India's Foremost Trade & Investment Magazine

INDIA GLOBAL BUSINESS

UK Edition

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Celebrating Manchester's burgeoning relationship with India

Andy Burnham, Mayor of Greater Manchester

September 2019

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The Beast of Brexit

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

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

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

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

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

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

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

India’s Moon Mission

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

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

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

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

Modi’s Houston Home Run

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

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

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

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

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

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

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The UK Edition this time comes with a new look as 'India Global Business' launches its first-ever North America edition. Besides the ongoing wrangles with the Beast of Brexit, the Big Story zeroes in on India's globalisation-friendly outlook alongside some in-depth interviews and analyses.

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India shows the way on globalisation

by Arnab Mitra

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

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

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

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

India bucks the trend by easing FDI norms

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

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

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

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

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

norms in a number of hitherto restricted sectors.

Welcoming foreign investments

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

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

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

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

Welcome mat for US companies

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

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

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

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

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

In this context, the US India Strategic Partnership Forum (USISPF), a leading US business advocacy group, has said there is a fantastic opportunity for companies looking for alternatives to China to invest in India.

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

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

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

Made in India Apple products

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

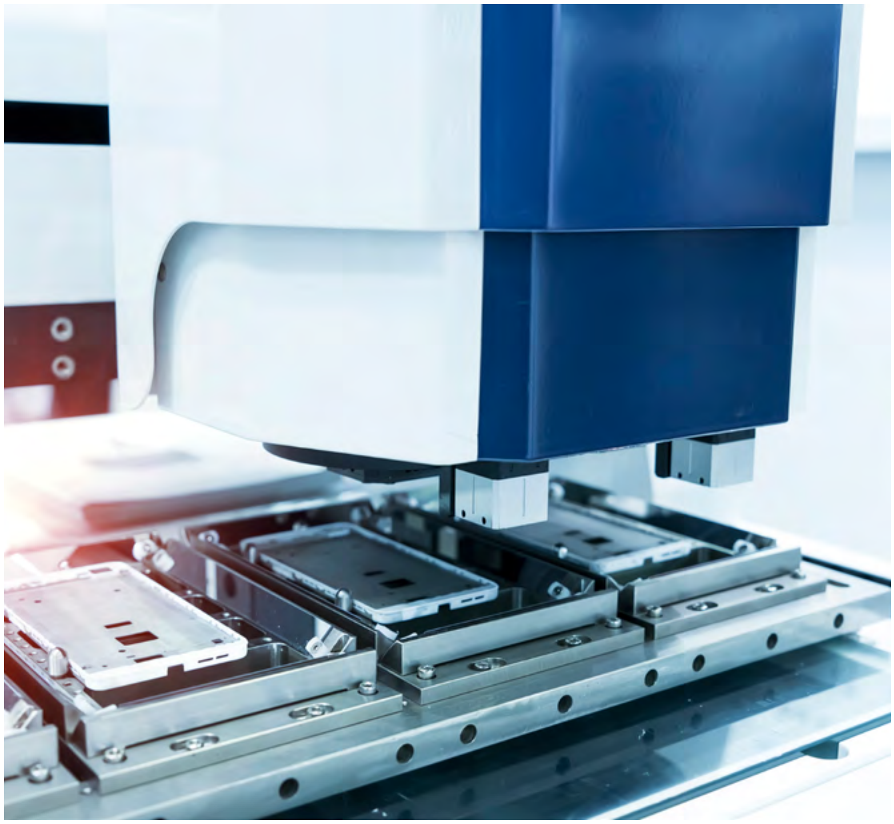
Contract manufacturing was a grey area in India's regulatory scenario. So, the new rules will bring contract manufacturers at par with those companies that set up manufacturing operations for their own products. This is in line with Finance Minister Sitharaman's Budget announcement on "offering incentives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

Absorbing latest technologies, imbibing best practices

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

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

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



Single brand retail rules eased

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

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

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

Getting the timing right

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

Since 1991, however, India has tried to emerge as a global manufacturing hub but without much success. A combination of bureaucratic red tape, poor infrastructure, opaque systems and the absence of sufficient linkages with global supply chains were cited as major hindrances to India's manufacturing ambitions.

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

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

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

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

India remains heavily protected

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

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

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

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

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

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

Moving forward with confidence

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

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

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

A global exemplar of free trade

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

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

India, Israel, and the UK: A new horizon for innovation

by Lord Stuart Polak

The Honorary President of the Conservative Friends of Israel reflects upon the opportunity to build bridges between Israel, the UK and India.

The much-anticipated visit by India's Prime Minister Narendra Modi to Israel in July 2017 certainly did not disappoint. During the landmark trip, a remarkable seven bilateral agreements relating to cooperation in technology, water and agriculture were signed by the two the Prime ministers of both countries.

These growing ties are a celebration of democracy that the UK should not only support wholeheartedly, but also seek to join collaboration efforts.

In the UK, we have long-standing and highly profitable trading relationships with both India and Israel, underpinned by our shared values and mutual interests. With our upcoming departure from the European Union, the importance of preferential access to both states' economies cannot be overstated. The UK works closely with India and Israel independently on a wide variety of industries, which if synergised trilaterally could lead to greater socioeconomic benefits for all three parties.

As the global start-up economy continues to grow and more locations around the globe become viable start-up ecosystems, competition for investment is fierce. Despite the Indian government's significant easing of business regulations and increased funding for start-ups, Israel and the UK were home to the creation of at least ten times more start-ups per capita than India in 2018. India's diverse economy is rapidly growing, with strong capabilities in IT, meaning tech-hotbeds such as Bangalore are expected to develop into robust start-up ecosystems. The UK has already identified this opportunity and is set to benefit from it through the 2018 UK-India Tech Partnership. A similar accelerator mechanism exists between the UK and Israel in the UK Israel Tech Hub. The Israel-India Bridge to innovation is another hugely welcome programme incentivising Israeli and Indian start-ups to develop innovative solutions to challenges in agriculture, water, and digital health.

Three-way cooperation would allow Israel's brain power and strength in core technologies to work alongside the UK's well established position as a global leader in financial services to the greater benefit of the Indian

IN THE UK, WE HAVE LONG-STANDING AND HIGHLY PROFITABLE TRADING RELATIONSHIPS WITH BOTH INDIA AND ISRAEL, UNDERPINNED BY OUR SHARED VALUES AND MUTUAL INTERESTS.

fintech ecosystem and profit of all three nations.

Agriculture is another industry through which Israel and the UK could reap greater benefits working in partnership with India. Israel has two Centres of Excellence in Agriculture established in the Indian Bihar region which aim to introduce agritech solutions to farmers and implement effective support systems to enhance the economic viability through marketing, storage, and transport. The UK's Bihar Agriculture Growth and Reform Initiative also aims to increase farmers' access to technology, but mainly focuses on linking producers to corporate buyers.

If these initiatives were to work in unison, Israel could focus their efforts on training farmers to use cutting edge agritech and the marketing of the end product, whilst the UK could specialise in connecting farmers with investors and cooperate buyers.

Ultimately, it is clear that our deep relationships with both India and Israel hold the potential for an innovative and mutually profitable post-Brexit trilateral arrangement. Looking to the future, I am hopeful that our countries can work together to meet global challenges whilst building a more prosperous future for the UK, India, and Israel.

Lord Stuart Polak CBE is a British Conservative politician, member of the House of Lords and the Honorary President of the Conservative Friends of Israel.

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

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

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

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

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

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

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

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

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

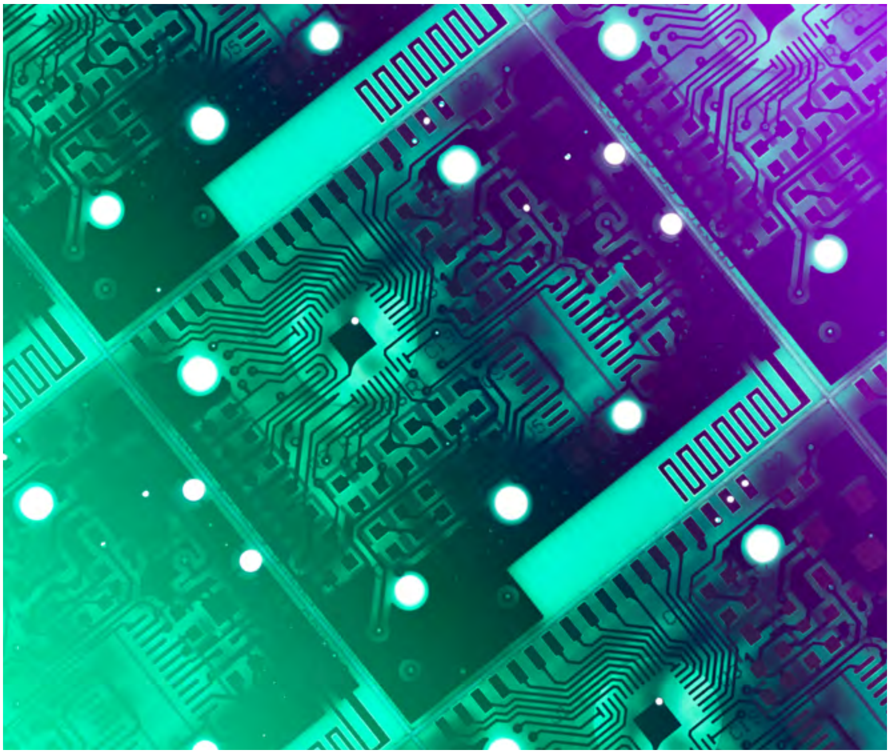
This is not widely spoken of but let me tell you, from time to time, countries re-model their economies and shift their growth trajectories. India, for example, over the last six to seven years has silently developed a digitally equipped, breakthrough, technological infrastructure that could potentially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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

US, India must not lose sight of the bigger picture

by Manoj Ladwa

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Manoj Ladwa is the Founder and CEO of India Inc.

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

by Nitin Dahad

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

UK and India find ways to further bilateral ties

From furthering cooperation in education to forging tech partnerships, the UK-India relationship is seing traction despite Brexit.

UK universities visit Delhi to further education cooperation

A delegation of vice-chancellors of 20 leading universities from the United Kingdom visited New Delhi to explore opportunities of mutual interest in the higher education sector with Indian stakeholders, including the government and the institutes.

The aim of the programme is to closely understand the vision and priority areas of the Indian central government, state governments and the higher education institutes to assess the role UK universities and the country can play in the context of new education policies.
The visit is part of a higher education-focused bilateral programme, the UK-India Education and Research Initiative (UKIERI), helmed by the British Council. UKIERI is India's first bilateral research programme that enables Indian and UK governments, and their universities, to work closely in the areas of higher education.

The UK to set up tech hubs in Indian cities

The UK is planning to set up tech hubs in Indian cities to promote bilateral investments and nurture tie-ups with Indian companies.

The technology hubs would be set up in New Delhi, Mumbai, Bengaluru and Hyderabad. The hubs would look at the strengths and interests of the technology industry in both the UK and India and areas in which the companies in both countries can converge. The UK High Commission is also planning to host a roadshow to boost trade exports. What we wanted to do is expand the knowledge of potential partners — investors or exporters and that is why we will be shortly establishing tech hubs across the country," British High Commissioner to India, Sir Dominic Asquith said in statement.

The hubs are a way to inform UK companies about various opportunities in India and help them overcome some of the preconceptions they may have

IHCL makes £50mm investment in UK estate

The Indian Hotel Company Limited (IHCL) has announced it will have invested approximately £50m in its UK portfolio over five years by the end of 2022. Having completed the renovation of 108 bedrooms across the group's two London hotels – the 313-bedroom St James' Court, a Taj hotel, and adjacent 85-bedroom Taj 51 Buckingham Gate Suites and Residences in Victoria/Westminster – the group is now focused on its F&B offering.

IHCL will replace its Bank & Zander restaurant at the Taj 51 Buckingham Gate with an all-day brasserie designed by Conran & Partners in the next two months, while the group's first UK Chambers private members' club will open in the next seven to eight months. The group confirmed it is looking for additional opportunities in central London, Birmingham and Manchester.

Founded in 1903 with the opening of the Taj Mahal Palace in Bombay, IHCL is one of India's largest hospitality companies and operates 170 hotels.

Does a no-deal Brexit bode well for UK-India ties?

by India Inc. Staff

If the UK were to leave without an agreement in place with the European Union (EU) by the October 31 Brexit deadline, the reverberations will be felt around the world – including in India.

Unprecedented developments have a direct connect with a propensity to speculate and Brexit undoubtedly falls within that category.

Boris Johnson lobbed a bombshell in the form of parliamentary suspension plans ahead of the October 31 Brexit deadline as part of a particularly frenzied return from the UK's summer holiday break of August. The so-called "silly season" for news, dubbed as such due to the long parliamentary recess depriving the media of solid political headlines, came to an abrupt end as the UK Prime Minister declared his "bold and ambitious" agenda for a new post-Brexit government.

The motivations behind the move are quite clearly directed at skirting the parliamentary hurdles that proved insurmountable for his predecessor, Theresa May, and also goad the EU into action in an effort to avert a no-deal crash-out with a last-minute offer on the controversial Irish backstop clause.

While Johnson was at pains to insist his decision had nothing to do with blocking rebel MPs from activating legislative drives against an EU exit without a deal in place, the timing of the move can hardly be misunderstood. The Opposition parties and rebels within his own Conservative party have since gone on overdrive to prevent what they have branded an unconstitutional stance to prorogue Parliament until October 14, leaving hardly any days in the calendar for Brexit scrutiny.

"However it is dressed up, it is blindingly obvious that the purpose of [suspending Parliament] now would be to stop [MPs] debating Brexit and performing its duty in shaping a course for the country," said a furious John Bercow, the Speaker of the House of Commons – a post traditionally expected to stay out of expressing an opinion on such matters.

The move will continue to play out in the coming weeks, including facing legal challenges brought by anti-

THE INDIAN GOVERNMENT HAS BEEN CONSPICUOUS IN ITS FAIRLY NON-PARTISAN STANCE ON BREXIT, PLAYING IT IN THE SPIRIT OF AN INTERNAL ISSUE THAT NEEDS RESOLUTION

Brexit campaigners as well as street protests. But beyond this landscape of the latest standoff over an issue that has deeply divided the UK, it remains to be seen how the outcome plays out in the context of the UK's relationship around the world – including with countries like India.

The Donald Trump administration has already expressed its glee at the hard Brexit stance being pursued by the Boris Johnson led government.

A recent Twitter message, characteristic of the US President, read: "Would be very hard for Jeremy Corbyn, the leader of Britain's Labour Party, to seek a no-confidence vote against New Prime Minister Boris Johnson, especially in light of the fact that Boris is exactly what the UK has been looking for, & will prove to be a great one! Love UK."

He has previously spoken equally gushingly about the prospect of a wide-ranging free trade deal with the UK after it is rid of the "anchor round its ankle" in the form of its EU membership.

The Indian government has been conspicuous in its fairly non-partisan stance on Brexit, playing it in the spirit of an internal issue that needs resolution which would eventually have an impact on bilateral relations. As Dominic Asquith, the British High Commissioner to India, told the media in India recently, the importance of developing trading and investment relationships, not just with European mainland but with major partners abroad, will be "even more important" once Britain has left the EU.

He noted: "Brexit is causing some companies to delay decisions, that tends to be the expansion of companies which are based in the UK. It does not seem to be stopping Indian companies from investing in the UK.

"Last year alone, 50 Indian firms had invested in our country. So the number is rising."

And, that sense of confidence in the UK economy among Indian companies remains fairly consistent. However, the factor that would come into play if indeed the UK and EU fail to agree upon the terms of their divorce, would be one of prioritising. The likelihood of Britain becoming preoccupied with grappling with the fallout of a no-deal Brexit over and above international relations is quite a strong one.

On the other hand, the EU member countries themselves have a direct bond with India, which they would inevitably try to further bolster. French President Emmanuel Macron has made no secret about wanting to build upon the rising numbers of Indian tourists and students to Britain's neighbouring country.

Boris Johnson seems to have taken this reality on board and during his meeting with Indian Prime Minister Narendra Modi on the sidelines of the G7 summit in Biarritz, France, in late August, the two leaders agreed to set up a dedicated team to work on the UK-India economic relationship.

"The principal discussion was focussed on how in the post-Brexit scenario, we can develop the partnership and strengthen economic and commercial relations," Indian foreign secretary Vijay K. Gokhale told the media following their talks – the first since Johnson took charge at Downing Street.

The optics seem to be well in place, but post-Brexit realities are likely to trigger certain unknown variables that could throw some of the planning awry. However, given the unprecedented nature of what is set to unfold come October 31, the UK would most certainly like to have India and its rapidly growing economy in its corner. For India, on the other hand, the stakes are not as high and therefore it is up to Britain to make Brexit – deal or no deal – work for UK-India relations.

Kenya: A land of many investment opportunities

by Dennis K. Waweru

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

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

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

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

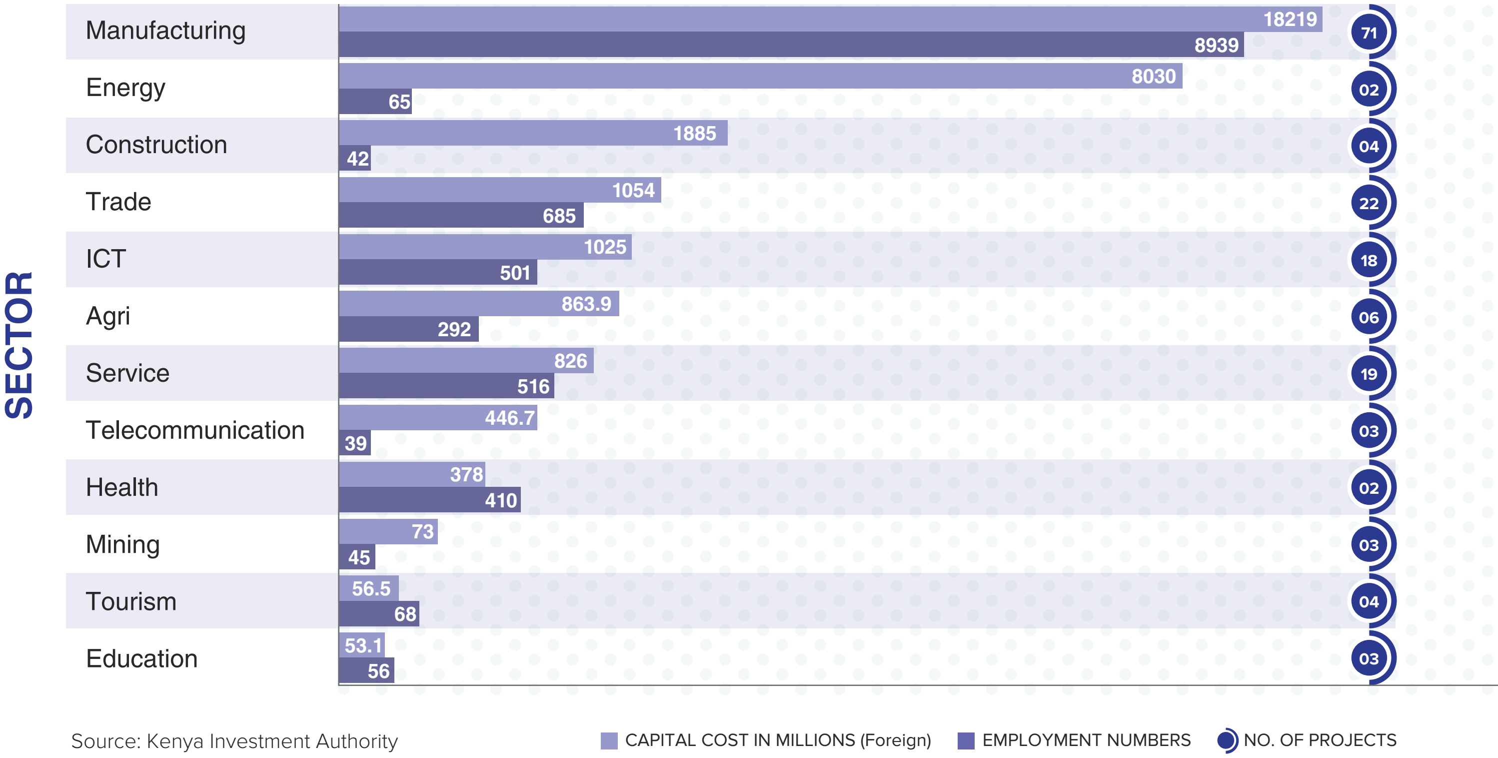
1. **Vision 2030** - The country's blueprint towards making Kenya a newly industrialised middle-income country.

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

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

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

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



Source: Kenya Investment Authority

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

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

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

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

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

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

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

Guarantees to Investors

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

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

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

General Incentives

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

Indian Investments registered and facilitated at KenInvest

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

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

Market Access

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

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

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

Ease and Cost of Doing Business

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

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

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

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

Role of KenInvest

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

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

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

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

by Sidharth Sogani

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

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

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

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

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

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

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

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

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

pay the bearer a sum of…'.

Bitcoin ban, is it an option?

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

Regulation over the globe

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

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

What should India do?

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

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

Digital value

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

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

Economic crisis

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

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

Solution to scams and understanding them. Bitcoin is different!

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

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

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

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

The Road Ahead: Opportunities and challenges for India and Israel

by Benjamin Grossman

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

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

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

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

PROSPECTS

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

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

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

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

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

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

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

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

CHALLENGES

Nevertheless, this industrial collaboration faces a few challenges:

FDI regulations

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

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

under the regulated sectors such as defense.

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

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

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

Differences in tax laws and rules
Naturally, there are distinctions between the taxation policies of the countries.

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

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

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

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

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

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

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

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

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

Indian collaborations grow from strength to stength

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

India-Russia look to expand investments in diamonds

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

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

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

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

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

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

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

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

Modi uses soft power in G7 to disarm critics on Kashmir

by India Inc. Staff

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

India strengthens its economic ties with the Middle East

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

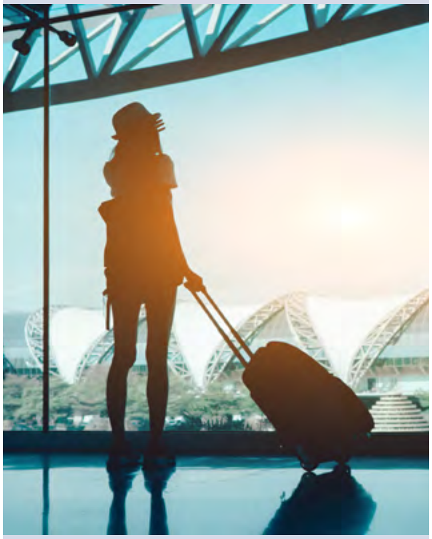
Modi to launch $4.2 mn temple redevelopment project in Bahrain

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

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

Indians account for almost 1 million tourists to Dubai

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



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

Naspers leads $125 mn in Indian online marketplace Meesho

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

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

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

Celebrating Manchester's burgeoning relationship with India

by Andy Burnham

The Mayor of Greater Manchester, Andy Burnham, discusses the many opportunities Manchester offers to Indian companies looking to expand into the UK and lays out his vision for the wider Manchester-India partnership.

Next month I'll be leading a delegation from the UK city-region of Greater Manchester on a visit to India and Bangladesh - a chance to celebrate an exciting new era of closer working ties.

Visiting Mumbai, Mysore, Bangalore and Delhi, it provides an opportunity to explore the benefits of collaboration resulting from the creation of the Manchester India Partnership (MIP), a bilateral trade organisation established in February 2018 to build and strengthen trade, investment, cultural, and educational links.

With broader economic uncertainty over Brexit, it's good to be able to enjoy support from partners elsewhere. The economic value of Manchester's relationship with India has been estimated as being worth up to £400m in the next five years.

India is a key market in Greater Manchester's internationalisation strategy as it presents significant opportunities to the city-region, but these opportunities are mutual, and Greater Manchester is also helping India with its own economic growth plans.

THE ECONOMIC VALUE OF MANCHESTER'S RELATIONSHIP WITH INDIA HAS BEEN ESTIMATED AS BEING WORTH UP TO £400M IN THE NEXT FIVE YEARS.

India has the fastest growing economy in the world and MIP brings together businesses, universities, and the public sector to develop a strategic approach to engaging one of the UK's most important international partners.

Therefore, I'm delighted to be visiting India with an MIP delegation showcasing the impact of our strengthened relationships across technology, engineering, advanced manufacturing, healthcare and academia, while also emphasising opportunities for tourism.

There are numerous similarities between India and Greater Manchester's ambitions, making them ideal partners. More than 200,000 people of Indian origin live in the North of England, more than 50,000 members of the Indian diaspora within Greater Manchester alone. One hundred Indian businesses have bases in Northern England.

Initiatives backed by the Indian government, such as Digital India, Make in India, and Clean Energy

India, align with Greater Manchester's research and innovation strengths in technology, advanced manufacturing and energy – creating huge opportunities for partnership.

Our burgeoning relationship is producing tangible benefits on both sides.

In October 2018, representatives from MIP and MIDAS, Greater Manchester's inward investment agency, delivered two concurrent events in India; promoting the city-region's strengths in digital innovation and advanced materials.

As part of a separate programme focused on advanced materials, supported by the Department for International Trade, two events also took place in Pune and Bangalore, which were attended by senior figures from some of India's largest industrial companies.

Ahead of the opening of Manchester's £60m Graphene Engineering Innovation Institute (GEIC) in December 2018, Graphene@ Manchester and MIDAS showcased opportunities available to Indian corporates by utilising lightweight materials, such as graphene; and how they can leverage Greater Manchester's material research and innovation expertise to drive technology innovation.

Since its launch, MIP has achieved significant success, including a 'HQ of the North' for Indian-owned IT services firm Tech Mahindra at MediaCityUK in Salford.

Greater Manchester has also partnered Deloitte on their Technology Fast 50 India programme, hosting almost a dozen Indian tech companies interested in securing a stepping stone into the UK market and an establishment support package worth over £20,000.

MIP has twice hosted the Manchester India Business Summit, showcasing the city as a key business destination to influential Indian companies and prominent government figures, and

MIP has twice earned the 'Trade and Investment Promotion Organisation of the Year Award' at the UK-India Awards.

Greater Manchester can support Indian upskilling through its academic institutions and businesses. It can also benefit from the knowledge exchange by attracting the best Indian students and workers to contribute to its growing skills-based economy.

Notable progress on this front includes the University of Bolton's partnership with the Karnataka State Higher Education Board and the University of Salford's partnership with the Indian Institute of Management Bangalore, one of Asia's leading business schools.

Cultural links could not be stronger. Due to open in 2021, a new South Asia Gallery will form the centrepiece of an £11.5m investment at Manchester Museum. This summer, Manchester's Old Trafford Cricket Ground hosted six ICC World Cup 2019 fixtures, including India's victory over Pakistan. The game is understood to have been seen by more than one billion people worldwide.

I'd like to place on record my thanks to all of the organisations – both in India and Greater Manchester - that have helped get MIP to where it is today, and would also urge any others interested in contributing to our common goal of forging closer ties between Greater Manchester and India to join us.

Andy Burnham is the Mayor of Greater Manchester, UK.

Laying the Groundwork for an India–UK Trade Deal

The Shadow Secretary of State for International Trade lays out the strengths and challenges that India and the UK must be aware of in order to build a stronger bilateral relationship.

The UK and India share a unique history with trade relations going back many hundreds of years. Today, I believe it is a relationship that will have much greater strategic as well as economic significance as India responds to the regional challenge of the rise of China and resurgence of Russia. India has to chart her relationships with her northern neighbours all the while setting out and her own need to establish herself as an equal global superpower. Britain can be helpful in enabling India to do that, whilst in the United Kingdom we seek to chart our own new path in the wake of the referendum vote to withdraw from the European Union.

The special relationship between our two countries extends to far more than just trade, however, it is trade that inherently binds us and that will ultimately define what our future relationship might look like.

The eyes of the world are closely fixed on India and the place that the country will take on the world stage and her emerging dominance in next- generation technology industries. India has challenged the conventional world view on emerging market economies and has taken a strong lead in the implementation of green technologies including the International Solar Alliance and a commitment to the provision of clean affordable energy for all its people. India has positioned itself as a global voice on climate action. India and the UK's special relationship is augmented by our respective memberships of the Commonwealth and the long rich cultural history which has seen many British business customs and legal traditions adopted in India as well as many Indian customs and traditions incorporated here in the UK.

It is this shared history and mutual Commonwealth membership that were used by many of those who campaigned for us to leave the European Union. Before the referendum vote they proclaimed a special message to the Indian diaspora that an end to free movement of people in the EU would be used to open up the UK to greater immigration from the Commonwealth. Now that Britain is leaving the EU, there must be a renewed focus on our trade relationship with India. Nostalgia and history alone do not constitute a sufficient basis for a modern trade relationship between our nations and both countries now need to take a hard look at the benefits and potential downsides of a bilateral free trade agreement.

The UK needs to set out what opportunities it has identified alongside India to grow and nurture a collaborative future industry. We need to recognise that our historic trading relationships have been the result of successful relationship-building between our peoples and the capacity to move goods and to o er services across our borders. But substantial barriers still remain.

It is no longer possible for the UK ministers to appeal to a shared history or common social and cultural institutions and think these can be a substitute for a clear economic o er in a trade deal that represents a win-win for both sides. . In a globalised world, the dynamic of future trading relationships will inevitably pivot around deeper strategic alliances and the movement of people that commerce and trade has always involved.

e basis for securing preferential future trade terms with India begins in that recognition of essential equality. Indeed, it begins in recognising that India is now an emerging global superpower whose primary interests are regional in Southeast Asia and who needs a deal with the UK less than we need one with her.

INDO-UK COLLABORATION IN SCIENCE AND TECHNOLOGY HAS SEEN A MAJOR INCREASE IN INVESTMENT OVER THE LAST DECADE AND HAS DELIVERED SIGNIFICANT BENEFITS TO BOTH OF US.

e UK has been a leader in global trade punching above its weight for three centuries. Our success has been based not only upon military might; it has sprung from world-leading universities and a strong science base; it has been nurtured by embedded legal institutions which guarantee swift and impartial redress in commercial contract disputes, and it has blossomed through a period of manufacturing innovation that gave the world the first industrial revolution. But our exports now are predominantly service-based and this changes the dynamic of trade, particularly with countries such as India. India wants access to our educational institutions and it has much to gain from our professional services, but it has a political imperative to protect its agricultural base and dare not choke o its emerging middle class by opening up its financial services and retail sectors in the way the UK would like.

India is, understandably, keen to develop its own market economy and domestic skill sets rather than to rely on knowledge, goods and services imported from overseas. Modi's government wants to facilitate Indian citizens moving freely to provide services—particularly in the IT sector, building on Mode 4 of the WTO's General Agreement on Trade in Services. India is the third-largest destination in value terms for foreign direct investment from the UK. But the UK is also the third-largest destination for FDI from India. e two-way ow of investment and capital is intrinsic to our capacity to augment and progress our trade relationships but we have to be willing to recognise how much of this has been predicated on our capacity to attract and retain talent from India as well as the significant contribution that British Indian entrepreneurs and investors have made to developing our own market and in creating businesses that drive that trade between our two nations. So many British SMEs are owned or managed by people who came to the UK to seek a better life for themselves and their families—many of these will grow to become the international corporations of our future and we recognise the need to ensure that our trade policy nurtures and grows these businesses ensuring that they have maximum support to export and invest here and overseas. We need to let these business owners know that we value their contribution and welcome their growth. it is time for British politicians from all parties to face reality and to take o the rose-tinted glasses and start looking to Britain's future relationships and not our past. We must strategically plan not only our own place in the world but also what place our friends and allies will have and how we can work together to ensure that we share the skills, talent and successes to build commercial ties and trading agreements that can fulfil the aspirations of all our people.

Barry Gardiner is the Shadow Secretary of State for International Trade.

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.

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

by Sohini Bhattacharya

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

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

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

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

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

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

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

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

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

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

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

Currently this is where we are:

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

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

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A talent-friendly visa system is a global must

by India Inc. Staff

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

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

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

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

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

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

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

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

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

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

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

Bilimoria was made vice-president of the CBI at its annual meeting in June and is therefore lined up to take over from Tesco chairman John Allan when his two-year term ends in 2020.

His appointment comes as the CBI, which says it speaks for 190,000 businesses, is at odds with British Prime Minister Boris Johnson's hard Brexit line, which it feels is damaging to business interests.

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

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

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

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

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

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

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

Fewer, larger banks

Analysts have argued that India needs fewer large banks rather than dozens of small ones to do justice to its $2.6-trillion economy.

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

On August 30, India's Narendra Modi government took another step towards banking sector consolidation by merging 10 weak public sector banks into four strong ones.

Stronger balance sheets

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

Faster decision making

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

Short-term cost increase

Many analysts have, however, forecast an increase in credit costs and a possible slowdown in credit growth over the short term as the top managements of these merged banks focus on integrating technology, branches and employees.

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

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

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

Ushering in a merit culture

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

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

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

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

Merger pangs

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

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

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

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