherwise not be able to study a subject they have a passion for as it was not covered by their school. Blended learning – which combines the best of classroom instruction and online learning – is another flexible, popular methodology that recent research has shown is driving the growth of the online education market in India, the second largest market of its kind in the world after the US.

Blended learning helps teachers as it allows them to spend more time in class giving individualised support to students, allowing slower and faster learners to move ahead at their own pace. With some blended learning tools, entire courses are provided online in pre-prepared lessons, assessment materials and monitoring tools, greatly reducing time spent by teachers on course preparation, marking and reporting. Aside from blended learning models where entire courses are available online for students at home, models that use low-cost technologies such as tablets can even bring online learning experiences to children in the most challenging circumstances in India's slums.

There is also a gap today between what students are taught in classrooms and what employers are demanding from prospective employees, a gap that is growing every day. The rate of change in technology has, and will continue to, outpace the change in curricula, so the flexibility offered by online learning is indispensable – allowing people to change their career paths and learn new skills. Online learning can sometimes be the only educational option that can be fitted around busy working lives.

India has a long tradition of face-to-face learning; the teacher or guru cannot simply be replaced by technology. But the many benefits of online and blended learning methodologies can play a vital role in supporting teachers and students, and help India modernise its education system. If parents, so often the gatekeepers to a child's educational opportunities, can be convinced of the merits of new, digital systems of education, then it could set a new generation of Indian students on a path towards dramatically improved educational outcomes.

John Ingram is the CEO of Pamoja Education, an education technology company based in Oxford, UK, providing online learning solutions for secondary education.

Howdy Modi: Trump rolls out the red carpet, but follow-throughs will be crucial

by India Inc. Staff

The Indian Prime Minister's September 2019 US visit, which concludes with an address to the UN General Assembly, is historic in many ways but there is a lot of real groundwork required to build on it and create a win-win India-US trade and investment partnership.

The optics could not be any better – a first-of-its-kind and largest mass rally for a foreign leader in the southern American state of Texas, with President Donald Trump seen hand-in-hand with the visiting Indian Prime Minister, Narendra Modi. Howdy Modi can be declared a success on many counts, not least for Trump by virtue of the 50,000 largely Indian American crowds turning out ahead of the US presidential race next year.

And, the election backdrop was hard to miss as Trump addressed the crowd with: "You enrich our culture, you uphold our values, you uplift our communities and you are truly proud to be American — and we are proud to have you as Americans."

Modi, on the other hand, described the US President as a "true friend" in a deft diplomatic move to calm brewing trade tensions after the US imposed tariffs on Indian steel and aluminium.

"His name is familiar to every person on the planet. He was a household name and very popular even before he went on to occupy the highest

US-India Trade Stats

$7.5bn
US-India goods trade (July 2019)

14%
hike year-on-year

21%
hike in US exports to India

10%
imports hike from India

Source: US Census Bureau

US-India EXIM Stats

EXPORTS

India is the **13th largest** goods export market for US in 2018

US goods exports to India in **2018** were **$33.1bn**, up **28.9%** ($7.4bn) from 2017 and up **87.3%** from 2008

US exports to India account for **2%** of overall US exports in 2018

US exports of services to India were an estimated **$25.8bn** in 2018

Leading services exports: Travel, IP (computer software, audio and visual related products), and transport sectors

IMPORTS

India is the **10th largest** supplier of goods imports to the US in 2018

US goods imports from India totalled **$54.4bn** in **2018**, up **11.9%** ($5.8bn) from 2017, and up **111.7%** from 2008

US imports from India account for **2.1%** of overall US imports in 2018

US imports of services from India were an estimated **$28.8bn** in 2018

Leading services imports: Telecommunications, computer, and information services, research and development, and travel sectors

Source: Office of the US Trade Rep

office in this great country. From CEO to Commander-in-Chief, from boardrooms to the Oval Office, from studios to global stage, he has left a lasting impact everywhere," noted the Indian Prime Minister in praise of his host.

Personal chemistry

The dynamics between two of the world's most well-known political leaders were unmistakably on the right footing. There was no hint of some of an unpredictable Trump's previous barbs on India being unwilling to fully open up its markets to the US, as he declared: "India has never invested in the United States like it is doing today...we're doing the same thing in India."

Modi, on his part, reiterated Trump's own political slogan of "make America great again" and said the event reflected the "heartbeat" of the great India-US partnership and a celebration of the world's two largest democracies.

HOWDY MODI CAN BE DECLARED A SUCCESS ON MANY COUNTS, NOT LEAST FOR TRUMP BY VIRTUE OF THE 50,000 LARGELY INDIAN AMERICAN CROWDS TURNING OUT AHEAD OF THE US PRESIDENTIAL RACE NEXT YEAR.

The 2010 US census shows that Texas is home to the fourth-largest Indian-American population in the country after California, New York and New Jersey. Analysis of voting patterns shows the community tends overwhelmingly to support the Democrat party and Trump would be understandably hopeful that his "true friend" tour with Modi would go some way in changing those figures in his favour for the future.

The bear hug and hand-holding were all in place for an event billed as a win-win for both leaders, as they were expected to inch towards what had been categorised as a "mini" trade deal.

Trade pact

But the road to any India-US trade deal has never been smooth, most recently due to the tit-for-tat tariff war triggered by the Trump administration. Back in June, the US ended duty-free access for about $5.7 billion worth of Indian exports under its Generalised System of Preferences (GSP) programme, designed to help developing countries that dates from the 1970s. India responded with higher retaliatory tariffs on 28 US products, including almonds, apples and walnuts.

However, a new kind of agreement has been under discussion which would lower some tariffs on US produce and restore preferential treatment for some Indian exports to the US.

US-India Trade & Investment

Trade Balance

- US goods trade deficit with India was **$21.3bn** in 2018, a **7.1%** decrease ($1.6bn) over 2017
- US has a services trade deficit of an estimated **$3bn** with India in 2018, down **32.5%** from 2017

Investment

- US FDI in India was **$44.5bn** in 2017, a **15.1%** increase from 2016
- US direct investment in India is led by professional, scientific, and technical services, manufacturing, and wholesale trade
- **India's FDI** in the US was **$9.8bn** in 2017, up **11.5%** from 2016
- India's direct investment in the US is led by professional, scientific, and technical services, manufacturing, and depository institutions

Source: Office of the US Trade Rep

THE DYNAMICS BETWEEN TWO OF THE WORLD'S MOST WELL-KNOWN POLITICAL LEADERS WERE UNMISTAKABLY ON THE RIGHT FOOTING.

"We've been talking to the Americans, we have engaged them for many months now. My expectation is that some of the sharper edges, they would be addressed in some forms in the not too distant future," Indian external affairs minister, S. Jaishankar, told reporters recently.

Trump has made no secret of his resentment of India's high tariff rates, including a 50 per cent tariff on Harley Davidson motorcycles. He is also unhappy with India's new investment rules on e-commerce that limit how companies like Amazon and Walmart-backed Flipkart can do business in a rapidly growing online market set to touch $200 billion by 2027.

Bilateral US trade with India, at $142 billion last year, is just a fraction of the $737 billion in US-China trade, which has often been flagged as a huge area of potential as ties between the US and China get more and more strained.

Diplomatic triumph

But whichever way things go on the mini or not-so-mini trade deal, Modi's visit to the US will be hailed a diplomatic triumph on just the sheer numbers he attracted to the Howdy Modi event at the start of a week-long tour ending with his address to the United Nations General Assembly.

His address to the UN Climate Action Summit once again established his credentials as a world leader keen to tackle some of the toughest crises faced by the global population, setting India on a leadership footing on complex issues such as climate change. The symbolism of his gift of the $1-million Gandhi Solar Park to the UN will not be lost, with the 193 solar panels of the 50kwh roof-top solar park each representing a member of the multilateral body.

At the end of the high-profile visit, all eyes will once again revert to the bigger picture to see how the US and India build on the undoubtedly successful tour to convert into deliverables for a true partnership on the ground across all sectors.

European and Asian firms eye India expansion

From entertainment to tech, India remains an attractive market for overseas investors.

Paris-based Believe buys Entco for India expansion

French technology and artist services company Believe has acquired Entco, an Indian live music production company, and will now offer its roster of artists more comprehensive services and revenue opportunities in one of the world's fastest-growing music and entertainment markets.

Entco will be rebranded as Believe Entertainment, to be based in Mumbai, where it will closely align live music experiences for brands and consumers with Believe's growing music distribution, label services and artist services operations in the market.

Denis Ladegaillerie, CEO, Believe, said: "We have been growing quickly to a leadership position in the Indian market, and with Entco's expertise, Believe will have unparalleled ability to help creators in India build audiences, careers and revenue opportunities."

Subramanian Iyer, Co-founder and Managing Director, Entco, said: "This strategic move will bring our artists and brands unprecedented access to the expertise and scale of Believe's 44 global offices and more than 1,000 professionals."

Investment app Groww raises $21.4mn

Bangalore-based start-up Groww said it has raised $21.4 million in a Series B financing round that was led by US-based VC firm Ribbit Capital. Existing investors Sequoia India and Y Combinator also participated in the round.

The two-year-old start-up users to invest in mutual funds, including systematic investment planning (SIP) and equity-linked savings. The app, which maintains a very simplified user interface to make it easier for its largely millennial customer base to comprehend the investment world, offers every fund that is currently available in India.

Lalit Keshre, Co-founder and CEO of Groww, said the market of mutual funds is increasingly widening in India and the start-up is hoping to accelerate its growth with the fresh capital. Additionally, he plans to double Groww's headcount to 200 in the coming months.

Groww has amassed about 2.5 million registered users, two-thirds of whom are first-time investors, Keshre said. Groww is currently free to use and does not charge any commission on transactions. The start-up eventually plans to offer a paid service as it looks to monetise its user base. It will also soon begin to offer the ability to purchase stocks from its eponymous app.

Lebanon's geo-tech firm acquires two Indian companies

Lebanon-headquartered Advanced Construction Technology Services, a geotechnical engineering, materials testing and consulting firm, has acquired 51 per cent stake in Pune-based CQRA and Durocrete Engineering Services for an undisclosed amount.

Khaled Awad, Chairman, ACTS, said that the demand for testing the quality of bridges, roads and infrastructure being built in India is increasing at a tremendous pace and the company would bring its overseas expertise to India.

He said: "We would be investing about $10 million over the next three years, besides sharing our knowledge with the Indian company. As per the latest study, there are about 163,000 bridges in India that need to be tested for their longevity."

Currently, CQRA and Durocrete work with leading infrastructure companies such as L&T, Hyderabad Metro, Reliance Group, Godrej Properties and Tata Housing to test the quality of material and strengthen the construction.

The tie-up will also bring in a geo-investigative team from ACTS to investigate the condition of the soil before a project is executed.

No slowdown in Tamil Nadu as foreign investments pour in

by India Inc. Staff

Tamil Nadu's buzzworthy MoUs with UAE investors might just be the kickstart needed to counter the slowdown of FDI in India.

At a time when foreign investment in India has slowed down to a decade low, the southernmost state of Tamil Nadu grabbed headlines last week when it secured investments worth Rs 42 billion ($591 million) from UAE-based corporates.

At the end of his three-nation tour that included the UK and the US, the state chief minister struck gold in the middle eastern nation where six memorandums of undertaking (MoU) were signed across sectors like warehousing and logistics, healthcare, mobility, skill development and agriculture.

"This visit is to seek tangible investment for Tamil Nadu that is mutually rewarding for both the state and the investors," said Edappadi K. Palaniswami, chief minister of Tamil Nadu. "I am happy that the business community in the UAE and the investors here are very keen to know more about our offerings for investment."

The MoUs include DP World's interest to invest Rs 10 billion ($140 million) to set up a Free Trade Warehousing Zone that will employ more than 1,000 skilled manpower. It also includes ITEC ME's decision to establish a multi-trade export facilitation from the state to promote small and medium enterprises (SMEs), and another MoU to facilitate placement of skilled manpower. This is expected to generate employment opportunities for another 1,000 people.

Giant Industries has also signed an MoU for a biodiesel project that will engage farmers in the state while Mulk Holdings signed an MoU worth Rs 5 billion ($70 million) for setting up industries that will generate employment of about 500 skilled manpower. An MoU worth Rs 1.5 billion ($21 million) was signed by

Pro-Global Logistics for supply chain logistics in Agri produce.

In the healthcare sector, Prime Medical Centre signed an MoU aimed at generating employment directly and indirectly for thousands and Mauto Electric Mobility signed a contract to invest Rs 1 billion ($14 million).

As one of the most industrialised states in the country, Tamil Nadu has been actively scouting for additional foreign investments, something that it has been quite successful at in the past. The trip to UAE was preceded by 16 companies from the US committing to invest Rs 2,780 crore ($391 million) in the state to generate employment for 20,000 people. Overall, the 14-day three-nation tour yielded 41 memorandums of understanding worth a total investment commitment of Rs 8,835 crore ($1.24 billion) that is expected to generate employment opportunities for 35,520 people in the state. "Facts and figures speak for itself for Tamil Nadu. Frost and Sullivan has ranked Tamil Nadu the second in their overall ranking and first in investment potential among other Indian states," Palaniswami said.

"We have the second largest economy in India among the states with a GDP of $250 billion. Between April 2000 and March 2019, we have attracted FDI worth $29.848 billion, which makes us the fourth largest FDI destination region in the country," said K. Shanmugam, chief secretary of the state. "We have taken up a series of measures to simplify and rationalise the regulatory processes (registration and inspection processes) by deploying information technology to make governance simpler, responsive, transparent, accountable and efficient."

The investments come at a critical time for the country in general and the state in particular. India's economy that was at one time the fastest growing in the world, has slowed down to 5 per cent in the first quarter of fiscal 2020, the slowest in 6 years. The rate of flow of FDI in the country has also slowed down significantly. In fiscal 2019, there was a 1.1 per cent decline in FDI inflow in the country at $44,366 million. It was the first annual decline since 2012-13. Total foreign investments in the country declined 42.6 per cent last fiscal on the back of an even steeper decline in foreign portfolio investments in the country.

TAMIL NADU'S ENVIABLE GROWTH RECORD AND ABILITY TO MANAGE CRISIS MAKES IT ATTRACTIVE FOR ANY INVESTOR.

Tamil Nadu's enviable growth record and ability to manage crisis also makes it attractive for any investor. Despite a 24 per cent deficit in North East monsoon which gives the state 50 per cent of its annual average rainfall and the ill effects of the cyclone Gaja in November last year, the state's economy grew at a healthy 8.17 per cent that was well above the national average of 6.81 per cent in 2018-19.

Between 2011-12 and 2018-19, the state's Gross Domestic Product (GSDP) expanded at a Compound Annual Growth Rate (CAGR) of 11.46 per cent to Rs 16.06 trillion ($222.58 billion) while the Net Domestic Product (NSDP) expanded at a CAGR of 11.45 per cent to Rs 14.41 trillion ($199.69 billion).

"If one goes by the growth rate of the state since 2016-17, it seems to be absolutely immune to the macro-economic shock that the country's economy has faced in the light of demonetisation in November 2016 and the implementation of the Goods and Services Tax in July 2017," said N.R., Bhanumurthy, a professor at National Institute of Public Finance and Policy, New Delhi. "In the last couple of years, there were concerns about industry and the State government's fiscal situation, apart from political uncertainty. Despite all these factors, the fact that the State has been doing well on the economic front suggests that its economy is resilient."

There is a caveat though. Like in the case of any investors' summit where a lot is promised but not everything is delivered, the MoUs ought to be taken with a pinch of salt. Not all the investments promised in the state's investors summit in the past have fructified either, a point that its main opposition party DMK has been quick to point out. In the global investors meet organised in January earlier this year, 304 MoUs were signed with committed investments of nearly $43 billion.

"Have Rs 5.42-lakh crore (proposed) investments in the two editions of GIM been realised? Not at all. The announcements regarding investments have become a mere mirage," said M.K. Stalin, president, DMK.

Perhaps Tamil Nadu can take the lead and break the illusion that most MoUs are merely paper investments. That would be the fitting response for critics and set a template for others to match.

India's talented workforce will play a key role in improving business solutions

Pratap Sarker, President, Global Commercial Solutions, Conduent – a US-headquartered tech-led business process services firm – talks 'India Global Business' through the organisation's work in smart solutions, current tech trends and the role his Indian heritage plays in his work life.

What are some of the cutting-edge tech solutions being embraced by companies worldwide?

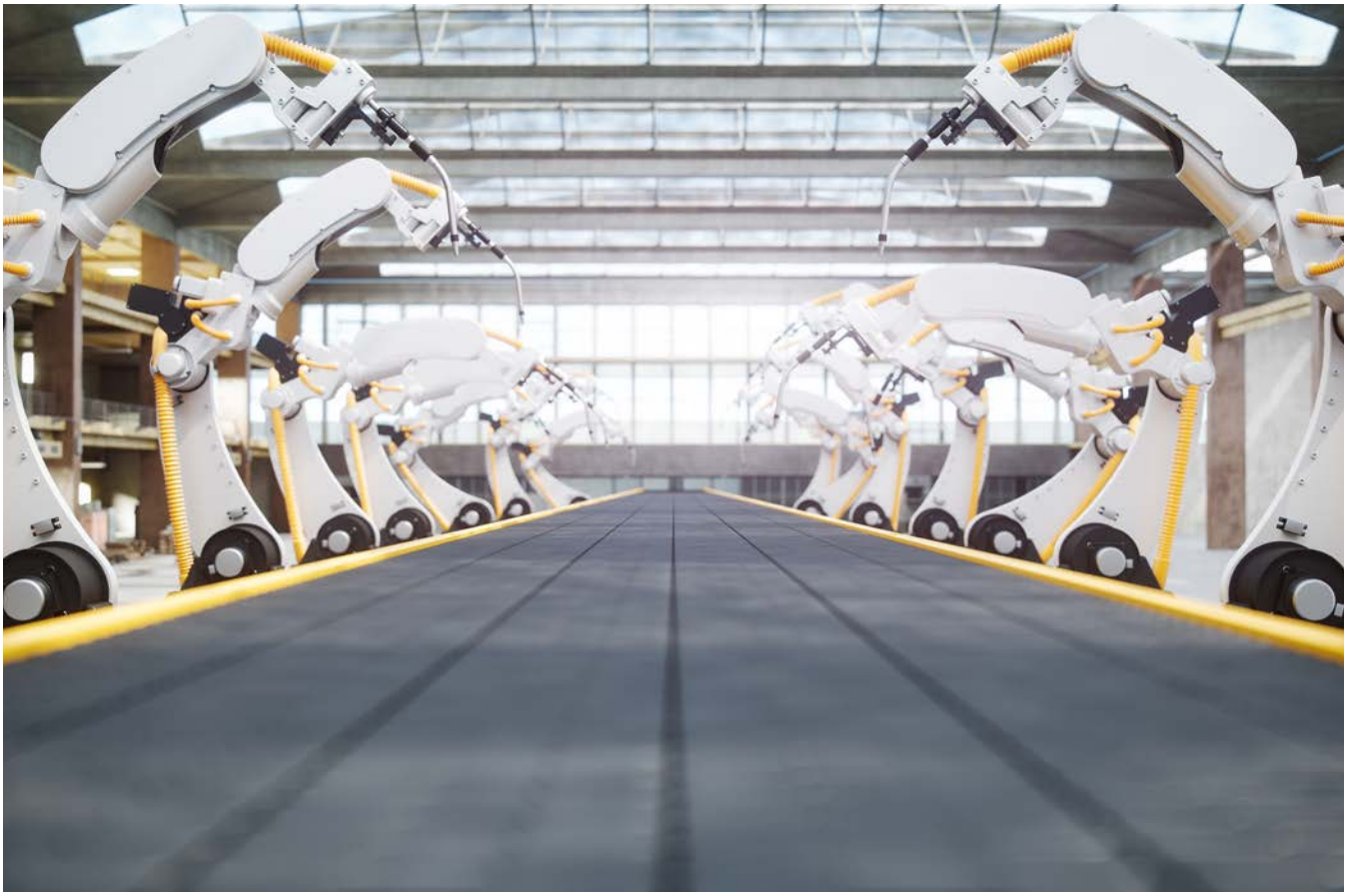
Companies around the globe are embracing automation, machine learning and blockchain technologies, and turning to Conduent to elevate their constituent interactions and deliver advanced digital experiences that are individualised, immediate and intelligent. Conduent is helping with this transformation in all the industries we participate in. For this response, however, I'll focus on companies in the financial industry who are adopting innovative solutions in the areas of payments and trade finance.

Payment processing has long been an area that has lagged behind the world's move to true digitisation; so, creating the ability to move payments, from initiation to final settlement, faster than ever before is gaining traction with Straight-Through Processing and Real-Time Payments. The underlying technology uses universally understood message formats so that banks can communicate with each other and settle both high-value and low-value payments instantaneously. The technology opens up a plethora of uses in both retail and B2B settings. A few other production-grade networks worth mentioning are those powered by Ripple and IBM's foray via World Wire, built on Stellar. We are certainly moving towards a world where there will be multiple options for businesses and consumers alike to send and receive money faster.

Similarly, trade finance continues to be a largely paper-based process. There are many different verticals within the trade finance domain, but the open account market is the one area that is embracing cutting-edge technology solutions. Who could have believed that banks like Nordea would allow a trade finance transaction, backed by a blockchain solution, to be initiated directly off their website, eliminating all the paper processing that the transaction required? R3 is creating meaningful ecosystems for this industry that are region-specific but can then eventually interoperate with each other.

How do you see the role being played by a country like India, known for its software expertise?

India's diverse and talented workforce will play a key role in the advancement of these business solutions. In fact, today for Conduent, almost half of our global technology workforce is based out of India. Our team of experts is developing solutions based on the latest technologies for mobile and IoT, human-computer interaction, machine learning, text and multimedia analytics.



Our India operation is among the company's three largest outside of the United States. The skilled technology workforce that India has to offer is a key element in Conduent's overall growth strategy and forms an integral part of our technology agenda. Our talented workforce is at the centre of our Accushoring philosophy where we perform work in locations where we can deliver the greatest value – from a talent standpoint.

We have also invested in global innovation teams based out of the United States and India. Bangalore, India is home to one of our two global innovation centres – where we work on Automation, Analytics, Blockchain, IoT, Mobility and Customer Experience solutions. We have invested in cutting-edge infrastructure for Artificial Intelligence (AI) and Machine Learning (ML). Our scientists and engineers work closely with Conduent businesses and customers to enable the successful application of technologies from the lab to the marketplace.

Every business service Conduent provides – from robotic process automation for financial organisations to patient-centric data analytics for health providers – is centred on innovation based on leading-edge technologies of this nature.

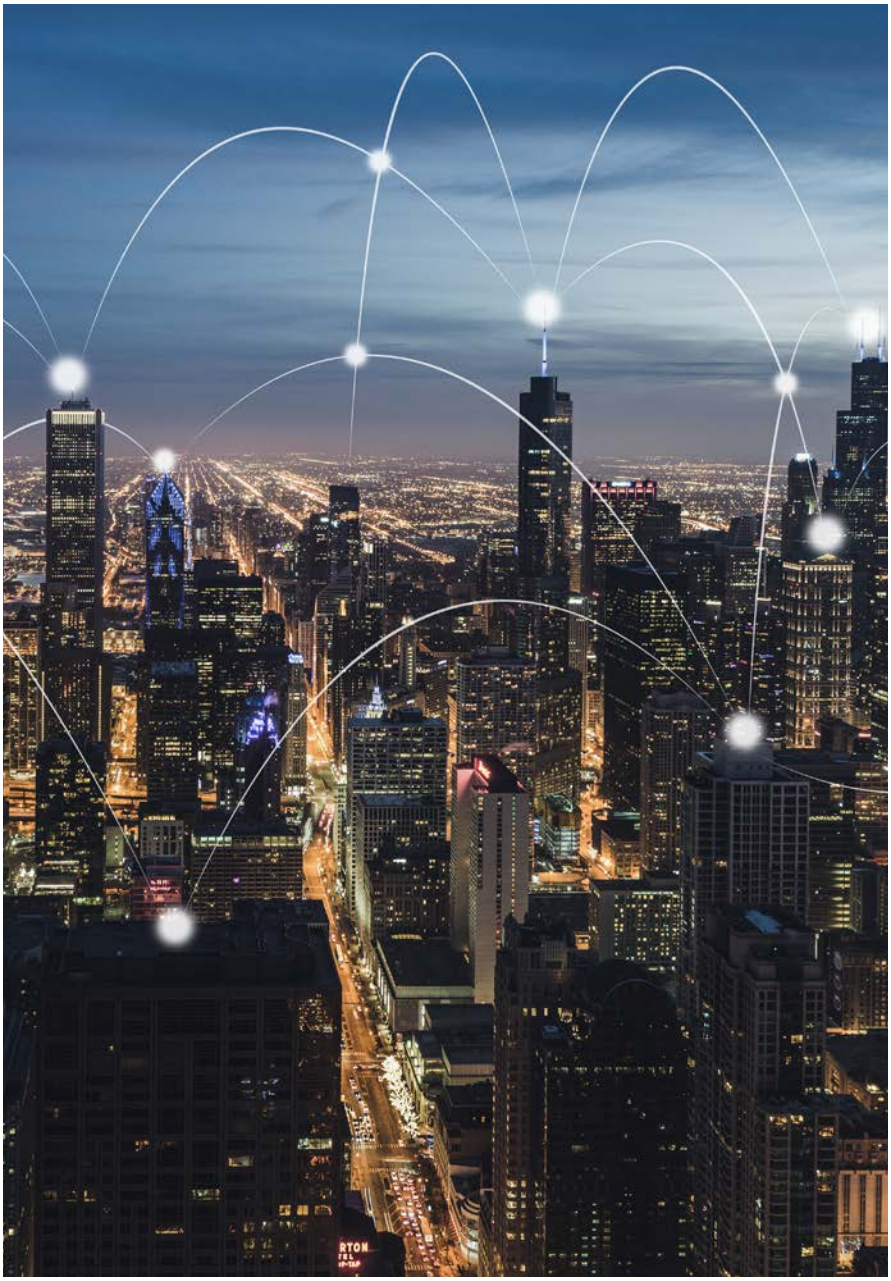
How has blockchain transformed the business processing scenario?

With many Business Process Outsourcing (BPO) services, there is a significant challenge of connecting businesses processes across siloed organisations with the right level of security, access and transparency. Blockchain technology is uniquely able to function in such scenarios by securely providing the right information to the right parties at the right time, resulting in exceptional efficiencies. As such, I envision a future state wherein the BPO service industry will continue to exist, but its role will be materially changed. It will be responsible for managing (1) the rules that govern process orchestration and data standardisation and (2) the technology stack that is required for blockchain-powered networks. As more and more banks move to blockchain technology, initiatives such as DTCC's Trade Information Warehouse, and IOI Capital and Markets prove the viability of the technology and hence, the traditional capital markets' back office function will undergo dramatic change.

What is the big tech idea/concept that excites you the most?

In this digital transformation era, we have many cutting-edge technologies that are being embraced by companies across industries. The top ones, in my opinion, are automation, analytics, machine learning and blockchain, and these technologies are impacting businesses in their own way.

What particularly excites me is the convergence of two or more of these



technologies; the business outcomes from such integrated solutions are simply astounding.

For example, our next generation patient assistance platform introduces efficiencies through the latest technologies in blockchain for provider credentialing and couples that with automation and machine learning results in order to determine the "next best action" to the agent based on the patient's history, and thereby providing a personalised experience.

Similarly, when we bring together the core capabilities of automation and machine learning based analytics, we can create smart solutions to augment and enhance human work. Such integrated smart solutions help clients automate document classification and significantly drive contract compliance by assessing the real risks inherent in contracts, proactively identifying contractual and counterparty risk, maintain compliance with contractual relationships and quickly respond to regulatory demands.

How would you explain some of the tangible impacts on people's lives of Conduent's offerings?

As one of the largest business process companies in the world, we manage mission-critical interactions at a massive scale. Every day, our clients count on us to deliver exceptional experiences for the patients, consumers, employees, travellers or the citizens they serve.

For example, our Healthy Communities Institute (HCI) platform analyses data across numerous demographic and healthcare dimensions to help state and local health agencies identify at-risk communities and citizens and improve the distribution and quality of care. One of our clients used the data to determine that mental health, care coordination, health literacy and place-based care were the biggest priority areas in their community. The insight helped the client make decisions about where they should focus their time and efforts, implement strategies that made a difference and empower organisations within their network to facilitate change.

There are many more examples like this across the twenty industries that Conduent services – from healthcare and medical claims management to human resource services and government solutions.

How does being a Global Indian influence your decisions (professionally and personally)?

Having been raised in India, I was taught at an early age of the value of education, honesty and hard work. These values, combined with the tenets of entrepreneurship, excellence and continuous innovation that I have imbibed over the last 20 years in the US, have shaped the approaches I take on both personal and professional levels. They have influenced and continue to have an impact on my deep passion for learning, informed decision making, diligent work ethic and transformational leadership style.

Indian companies venture down South

Tech and digital solutions enterprises remain the frontrunners in global expansion.

Wipro to collaborate with Brazil's financial services body

Wipro plans to develop an online platform, Noomis, for the financial services industry in Brazil. The Bengaluru-based software services provider has tied up with Febraban, an industry body representing the Latin American country's financial services industry.

Febraban also organises CIAB, an information technology trade show for financial services in Latin America. Noomis will serve as a meeting point and a discussion platform for the finance professionals in Brazil who participate in CIAB FEBRABAN.

Built with digital cloud technologies, the platform is envisaged to change the way companies collaborate and share information. Noomis will provide reliable, analytical, and unbiased information via news reports, biogs, videos, and newsletters that will enable participants to stay up to date on financial market trends.

Wipro said the project development would include design and delivery of the first phase of the online platform. The company would also be responsible for creation of workflows and the editorial publisher module for content management in the platform.

Cloud computing firm Zoho eyes Australia

Software company Zoho has invested $15 million to open two onshore data centres in Sydney and Melbourne. Zoho's chief strategy officer Vijay Sundaram believes Australia and New Zealand are key growth markets for the cloud software computing company.

The Indian multinational previously catered to the Australian and New Zealand market through offshore data centres, but the local expansion is the company's first step in setting up this type of infrastructure in the region.

The company, which services clients such as Qantas, BHP and Netflix, has a customer base in the "tens of thousands" in Australia and New Zealand.

Part of Zoho's rationale for opening these centres is to be able to compete for government clients, which are subject to more stringent rules when they outsource or offshore data, as well private companies like consulting companies which do government work.

Zoho has a broad software offering and counts American company Salesforce and ASX-listed HR-based software company ELMO, as well as Microsoft Office Suite and Google Suite among its competitors.

Zensar expands operations in Cape Town, South Africa

Zensar, a leading digital solutions and technology services company that specialises in partnering with organisations across industries on their digital transformation journey, announced a new larger office in Cape Town, South Africa.

Sandeep Kishore, CEO and MD, Zensar said: "South Africa is a critical region for us and we hope to collaborate more closely with our key customers based in and around Cape Town from here. We have been focused on expanding to meet our customers' needs and investing in Cape Town to add to our global business."

The new office can seat many more people with interactive spaces to encourage collaboration as well as serve as the centre for the Skills Development Program initiatives in Cape Town. Interns in Cape Town will be trained in cutting edge IT technology such as Cloud computing, Robotics, etc., which are the skills needed by our customers and the local market today. Additionally, the selected candidates will also be trained in soft-skills to make them job-ready.

There is a high demand for Indian organic food products

In this interview with 'India Global Business', Rohan Grover, Director of Nature Bio Foods, discusses India's thriving position in the global organic produce arena in a time when healthy, sustainable living seems to be the mantra.

Is the Indian organic sector making its global presence felt?

The Indian organic food industry is growing at a tremendous rate. The country exported organic food products worth more than $500 million in the year 2017-2018, up by 39 per cent from the previous year. Considering the current market size, yes, the growth is humongous. The nation supports more than 10 million organic farmers – making us the largest in the world. Surely that's a number the globe cannot ignore. Today, we are counted among the top 10 countries with maximum organic land, ranking third in the wild collection. The sector is booming, the global demand for Indian organic food products is on a constant increase. The country is exporting tonnes of organic oils seeds, cereals and millets, sugar, fruit juice concentrates, tea, spices, pulses, dry fruits, medicinal plant products etc. every year. The domestic market might be at a nascent stage, but India makes for one of the biggest suppliers of organic to the markets in the world. The Indian organic rice ranks second when it comes to exports to Europe. Nature Bio Foods comprises 59 per cent of the total organic basmati and 77 per cent of the total organic non-basmati rice exports to the world. And all of this has been supported by our more than 60,000 farming families. With the continuing demand, it wouldn't be unfair to foresee days when the Indian organic industry is ruling.

Is a lead in the ingredient space important for future-proofing growth in the industry?

Definitely. For years to come, it will play a vital role. The increasing numbers and the growing demand for organic food is what will drive our businesses too. Our leadership and exponential growth aren't only about numbers. A lot that goes behind achieving these numbers. Consistency in quality, organic

OUR CULTIVATION PRACTICES BACKED BY A UNIQUE BUSINESS MODEL, INFRASTRUCTURE AND AN ALL-ORGANIC SUSTAINABLE SUPPLY CHAIN HAVE MADE US THE PIONEERS.

traceability, all-organic integrated supply chain and sustainable business goals – combined are reaping the benefits. Due to this, we have been able to make our presence worldwide and through which we have learnt a lot. This has led us to aim for world-class quality benchmarks and here we are. The numbers had huge calculations and formulas behind them. These numbers will surely push us in the future but the formulas are the ones which will sustain us. We (Nature Bio Foods) started with rice as our main ingredient back in 1993 when the first seed was sown. Year by year, the passion has only been seen rising. We have now added new varieties. Our portfolio has expanded, from basmati rice to the addition of more grains and cereals, millets, oil and oil seeds, flour, lentils and pulses etc. We (Nature Bio Foods) lead with the highest number of farming families associated with us; they count up to 60,000 and 80,000 Ha organic land.

What sets certain Indian products apart in the global arena and why?

When it comes to agriculture, there is nothing better that comes to one's mind than India. We belong to a country where 70 per cent of our population had businesses dependent on agriculture. Indians have been practising farming since time immemorial. We have one of the largest organic lands with the world's largest number of organic producers.

The Indian subcontinent is bestowed with a lot of potential to produce varieties of organic products due to its various agro-climatic regions. In several parts of the country, the inherited tradition of organic farming is an added advantage. This holds promise for the organic producers to tap into a segment which is growing in the domestic and export market. The company (Nature Bio Foods) is practising 100 per cent organic. Our cultivation practices backed by a unique business model, infrastructure and an all-organic sustainable supply chain have made us the pioneers.

What are the challenges faced in terms of organic farming in India and maintaining a robust global supply chain?

The path hasn't been easy for us. We started when the wave of green revolution had hit Indian farmers. Since then, the toughest challenge has been convincing the farmer to not only adopt but also continue practising organic farming in a manner where organic traceability can be maintained at every step. The compliances are the other part of this traceability which need to be ensured.

Another thing being the geographic location of these farms. They are sparsely located and hence their management can be a little tricky at times.

Additionally, there's climate change and the dependency on rainfall to factor in. Monsoons have shifted and so have the sowing seasons. None have been spared. Some areas haven't had decent rainfall in a long time.

Modern times require climate-smart techniques. We (Nature Bio Foods) started with Land Laser Levelling this year. The technique reduces the amount of water used for irrigation and improves crop uniformity and growth, thereby increasing yield.

Like any other food company, the challenge is the same – maintaining product quality and timely deliveries.

What are the key global expansion markets for this sector going forward; is India well-equipped to compete with the best?

Undoubtedly, the US and Europe have been major markets for Indian origin organic exports. North America constituting for more than 60 per cent of exports made from the sub-continent. While others are still gaining momentum, more and more regions in the Asia & Pacific region are moving towards this change.

It's the product categories which have been expanded wonderfully. While to the layman organic cereals and grains and fruits and vegetables have been major concerns, the industry has come up with the likes of rice syrup and rice protein as well. Dairy products are largely getting replaced by plant-based organic milk like rice milk and almond milk. The demand has been growing owing to increasing dietary shifts and trend moving towards plant-based lifestyles.

Exports of oil cakes of various seeds like soy, mustard, sunflower etc. too have increased over time. Apart from these, plant-based herbal root powder and leaves are also shifting towards the major categories.

Leveraging the UK's Deep-rooted Indian Diaspora

The founder of UK-based media house Asian Business Publications Limited (ABPL) catalogues the role played by Indians in Britain over the course of history and elaborates on how the shared history can be used to foster deeper India-UK ties in the future.

The Indian diaspora in the UK and the Indian overseas community is the culmination of several waves of migration spanning centuries, and it is important, across generations, to acknowledge and revisit our country's migration history.

The role of the Indian diaspora in the context of the UK's multicultural policies will largely depend upon its collective strength in the UK and its connectivity with India.

As India's economy transforms, her political, military and cultural powers are also bound to rise, elevating her to a twenty-first century superpower. It is only inevitable that her foreign and economic policies are becoming increasingly outward-looking and her search for new global partners is gathering momentum. And this provides a great opportunity for the UK, probably more so in view of the Brexit verdict.

Education and the professions

Over the years, more and more Indians came to the UK from India for Indian Civil Service and careers in law and medicine. Most of the leaders of the Indian Independence Movement—Mahatma Gandhi, Jawaharlal Nehru, Sardar Patel and MA Jinnah, to name a few—were trained as barristers in London. These leaders were deeply influenced by the liberal education they had received in the UK. The non-violent nature of the Indian Independence Movement resulted not only in the peaceful departure of the British from India but also helped in continuation of ties with the UK.

THE ROLE OF THE INDIAN DIASPORA IN THE CONTEXT OF THE UK'S MULTICULTURAL POLICIES WILL LARGELY DEPEND UPON ITS COLLECTIVE STRENGTH IN THE UK AND ITS CONNECTIVITY WITH INDIA.

War Effort and the Indians in Britain

Participation of a large number of Indian soldiers in the two World Wars also created a special bond between the armed forces of the two countries. During WWI and WWII the Indian soldiers and officers who were brought to the UK were more or less discouraged from settling in the UK, the land for which they laid down their lives. But that was the imperial period. After the independence of India and Pakistan, migration to Britain became more popular especially from Pakistan and particularly from Mirpur district—from the part of Kashmir occupied by Pakistan.

In 1947, there were, perhaps, less than 5,000 people settled in the UK from India. But by 1962-63 the number rose to hundreds of thousands. Then the arrivals came from East Africa. In the early 1960s, the largest number of overseas Indians, mainly Gujarati settlements, were in East Africa (Kenya, Uganda and Tanganyika). During 1976, Indians from Zimbabwe, Zambia and Mozambique made a beeline to the UK. Some also came from Aden. It is interesting to observe the composition of British Indians. The largest number was from Gujarati and Punjabi (Sikh) stock. There were others from other parts of India who came as doctors, teachers and other professionals.

Leveraging the Indian diaspora

Of all the immigrants to the UK in the last fifty years or so, Indians have done exceptionally well in education, as professionals, in business, commerce, arts, culture and academics.

In the foreseeable future, the Indo-

British economic partnership has enormous scope for development. They have different and complementary skills. Britain needs entrepreneurs and skilled personnel, while India could do with British expertise in international finance and infrastructure project management. There are many other areas of mutual cooperation.

It is worthwhile to remember that in the beginning of the seventeenth century, India was much more advanced than the UK. Up until 1842, India and China were far more ahead than Europe or even the USA in terms of international economic performance.

What has been achieved between 1947 and 2016 is an eye-opener. In the last sixty-nine years, in spite of all the challenges, both man-made and natural, India has almost succeeded in putting its house in order. The prediction that India would disintegrate or won't be able to manage itself has been proved wrong. Not only has India remained a united country (of the size of a subcontinent) but has also remained democratic and secular in spite of the painful legacy of several centuries of foreign domination. While the average Indian is moving up the scale economically, Indian MNCs have invested billions of pounds in commerce and industry in the UK and other countries. It is worth remembering that Indians have an upper hand in certain sectors of modern economy. And this is just the beginning. Unfortunately, centuries of subjugation does have an impact on the psyche and temperament of the populace.

We must also accept that not all of the legacy of the British Empire is on the negative side. English language, the rule of law, independence of judiciary, freedom of press and certain other Western values did India a world of good, combined with its own tradition and cultural heritage.

No one could have foreseen that at the beginning of the twenty-first century there would be over 1.5 million residents of Indian heritage in the UK.

Compared to their other British peers, British Indians are way ahead in education, entrepreneurship, savings and several other aspects of life. The younger generation born and brought up in the UK with higher education and qualifications, combined with the traditional values, is forging ahead. Look at their numbers in prisons—just a minuscule percentage. Similarly, British Indians are respected for their peaceful and non-violent nature. Why is the younger generation of British Indians faring better in every walk of life? In large part, this must have something to do with the Indian tradition and values.

While the British government has not yet fully recognised the potential of this small yet talented mass of Indian diaspora, I fear the Indian government too has not yet developed strategies and structures to sustain the links with the upcoming generation of overseas Indians. The younger Indian diaspora in modern-day Britain needs to be encouraged to enjoy the best of both worlds—i.e. to look at their roots and retain whatever is worthwhile and pick up the best from the British society too. That is true integration. Given this history and success, just perhaps, there may be lessons to be shared in the story of British Indians for other immigrant communities too. As the UK government grapples with growing concerns over migration, and as India flexes its muscles on the world stage, the history, experience and talents of British Indians, should be much better utilised.

CB Patel is the founder of Asian Business Publications Limited (ABPL), the UK-based media house behind Asian Voice and Gujarat Samachar news weeklies and the Asian Achievers Awards.

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

Building impactful India-Scotland connections

by Jess Kemp

A senior executive at Social Enterprise Academy shares how the organisation is supporting leaders in India to make a difference.

There are currently up to 2 million social enterprises operating across India. That's 2 million changemakers stepping up, taking action and starting businesses that solve the social and environmental issues that matter to them.

However, people growing social enterprises often don't know what they need to know until they need to know it. Everything from; "How do we measure our social impact?" and "how do we become financially sustainable?" to "how can we motivate our team?"

Social Enterprise Academy helps answer these questions by delivering learning and development programmes for individuals and organisations working for social change. Launched in Scotland in 2004, Social Enterprise Academy has replicated internationally and is now sharing learning between 12 country teams in Australia, Canada, China, India, Malawi, Malaysia, Pakistan, Rwanda, Scotland, South Africa, Wales and Zambia.

Impact Link: Support for social enterprises in India

Social Enterprise Academy India, which is operated locally by MITRA, was launched in December 2017. The first learning and development programmes they have delivered have been through Scotland: India Impact Link – a support package for emerging social enterprises. The support package offered to five Fellows includes a leadership development programme, social enterprise mentoring by a social entrepreneur in Scotland, and funding support for growth.

As a collaboration between the Scottish Government, MITRA and Social Enterprise Academy India, Impact Link was created to build the resilience, capacity and impact of India's social enterprises that are moving beyond the incubator stages of growth.

Impact Link also forms part of the Scottish Government's Internationalising Social Enterprise Strategy and India Engagement Strategy. Sam Baumber, Managing Director of Social Enterprise Academy International CIC, explains: "With Impact Link, we are delighted that the Scottish Government is helping build connections between a global team of people working towards Sustainable Development Goals, sharing challenges, advice and focusing our efforts on doing things differently. We have lots to learn from each other - and the world needs us to work together."

Building resilience amongst India's changemakers

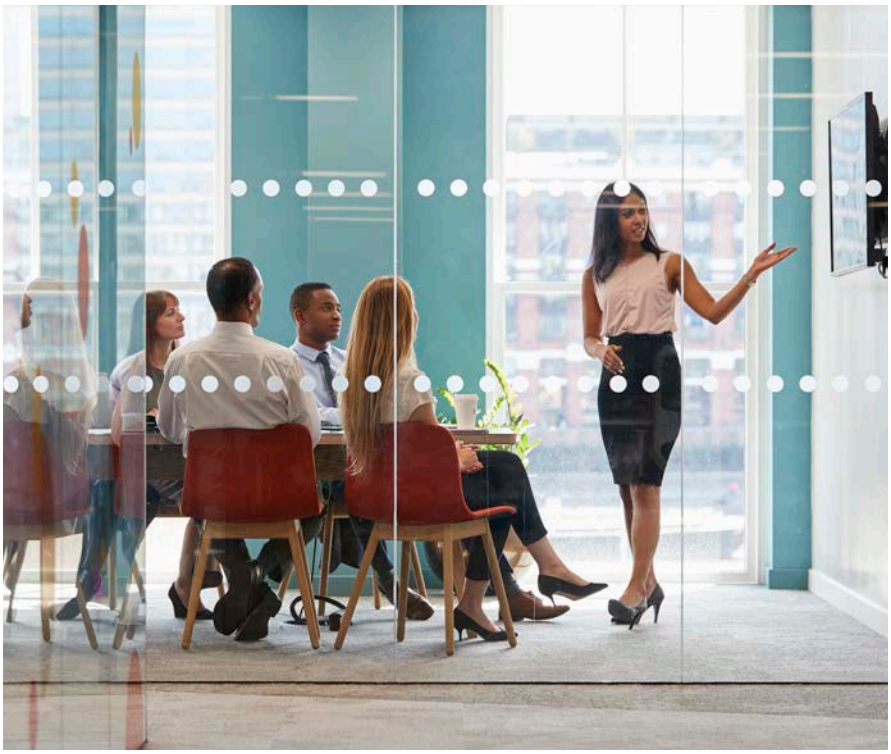
Pooja Chopra and Shruti Venkatesan, Co-Founders of Khwaab Welfare Trust – a social enterprise based in Delhi – were two of the first Impact Link Fellows.

Khwaab financially empowers low-income community women by imparting livelihood skills. The social enterprise looks for avenues where women can market their products and add to their household income, which can then be directed towards their child's education and family's welfare.

Shruti Venkatesan, Co-Founder of Khwaab explains the impact that access to learning and development has had on her organisation: "If an entrepreneur is able to develop his or her leadership abilities, then he or she will be able to overcome any kind of leadership challenges that come while managing their social enterprise. A real 'aha' moment for me during the Social Enterprise Academy leadership programme was understanding my own working style, core strengths and that of my co-founder.

We approached things differently and there was a lack of communication between us – the programmes sparked a lot of interesting conversations on how we can communicate better and how we can work together more effectively to take Khwaab to a whole new level. I've become a much more confident individual and a much more confident entrepreneur since taking part in the programme."

AS A COLLABORATION BETWEEN THE SCOTTISH GOVERNMENT, MITRA AND SOCIAL ENTERPRISE ACADEMY INDIA, IMPACT LINK WAS CREATED TO BUILD THE RESILIENCE, CAPACITY AND IMPACT OF INDIA'S SOCIAL ENTERPRISES THAT ARE MOVING BEYOND THE INCUBATOR STAGES OF GROWTH.



While Albin Jose, Co-Founder of Lal10, a social enterprise which aims to revive the traditional creative art forms of India, said: "I believe it's very important for social entrepreneurs to develop their leadership skills in the current climate because social entrepreneurship can be a lonely road. It takes a lot of motivation and a lot of grit to follow that path, to solve a problem that affects a large section of the lower end of the population. You need to build a community that supports each other and motivates each other to move forward."

Connecting India and Scotland through social enterprise

Tribe Porty is a Scottish social enterprise which provides a space for nurture and growth of human potential through supporting local people in work, art and quality of life. This is done through practical opportunities and support and encouraging connections. As an Impact Link mentor, they were partnered with Khwaab Welfare Trust to encourage social enterprise sharing of knowledge between Scotland and India. Founding Director Danielle Trudeau said of being an Impact Link mentor: "Working with Pooja and Shruti of Khwaab was thoroughly enjoyable. They were both hugely energetic and passionate about their social enterprise and the experience gave me new insights into some of the challenges they were facing in India. Sustainability challenges seem to be universal but so is the drive to create positive change."

Since the successful launch of Scotland: India Impact Link in 2018, the collaboration has now been launched in Pakistan and China, as a partnership between the Scottish Government, Social Enterprise Academy and SEED Ventures (Pakistan) Capacity Building and Assessment Center (China).

The need for learning and development in Social Enterprise Ecosystems

During the 2018 Social Enterprise World Forum in Edinburgh, two of the key takeaways for delegates were; the need for collaboration and the need to build social enterprise ecosystems.

Creating space for reflection and safety to support peers and transform leadership practice is known to be a critical success factor in building a sustainable social enterprise ecosystem. It is vital that we develop emotionally intelligent, strategically aware and operationally resilient leadership - investing in our people, at all stages of career and organisational growth.

Shruti Venkatesan, 2018 Impact Link Fellow and Co-Founder of Khwaab, explains: "Nowadays it has become all the more important for entrepreneurs to not work in silos, but to engage with the entire ecosystem, which requires entrepreneurs to have extremely strong leadership abilities."

Through partnering with the Scottish Government and MITRA, the Social Enterprise Academy has been privileged to help develop people in the next generation of social change leaders in India. After two years of developing Impact Link, there is now the opportunity for corporations or philanthropy to match fund alongside Scottish Government.

Achieving the Sustainable Development Goals will need all of us working together, across organisations, sectors and countries. Enabling access to learning and development for changemakers who ordinarily cannot afford it, is an essential step towards making that change happen.

Jess Kemp is the Senior Partnerships Officer at the Social Enterprise Academy.

India expands mark in global university rankings

by India Inc. Staff

Indian universities made their mark in the 2020 global university rankings, but more work is needed as they slipped out of the top 300 bracket.

Indian universities have expanded their presence in the annual rankings of the world's leading educational institutions but dropped out of the top 300 bracket in the 'Times Higher Education World University Rankings' for 2020 released recently.

India's top-ranked university, Bangalore's Indian Institute of Science (IISc) declined, marking the first time that India is not in top 300 since 2012 in the tally once again topped by the UK's University of Oxford. IISc still ranks the highest for India but has dropped into the 301-350 bracket (from 251-300 cohort), due to what has been described as a significant fall in its citation impact score offsetting improvements in research environment, teaching environment and industry income.

"India has a huge amount of potential in global higher education, given its rapidly growing youth population and economy and use of English-language instruction. However, it is disappointing to see the country fall out of the top 300 of the rankings this year, with only a small number of institutions registering progress," said Ellie Bothwell, 'THE' rankings editor.

"THE INDIAN GOVERNMENT HAS STRONG AMBITIONS TO BOOST THE GLOBAL STANDING OF ITS TOP UNIVERSITIES AND ATTRACT FOREIGN STUDENTS, ACADEMICS AND RESEARCH COLLABORATION.

"The Indian government has strong ambitions to boost the global standing of its top universities and attract foreign students, academics and research collaboration. It now needs to back up these aspirations with high levels of investment – or risk declining further amid increasing global competition, especially from other parts of Asia," she said.

Overall, 56 Indian universities feature in the table, up from 49 last year. As a result, India holds on to its place as the fifth most-represented nation in the world and the third most-represented in Asia, behind Japan and mainland China. It has eight more universities than Germany, which is sixth in the country ranking, but 25 fewer than China.

Newcomer Indian Institute of Technology Ropar makes an impressive entry, pushing Indian Institute of Technology Indore, which remains in the 351-400 band, into third place. Overall, seven Indian universities fall into a lower band this year, while the bulk of the nation's institutions remain stable. But there

2020 Global Top 10

University	Country/ Region	2020 Ranking	2019 Ranking
University of Oxford	UK	1	1
California Institute of Technology	US	2	5
University of Cambridge	UK	3	2
Stanford University	US	4	3
Massachusetts Institute of Technology	US	5	4
Princeton University	US	6	7
Harvard University	US	7	6
Yale University	US	8	8
University of Chicago	US	9	10
Imperial College London	UK	10	9

Source: Times Higher Education (THE) World University Rankings 2020

is a small number of risers, including Indian Institute of Technology Delhi, Indian Institute of Technology Kharagpur and Jamia Millia Islamia.

The best Indian institutions are generally characterised by relatively strong scores for teaching environment and industry income, but perform poorly when it comes to international outlook in comparison to both regional and international counterparts, 'THE' rankings notes.

While Oxford tops the global rankings for the fourth year running, the California Institute of Technology (Caltech) rises from fifth to second. The University of Cambridge, Stanford University and the Massachusetts Institute of Technology (MIT) all drop one place to third, fourth and fifth respectively, while Princeton University and Harvard University swap places to finish sixth and seventh respectively. Yale University holds steady in eighth, the University of Chicago rises one place to ninth, while Imperial College London falls one place, rounding out the top 10.

The UK capital, however, claimed a major win with four universities in the city listed in the top 40 – more than any other city in the world. The news came as the UK government introduced a two-year post-study work visa for international students, allowing overseas graduates a significantly longer period of time to find work after their studies.

"This announcement from government is a tremendous boost for the UK capital, which will further enrich London's post-study offer for international students and provide exciting opportunities for employers here. Our institutions are committed to attracting and nurturing bright young minds from all over the world, who will go on to become global ambassadors for our city," said Lalage Clay, Director, Education and Talent at London &

Partners, the Mayor of London's official promotional agency London & Partners and home of Study London.

Imperial College London (10th), University College London (15th), London School of Economics and Political Science (27th), King's College London (36th), and Queen Mary University of London (110th) make up London's leading top-ranked universities.

'THE World University Rankings' are drawn from the 'Times Higher Education' database of university performance metrics, with over 170 separate data points on each of the world's leading research universities and two global surveys of senior, published scholars from its annual reputation survey: with more than 21,000 responses adding 250,000 items of data.

2020 India Top 10

University	2020 Ranking	2019 Ranking
Indian Institute of Science	301–350	251–300
Indian Institute of Technology Ropar	301–350	NR
Indian Institute of Technology Indore	351–400	351–400
Indian Institute of Technology Bombay	401–500	401–500
Indian Institute of Technology Delhi	401–500	501–600
Indian Institute of Technology Kharagpur	401–500	501–600
Institute of Chemical Technology	501–600	NR
Indian Institute of Technology Gandhinagar	501–600	NR
Indian Institute of Technology Roorkee	501–600	401–500
Amrita Vishwa Vidyapeetham	601–800	601–800

Source: Times Higher Education (THE) World University Rankings 2020

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Sitharaman wields the tax axe

By dramatically slashing corporate taxes, India's gritting Finance Minister has given a big boost to India's private sector and brings the country closer to becoming a low-tax, high-efficiency economy that the Modi government aspires for.

The recent cuts in corporate tax and minimum alternative tax rates by Indian Finance Minister Nirmala Sitharaman will provide a much-needed stimulus for companies in India. It may well also help the country attract companies that are looking at alternative destinations to set up manufacturing facilities in the wake of the US-China trade war by incentivising the setting up of new manufacturing facilities in the country.

On the flip side, the tax cuts could lead to fiscal slippage for the government and raise the fiscal deficit to up to 4 per cent, against the target of 3.4 per cent, if it is not accompanied by spending cuts. In the view of 'India Global Business', this will be a short-term issue and we anticipate the private sector will treat this as the confidence-building measure to reassure them that the Modi government is backing them to get the investment cycle moving again.

Early Diwali for India Inc.

On 21 September, Sitharaman wielded the axe on India's relatively high rate of corporate tax, cutting it from 34 per cent to a fraction over 25.17 per cent, thereby redeeming a promise made by former Finance Minister, the late Arun Jaitley five years ago. In her Budget on 5 July, the current Finance Minister had reduced the tax for companies with a turnover of up to $55 million. Now, the rate has become universal for all companies that do not take the benefits of any other exemptions. Such companies will not also have to pay any Minimum Alternate Tax (MAT). Now, the peak rate of corporate tax is comparable to the lowest rates charged by many other competitor countries.

"This is a massive trigger for revving up growth and, more importantly, resurrecting sentiments that were down in the dumps. The immediate benefit is increased cash flows to corporate India that will be either channelised into debt reduction or incremental investments in increasing capacity," says a report by Crisil, the Indian subsidiary of Standard & Poor's.

THESE TAX CUTS WILL INITIALLY LEAD TO A REVENUE LOSS OF MORE THAN $20 BILLION FOR THE GOVERNMENT, BUT IN DOING SO, PROVIDE A MAJOR STIMULUS TO THE INDIAN CORPORATE SECTOR.

Further, in a bid to boost the Make in India programme, attract foreign investment in the manufacturing sector and make India competitive compared to China and the ASEAN countries, the government has allowed any new company incorporated in India on or after 1 October 2019 and making investments in manufacturing to pay income tax at 17 per cent. These companies will, however, have to start production on or before 31 March 2023.

This move is expected to kick start the sputtering investment cycle that has been stubbornly refusing to pick itself up for the last few years.

These tax cuts will initially lead to a revenue loss of more than $20 billion for the government, but in doing so, provide a major stimulus to the Indian corporate sector.

Fiscal gap may widen

These tax giveaways are expected to widen the fiscal deficit, given the government's tight fiscal position and the absence of buoyancy in tax revenues. This could rise to as much as 4 per cent against the Budget target of 3.4 per cent, since the higher earnings and the accompanying rise in revenues will take place only after a lag.

Cut in public expenditure

As of now, the only way for Sitharaman to help balance her books seems to be a cut in the government's spending programme. But that could lead to a growth slowdown. She is obviously hoping that her incentives will kickstart the investment cycle and obviate the need for large government expenditure to keep the wheels of the Indian economy running.

She has done well to wield the axe on tax. She will now have to execute a careful balancing act over the next few months to ensure that the private sector gets charged up.

INDIA GLOBAL **BUSINESS**

INDIA GLOBAL BUSINESS
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