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North America Edition

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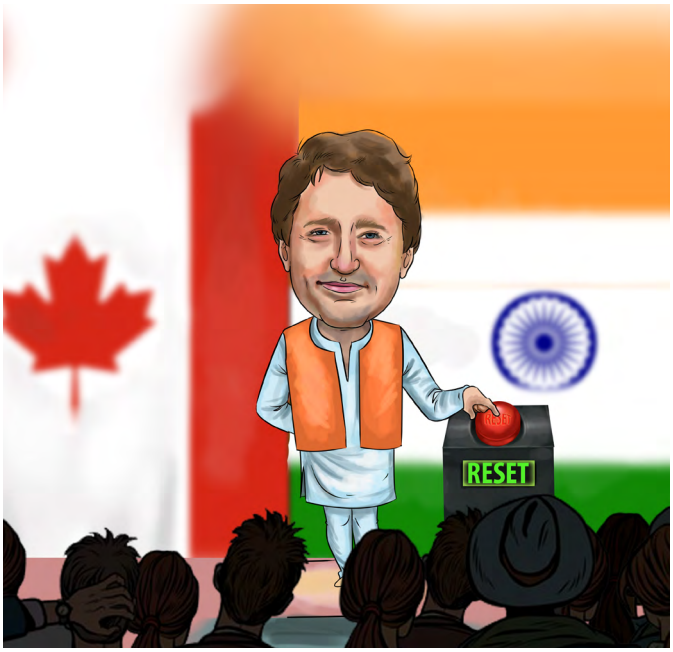
Time Justin Trudeau reset India ties

The question many foreign policy experts in New Delhi are pondering is: Will Justine Trudeau tie up with Jagmeet Singh's NDP to form his new government? And if he does, how will this impact Indo-Canadian ties, given Singh's open support for Sikh separatists?



A sober and sane analysis of the bilateral relationship, however, shows that areas of convergence in areas of trade, security, investment, people-to-people connect, education and foreign policy, among others outnumber the issues on which there is a divergence.

There is no reason why a single issue, of importance only to a tiny but wealthy and influential minority in Canada, should be allowed to derail this important bilateral relationship.

Canada is among the most popular destinations for Indian students pursuing higher studies abroad. In 2018, a total of about 172,000 Indian students were studying in Canadian colleges and universities.

Then, Canadian pension funds have invested billions of dollars in the Indian infrastructure and green energy sector. Unlike US investors, these investors are looking for moderate returns and have a much longer investment horizon.

Recognising this synergy, last year both Prime Minister Modi and Trudeau downplayed differences and engaged on issues on which there is a convergence of views.

That is why most experts say it will be in the interest of both countries, and especially Trudeau, to ensure that enlightened self-interest guide the bilateral relationship rather than the pet peeves of a tiny special interest group.

India jumps 14 places to 63 in Ease of Doing Business ranking

The latest Ease of Doing Business rankings released by the World Bank shows India rising another 14 places to 63rd position. This means India is on track to meet Prime Minister Modi's goal of breaking into the top 50 nations by 2020. In 2015, when India was ranked 142nd among 190 countries, Modi had set this target to be achieved by 2020.

At a time when the Reserve Bank of India, the World Bank, the IMF and various other agencies have slashed India's growth forecasts and a 10-point slippage to 68th position in the Global Competitiveness Index, it will give the Indian government something to smile about.

During the year under review, it was the success of the Insolvency and Bankruptcy Code that drove India's improvement in rankings. In addition, the World Bank noted improvements in "starting a business", "dealing with construction permits" and "trading across borders."

This will help the Modi government sell India as an investment destination to foreign companies, especially in view of its stated goal of positioning India as a credible alternative investment destination to China.

However, it will get difficult for India to improve its rankings and break into the top 50 countries in the Ease of Doing Business rankings as it will now be competing with some of the world's most efficient economies.

Some of the reforms required for that leap will be difficult for a democratically elected government and will test the Modi government's resolve. But given his government's track record, there is every reason for optimism.

India sets sights on companies leaving China

The Finance Minister has announced that the Indian government is preparing a plan to attract foreign companieslooking for alternatives to China in the wake of the US-China trade war.

India has, in the past, missed the bus each time the world went through a major business restructuring. The roots of the global supply chains that brought unprecedented prosperity to the participants were sown in the 1950s and 1960s, when Europe was recovering from the ravages of the Second World War and South East and East Asia was industrialising and globalising rapidly.

India lost out on that opportunity choosing to become an insular nation that continued to lurch from one economic crisis to another.

Now, the search for alternatives to China has presented India with another opportunity to play catch up. New Delhi will have to tell a bunch of hard-nosed businessmen why it makes sense for them to choose India over rivals such as Vietnam, Malaysia, the Philippines and Bangladesh.

The recent cut in corporate tax rates, bringing them at par with the rates prevalent in peer nations, was a good move and is a necessary but not sufficient condition to attract foreign investors. The government has to build on the momentum and embark on further reforms by easing India's convoluted labour laws, make land acquisition easier, privatise public sector units, cut personal income tax and provide greater comfort to foreign investors.

But the window of opportunity is small. There's no time to lose.

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The North America Edition of 'India Global Business' throws the spotlight on Canada this time to analyse how Justin Trudeau can reset his ties with India as he marks a narrow election victory. A range of views and interviews make up the rest of the edition.

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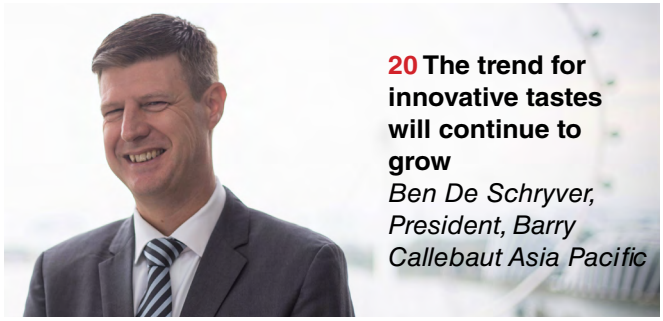
INTERVIEW



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Can Trudeau give momentum to ties with India?

by Arnab Mitra

Closer trade ties and regular dialogues on a range of issues such as security, foreign policy, trade and investment, finance and energy are likely to lead to deeper bilateral ties but both sides will have to carefully handle potential areas of discord.

Of all the western democracies, India has one of the most ambivalent relationships with Canada. Despite the obvious areas of convergence on trade, investment, security and a shared geo-strategic worldview, the India-Canada relationship has yet to achieve anywhere close to its full potential.

Trudeau's party retained power in the recently concluded general elections in Canada but this time, falling short of an outright majority.

Commercial ties in focus

During Trudeau's visit to India last year, Indian Prime Minister Narendra Modi and he signaled their mutual determination to strengthen their economic and diplomatic partnership.

Highlights

- The India-Canada relationship has yet to achieve its full potential.
- Trudeau's win gives him a chance to bolster bilateral ties with India.
- Canada and India share several areas of convergence on trade, investment, security and a shared geo-strategic worldview.
- Both India and Canada must be careful to navigate around potential areas of discord in order to further bilateral ties.

To that effect, Indian and Canadian companies signed MOU's and agreements worth about $1 billion in Trudeau's presence. Canadian companies agreed to invest $750 million in India and Indian companies agreed to invest $250 million in Canada. Trudeau also met N. Chandrasekharan, Chairman of the Tata Group, Kumar Birla, Head of the AV Birla Group, and Anand Mahindra, head of the Mahindra group amongst other leaders of Indian conglomerates.

Canada is home to about 1.5 million people of Indian origin – that's around 5 per cent of the country's population. This provides a very strong people-to-people base on which to build the bilateral partnership. The two countries hold regular ministerial

dialogues on foreign policy, trade, investment, finance and energy. In addition, officials of both countries meet regularly to discuss issues such as counter-terrorism, security, agriculture, education, science and technology.

Canada has provided support for India's energy security through exports of conventional and nuclear energy machinery. It also provides India technological and financial support in areas such as technology for clean and renewable energy, urban and transportation infrastructure and education and skills training in a variety of areas.

Trade volumes below potential

Trade ties between the two countries, however, remain lackluster. Despite being the sixth and tenth largest economies in the world with a combined GDP of $4.5 trillion, bilateral trade between India and Canada is a paltry $9 billion. That's a minuscule 0.2 per cent of all goods and services produced in both countries. Compare that with Canada's trade volume of almost $2 billion a day with the US and India's $89-billion annual trade with the US and the difference is clear.

A TRADE DEAL BETWEEN THE TWO COUNTRIES HAS BEEN IN THE WORKS FOR A DECADE BUT IS NOWHERE NEAR BEING CONCLUDED.

Both sides have made sporadic attempts in the past to push bilateral trade and investment to a higher growth trajectory but a mismatch of expectations and the domestic political compulsions of Trudeau's administration have proved to be roadblocks. A trade deal between the two countries has been in the works for a decade but is nowhere near being concluded.

"I don't think finalisation of the trade agreement will take place soon as negotiations are going on at a slow pace, but both sides are keen," Canada's Gujarati-origin Ambassador to India, Nadir Patel told the Press Trust of India in an interview recently.

A major sticking point is the insistence of the Canadian side on "progressive trade" – with strong emphasis on enforcing Canadian standards on environment, gender, human rights, labour rights and other such issues that India considers important for its own domestic agenda, but wholly extraneous to the bilateral economic dialogue.

Patel, however, exuded confidence that the volume of bilateral trade will triple over the next five years.

THE 1.5 MILLION STRONG COMMUNITY OF PEOPLE OF INDIAN ORIGIN IN CANADA, WHO CONTRIBUTE SIGNIFICANTLY TO THAT COUNTRY'S ECONOMIC, CULTURAL AND ACADEMIC LIFE, IS ANOTHER COMPONENT OF CLOSER TIES BETWEEN THE TWO NATIONS.

Magnet for Indians and Indian students

Canada is among the most popular foreign destinations for Indian students wanting to pursue higher studies. At last count, about 172,000 Indian students were living and studying in Canada.

Then, the 1.5 million strong community of people of Indian origin in Canada, who contribute significantly to that country's economic, cultural and academic life, is another component of closer ties between the two nations.

Areas of concern

The lingering influence of Khalistani (Sikh seperatist) sympathisers on Trudeau's government remains an area of concern. If Jagmeet Singh, leader of Canada's third party, the New Democratic Party who has openly declared his support for Sikh separatists in Canada and Khalistan several times, does prop up Trudeau's government it could skew the pitch for Indo-Canadian ties. Apart from his open support for the Khalistani cause, Singh has also been sharply critical of the Modi government's removal of a controversial provision that treated India's only majority muslim state differently from the rest of India.

Opportunity to reset the relationship

Modi has shown several times that he can steer difficult bilateral relationships towards areas of convergence to mutual bilateral benefit, the latest instance being with China. On his part, Trudeau has displayed maturity by declaring Canada's unequivocal support for a strong and united India.

India's downplaying of the irritants that beset bilateral ties offers Trudeau an opportunity to reset ties with New Delhi. Thus far, he has not allowed his domestic political compulsions to cloud his foreign policy – even though he has done little in practice to address India's concerns.

Experts say this contradiction between his domestic and foreign agenda is likely to continue, but add that this may not become a major determinant of Ottawa's behaviour towards India.

Given this and the determination of both countries to boost their trade and economic ties, coupled with a growing and vibrant diaspora community, the bilateral relationship between the countries should (hopefully) acquire some much needed momentum.

Herd mentality is detrimental to entrepreneurship

Devita Saraf, Founder of California-headquartered VU Technologies, gives a peek into the brand's noteworthy journey in a highly competitive market and shares her message for budding entrepreneurs in India.

What drew you to the field of consumer electronics in India?

I come from a family that had an electronics business and I was always driven towards the world of business. Technology is one of those fields that is constantly evolving. It's why I love technology - it's always updating. The choice of going into consumer electronics was because I love selling consumer products. When it comes to a consumer, there are many factors that come into play – their lifestyle, emotions and fantasies. There's a beautiful story that you can put together.

What, in your opinion, is the secret of success in a highly competitive sector?

As a company, we are more creative than competitive. A lot of what we do is driven by always wanting to innovate – products, the way distribution is, what the brand means to people, how we want to grow. We make decisions that are best for ourselves and for our customer. This allows us to take a direction that works for our business. By getting overly competitive, you risk following someone else's direction rather than your own. As they say in business school, "direction is strategy". If you're an entrepreneur, you must be the one who is leading the way rather than just competing. It is a very unstable place to be as you're vulnerable to newer brands coming in. When you focus on being more inventive and profitable and having a great work culture, the consumer can feel all of that. Building an asset-based business starts from the experience you give to the consumer.

How do you see your Silicon Valley connect impacting your innovative mindset?

I studied in California and that has a tremendous impact on the way I think. I moved there when I was 17. From very early on, I have an understanding of foreign markets. Adding to that is the relationship that we have with companies like Netflix, Microsoft, Google and Intel. The companies are very rooted in the future and are constantly innovating. When you have them as partners, there is a lot that you can benefit from by understanding what the vision for your company is, how you can integrate their products, or how consumer taste will change. I also think California's progressiveness will always appeal to me.

IF YOU GROW SUSTAINABLY, YOUR TEAM CAN ADJUST BETTER AS YOU GROW.

What are some of the pitfalls you would like to flag for new entrepreneurs eyeing the Indian market?

Companies, when starting out, should keep their business simple. On a daily basis, your business should be pretty predictable. Adding a lot of complications in the operations side of things is not required. You can build a business which is small and profitable, and then scale it instead of adding complexity early on.

People tend to worry too much about keeping up with others. Entrepreneurs have to question the common idea and think differently; have their own taste or vision. Herd mentality is detrimental to entrepreneurship.

Another important aspect is profitability. I don't understand pre-revenue; to me, it is just loss. Very few can make the most of that situation. Make a profit – that should be at the core of everything you do. Business without profit is like a marriage without love. Keep an eye on profits, your objective and your own vision, and don't lose too much money.

What is the next exciting milestone you are counting down to?

As a brand, I want to make it more high-end. Coming from a business family and having studied abroad, I'm familiar with a more educated consumer and I'd rather focus on that buyer. I know them as they're very similar to the way I have been raised. Growing the business to a larger size is something that interests me a lot more than bringing small-sized TVs. That itself is going to be first for an Indian company.

When planning ahead, many factors come in. What is the economy looking like? How much capital do you have? What are the opportunities that you have? I'm not someone who is interested in having numbers as goals. That comes with a serious compromise of customer service or quality. I would rather sustainably build the brand. If you grow sustainably, your team can adjust better as you grow. You're making the brand more stable and resilient. Manageability and measurability are very important to me. Of course, everyone wants to grow and so will we. But, in a very manageable and measurable way, and in a sector that we like to grow in.

5 ways India can attract companies moving out of China

by Manoj Ladwa

While the recent cut in corporate tax rates and jump in the Ease of Doing Business index are welcome, they are not a sufficient to attract the torrent of foreign investment that India needs. India Inc. Founder and CEO Manoj Ladwa outlines five ways in which India can attract companies looking for alternative markets to China.

Soon after cutting corporate tax rates last month, India's Finance Minister Nirmala Sitharaman explained that the move would help shed some light on what foreign companies were looking for when setting up manufacturing plants in India.

A few days ago, she was explicit, saying that the Indian government will soon prepare a plan to woo multinational companies looking at alternative locations for their factories in the wake of the US-China trade war.

Plan in the works

"I will go back and...identify those multinational corporations, American, European or British origin, who are moving out of China or who probably are even contemplating (such a step). I will make a blueprint with which I will approach them and put forward to them as to why India is a far more preferable destination," she said.

Highlights

- Low corporate tax rates are a necessary condition for FDI inflows, but it is not a sufficient condition by itself.
- There is need for a major rehaul of Indian labour and land acquisition laws to facilitate large investments.
- Privatisation of public sector units and relationship managers to handhold foreign investors will help FDI inflow.
- Boosting domestic consumer demand is now becoming vital.

Corporate tax cuts – the first step

Sitharaman had said last month, "If Apple and its entire ecosystem move to India, it will have a greater effect on other companies." That was soon after she cut the corporate tax rate for existing companies from 35 per cent to 25.17 per cent, and for new manufacturing companies from 29.12 per cent to 17.01 per cent.

Thus, India's corporate tax rates are now comparable to the lowest rates charged in peer group countries such as China, the 10-nation ASEAN bloc and South Korea.

I had hailed this as a welcome move and written that it would go a long way in making India an attractive investment destination compared to countries like Vietnam, Indonesia, Malaysia and Bangladesh.

But while low and competitive corporate tax rates are a necessary condition for large foreign investment inflows, it is, by itself, not a sufficient condition. Investors look for much more.

Also, the window of opportunity is small – a few years at the most. India will have to immediately start attracting companies withdrawing from or looking for alternatives to China or it will miss the bus.

Experts say the Indian government has to quickly embark on several long-pending and some in-the-works reforms. The primary area of concern for foreign investors is the traditional rigidity of India's factor markets – land, labour and capital.

Labour law reforms

As regular readers of 'India Global Business' will know, the Modi government has already initiated reforms in India's antiquated labour laws that will facilitate large investments. It has passed the Wage Code Bill 2019, which replaced four related legislations.

The government has committed to subsuming the remaining 40 labour laws into three other codes to ease India's convoluted and, often, contradictory labour regulations.

These codes are expected to make India competitive vis-à-vis its peer group. I am certain that these will also help attract greater FDI inflows, especially from companies leaving China.

Land on a 'Plug and Play' basis

Land is another issue in India and several billion dollars' worth of projects are stalled because of disputes over land acquisition. Efforts at amending and easing historically stringent laws on land acquisition failed because the Modi government lacks a majority in the Indian Upper House.

THE PRIMARY AREA OF CONCERN FOR FOREIGN INVESTORS IS THE TRADITIONAL RIGIDITY OF INDIA'S FACTOR MARKETS – LAND, LABOUR AND CAPITAL.

To get around this issue, India's Department for Promotion of Investment and Internal Trade (DPIIT) has set up a platform that provides information on 21,000 acres of land available for industries along the Delhi-Mumbai Industrial Corridor. The government now proposes to also include land available in private sector industrial parks on this platform. These lands are available in a plug-and-play condition and will ease issues faced by large investors from across the world.

Privatisation of PSUs

The government recently cleared a new policy to speed-up the privatisation of public sector units (PSUs) which will reduce the scope for administrative ministries to delay the sale process, as has often happened in the past.

The government has lined up an ambitious programme to divest its stakes in several companies, including national carrier Air India, oil marketing company Bharat Petroleum Corporation Ltd (BPCL) and the Shipping Corporation of India (SCI).

Relationship managers to handhold foreign investors

To facilitate the inflow of FDI, especially from companies looking for alternatives to China, the government's investment facilitation agency, Invest India, will appoint specialist relationship managers to handhold investors from 'concept to cash flow'. The condition: they must invest at least $500 million. I wonder why not for much lesser, but strategically important or high job-creating investments also?

Personal income tax cuts under consideration

Arguably, India's biggest attraction is its large domestic market but consumption demand has weakened in recent times. The government is considering cutting personal income tax rates to put money in the hands of people in an effort to boost the flagging consumption rate. If and when this happens, it will provide foreign investors with another reason to come to India.

I am confident that these measures will boost India's attraction as an investment destination and help Sitharaman in her goal of attracting some of the companies that are looking at rejigging their global supply chains by moving out of China.

International relations experts evaluate the merits of a closer US-India strategic alliance, and the role China plays in this relationship.

The rocky path to US-India alignment

by Rodger Baker and Faisel Pervaiz

While there is clear logic to closer India-US strategic cooperation on a number of fronts, domestic priorities and capacity issues will continue to complicate ties.

The United States and India are currently in the midst of a minor trade spat, cantered on medical devices, agriculture and e-commerce, among others. Washington has revoked India's benefits under the 1970s era Generalized System of Preferences (GSP) arrangement, and New Delhi has struck back with higher tariffs on 28 US goods including various fruits and nuts. Compared to the China-US trade war, this is a minor skirmish, but, like continued challenges over arms sales and defence cooperation, highlights the difficulties of the two democracies to overcome national differences on their path toward greater strategic coordination.

In India, economic considerations, social policies, and a desire to ensure "strategic autonomy" continue to drive policy decisions, and each in some ways runs counter to US requests. India's nominal GDP is a mere one-fifth that of China's, and although the country has one of the fastest growing economies, the rate of growth has begun to slow. The country is wrestling with slowing growth in exports, consumption and investment, and permanent loss of its GSP benefits may add to the economic headwinds.

Highlights

- Internal challenges hinder the US and India from fostering closer strategic ties.
- US views India as a counterbalance to China in the Indo-Pacific region.
- A strategic partnership with the US, though valuable, also pits India in a zero-sum game against China.
- With strategic autonomy driving its policies, India will resist US pressure to pick sides.

In addition, agriculture, particular dairy, strikes at key sectarian and cultural aspects of Indian society, running counter to Prime Minister Narendra Modi's political reliance on Hindu nationalism. On the security front, India is cautious of shifting its key arms supply away from Russia, and even if it were to do so, the heavy reliance on Russian platforms and systems would take years if not decades to mitigate.

For the United States, the current focus on trade balances drives initial phases of policy (though lowered from years past, India enjoyed a trade surplus of some $24.3 billion in 2018). But key US lobbies, including pharmaceutical and medical device companies and agriculture, have also weighed in on what they see as unfair advantages and market restrictions. US defence cooperation with India has been held up by Indian demands for technology transfers, but also by threats from the US Congress's Countering America's Adversaries Through Sanctions Act (CAATSA), with demands that India wean itself off of Russian supplies. Washington also takes umbrage at India's relations with Iran, threatening sanctions over energy imports that have also complicated India's investments in Chabahar. Finally, amid the myriad other trade disputes currently on the table, India is just not as important as China, the European Union, or Japan, and thus negotiations or concessions take a back seat to other priority areas.

Despite these challenges, India continues to be seen as a potential counterbalance to China in the Indo-Pacific region, and a desired partner for the United States. Since the late 1990s, Washington has sought to rebalance its South Asia relations, breaking attempts at a near zero-sum relation between Pakistan and

Rodger Baker is the Vice President of Strategic Analysis for Stratfor.

India and expanding multifaceted ties with New Delhi – albeit slowly. As a massive country in a critical strategic location, one that is a democracy and English-speaking to boot, the assertion has been that India is the logical partner, not only in the Indian Ocean basin, but also as a global ally in challenging a rising Communist China and providing proof of an alternative pathway for Asian and African countries to pursue both economic growth and democracy.

In the last decade or so, the economic and military gap between China and India has widened, and New Delhi has seen China encroaching in its traditional sphere of influence. New Delhi has sought, with only partial success, to counter China's larger wallet, and to expand its economic and security relations into Southeast Asia and on to Japan in response to China's expanding influence. While a partnership with the United States would make strategic sense, it could also raise risks for India, pitting it in a zero-sum game against China that could highlight India's growing strategic disparity with its cross-Himalayan neighbour. With "strategic autonomy" remaining a core Indian imperative, New Delhi will continue to resist pressure by the United States to pick sides, even as it sees its competition with China rising.

While the logic of closer US-India ties remains clear, New Delhi does not want to find itself constrained by US interests, particularly with Washington's distance from the very real issues facing India around its periphery. New Delhi and Washington will continue to improve their political, economic and military ties, but such progress will remain slow and spotty as national priorities and domestic issues continue to weigh.

Faisel Pervaiz is South Asia Analyst at Stratfor, an American geopolitical intelligence platform.

Opportunities within the US-India Tech Corridor look promising

by Jaimin Shah

Government initiatives towards growing business, corporate partnerships and India's constantly growing tech sector present several opportunities for the US to tap into, reflects a tech expert.

The US is one of the largest export markets for the Indian IT industry. The Indian IT industry is an important participant in contributing and strengthening bilateral business relations between India and the US. The skills and competency of the Indian IT industry add to the global competitiveness for US-based companies. Indian IT has also helped the economy by creating thousands of job opportunities in the US. The migration of high-skilled Indian techies and professionals to the US has been a mutually beneficial trade partnership between the countries.

Indian IT companies have invested more than $50 billion across many states in the US market. These IT companies of Indian origin are now deeply embedded in the roots and culture of American society. This has led to overall growth in the economy.

It is estimated that Indian IT and technology companies contribute about $78 billion of sales. These Indian IT companies are a catalyst to create approximately 170,000 jobs directly and close to a million jobs indirectly. According to a study by Andrew Flowers (Indeed), the number of job clicks for US tech jobs rose to 9.6 per cent in the first quarter of 2019 compared to 9.3 per cent for the same period in 2018.

According to National Association of Software and Services Companies (NASSCOM), approximately $16.3 billion is paid by Indian tech companies as wages in the US.

As per sources, the US tech sector has a shortfall of approximately 2.4 million people against the opportunities that already exist. Further, there is a very low rate of unemployment – nearly 3 per cent – which clearly brings up opportunities for tech professionals who have the necessary expertise and experience in the sector.

Indian tech companies are going a long way to employ US citizens for their business operations. There is a significant increase in campus recruitments, cross border training programs and finishing schools to make them job ready.

However, Small and Medium sized enterprises (SME's) often struggle to find the best launchpad to enter the US. The US market is mature and saturated with a lot of players competing for their share of the business pie. This makes it difficult for Indian SME's to establish a foothold and grow within this market. NASSCOM has been taking

Highlights

- The Indian IT industry is an important contributor to US-India bilateral business relations.
- Indian tech companies pay approximately $16.3 as wages in the US.
- E-commerce firms in India have witnessed significant investments by American companies resulting in more job creation locally.
- Indian SMEs often struggle to find the best launchpad to enter the US.

momentous measures for Indian I SMEs. Recently NASSCOM took a delegation of SMEs to the US to help them explore opportunities to enter the US market. To ensure the growth of SMEs in the US market, NASSCOM also signed a memorandum of understanding (MoU) with Automation Alley, a not-for-profit trade body from Michigan. It is also planning another one in December 2019, which shows how the SME and start-up ecosystem is expanding and seeing opportunities to collaborate, and we all know that Hon. Prime Minister Narendra Modi has been taking significant steps to boost the positive sentiment of India's economy and thus stimulating the country's economy. The business growth oriented Indian government has taken concrete steps to transform the business landscape, including increasing transparency, liberalising industry sectors, and launching cross border business initiatives.

Recently, a record gathering of around 50,000 Indian Americans was addressed jointly by Prime Minister Narendra Modi and US President Donald Trump. This reinstates and further strengthens Indo-US relationship.

INDIAN IT AND TECHNOLOGY COMPANIES CONTRIBUTE ABOUT $78 BILLION OF SALES.

Texas is India's second-largest trading partner which again signifies a Texas-India relationship, and which has led to incredible respect for Indian industry doing business in the US.

As India also becoming a big domestic market and targeting a $5 trillion economy – out of which it is targeting a $1 trillion digital economy – it is going to open the market for AI, IoT, Blockchain, Cloud providers from the US to tap this opportunity. Especially user industries like Agriculture, Retail, BFSI, health and Education going to implement these disruptive technologies in coming years. As we all know, e-commerce platforms in India have witnessed significant investments by American companies along with many US multinationals opening GICs (Global Inhouse Centres) resulting in more job creation locally.

Overall opportunities within the US-India Tech Corridor look promising. With government tie-ups strengthening and industry bodies working to bridge the trade between the companies, there ties a healthy potential in years ahead.

Jaimin Shah is the Co-Founder and Managing Director of DEV Information Technology Ltd, India and DEV Info-Tech Canada.

The trend for innovative tastes will continue to grow

A steady investor in India since 2007, Barry Callebaut announced the ground-breaking of a new chocolate factory in Baramati earlier this year. Ben De Schryver, President of Barry Callebaut Asia Pacific, shares what makes the country a strong market for the chocolatiers and deliberates on the new health-conscious outlook towards chocolate and confectionery.

What makes the Indian market a particularly sweet proposition for Barry Callebaut?

India has a population that is burgeoning and rapidly developing. Everyone wants to go into the market, whatever their industry is. For a chocolate company like ours, it is the common sweet tooth that we share that really hits the spot. India traditionally loves sweet and confectionery, so it's only natural that we are attracted to offering the highest quality chocolates to the consumers in India.

Does the Make in India drive fit in with a wider expansion strategy?

India is a market that has been bringing positive growth to Barry Callebaut and it will continue to do so. Growing the Indian confectionery market is a mutually beneficial partnership with the government, in line with our growth ambitions.

We are also extremely supportive of the various Government initiatives, especially Make in India, Digital India and Start Up India. We are also highly attracted to the social initiatives being undertaken by various companies and government agencies in India in women empowerment, digital technology, education and food manufacturing.

Therefore, as part of our business strategy since 2007, we have been making consistent investments into India. Two factories and one Chocolate AcademyTM Center later, we are happy to expand further. Just this July, we have commenced the ground-breaking of a new chocolate factory in Baramati to facilitate local chocolate production. This strategic investment boosts manufacturing capabilities, facilitates more

INDIA TRADITIONALLY LOVES SWEET AND CONFECTIONERY, SO IT'S ONLY NATURAL THAT WE ARE ATTRACTED TO OFFERING THE HIGHEST QUALITY CHOCOLATES TO THE CONSUMERS IN INDIA.

innovation in the R&D lab, and the hiring of local talent enhances the opportunity to develop skills in the food manufacturing sector.

Are there particular Indian tastes that chocolatiers must factor into their strategy?

We have learnt that the Indian taste for chocolate gears towards a strong cocoa and chocolatey taste as a base, rather than sweetness. Flavours and inclusions in chocolate such as fruit and coffee, nuts and raisins are also a popular local consideration.

Uniquely Indian tastes like strong spices appeal more to foreign consumers instead of an exotic product.

Is the health and diet aspect an important consideration during R&D?

Innovation and R&D programs here are grounded in deep insights into global and local consumer trends and market research. Providing a wholesome choice for consumers across age groups is one of our core focuses. We're already leading on trends like sugar reduction, vegan, and probiotics with our products.

In fact, we are taking our R&D one step further, developing products which are "tasty and good for me". I'm very proud to say that we're inventing the future: Cacaofruit Experiences and Natural Dark cocoa powder are two of the most recent innovations that hit big on the health trend.

What are some key trends in the confectionery segment that you see as influencing factors for global players?

Confectionery is exciting. As mentioned, providing a wholesome choice is only going to be bigger. Along with health are sustainability and indulgence. Of course, confectionery is all about taste, which means that the trend for innovative tastes will continue to grow.

On a personal note, what does chocolate mean to you?

I am Belgian and so, chocolate is like a national heritage to me. Every morning, I start my day with breakfast and a piece of dark chocolate. I have been living in the Asia Pacific for seven years now and chocolate in a market like India means something different to me. It means excitement and openness to try new products.

The role of global partnerships in making India the next epicentre for beverage development

by David Dafoe

Attributing the success of his vision to global partnerships, the Founder of Flavorman explains their reasons for setting a focus on India as it rises in rank to become a global hot spot for beverages.

When I founded Flavorman in 1992, it was with the ambitious vision to change what the world is drinking. From the very beginning, I recognised the need to think globally and I wasn't naive enough to think that I could do it alone – I knew that strong, global partnerships would be the key to making this dream a reality. To this day, Flavorman continues to operate under a philosophy that keeps client and vendor relationships at the core of our business.

In our almost 30 years in beverage development, Flavorman has enjoyed relationships with clients from Mumbai to Miami. We've built an international reputation as leaders in the industry, and because we continue to make client relationships a priority, we're able to be active drivers in their success. This often involves meeting our clients – quite literally – where they are. That's why Flavorman is committed to, not only changing what the world is drinking but also being proactive about working with the world to do it.

Highlights

- India's non-alcoholic sector is estimated to grow at a rate of 17 per cent through 2021.
- Most entrepreneurs interested in the beverage industry don't have all the skills it takes to put a beverage product together.
- Flavorman, a US company, has expanded into India, providing business with expertise in developing beverages.

As the ambassadors of Flavorman's ongoing international strategy, Flavorman's Relationship Architect & International Sales Lead, Matt Madden, and I share a commitment to this vision. That's why we're continuing to establish and strengthen Flavorman's global partnerships, expand our international footprint, and venture into what we recognise as the next epicentre of beverage development – India.

India – the next epicentre of beverage development

I was recently inspired by a story Matt shared about his time working with the US Department of State prior to joining us at Flavorman. While

travelling and meeting dignitaries, entrepreneurs, and civic leaders from around the world, Matt would always ask them to think of a word that best described their country, people, or culture. For India, he would get words like "colour," "noise," and "flavour" – each of which stimulate the senses, much like a tasty beverage. This is part of what makes India so exciting to me, personally: the opportunity for Flavorman to capture this variety of sensations and experiences in the next generation of beverages.

Whether its developing fresh flavours, experimenting with new ingredients like CBD or innovating the next trending drink category, Flavorman has always made it a point to stay ahead of the curve when it comes to the beverage business. Where are the global hubs of beverage development? What flavours, consumer insights, or regulations are shaping the beverage industry right now? How will this affect the next five years? These are just some of the questions we seek answers to when looking for the next beverage development hub. And over the last several years, as we've been watching international trends in the beverage industry and tracking our incoming Requests for Information (RFIs), it has become clear to us that – like the Philippines, Australia, and South Africa – India is quickly becoming a global hot spot for beverages.

According to data giant Statista, in 2016, the market value of India's non-alcoholic sector alone was around 16 per cent greater than the previous year, and it's estimated to continue this steady increase at a rate of about 17 per cent through 2021. In addition to this forecast, India boasts one of the fastest growing democracies and economies in the world. And despite lacking a free trade agreement, India has an excellent relationship with the US, where Flavorman is headquartered. It's also a country where English is a predominant language, and because Flavorman is equipped only to do business with English speakers at this time, that means we can work with most of the Indian companies and clients that come to us.

WE RECOGNISE THE VALUE OF HAVING PEOPLE ON THE GROUND IN THE PLACES WHERE WE WANT TO DO BUSINESS.

But as Matt's survey demonstrates, the most compelling reason to partner with India is that it is a country of flavours. With a diversity of spices, aromas, and ingredients, India presents an exciting frontier for beverages. And because Flavorman specialises in developing custom flavours and beverages, we know we're the best partners for the challenges that lay ahead for companies and entrepreneurs seeking to create authentically Indian drinks.

Flavorman's commitment to global partnerships

We recognise the value of having people on the ground in the places where we want to do business. We see every visit as an opportunity to build relationships, build our brand, and build on our expertise in flavours.

Last year, I was privileged to visit New Delhi and meet with a handful of Indian clients and potential clients. From this experience, I saw first-hand how India was no different than any other country we work in – including the US – in that entrepreneurs interested in breaking into the beverage industry most often don't have all of the skills it takes to put a beverage product together, from start through finish. They often have the sales and marketing expertise, but not the technical and manufacturing expertise needed to put forth a consistent, high-quality, and tasty product. And that's okay, because just like all of the other markets we work in, Flavorman is attentive to going the extra mile of educating clients throughout the development process. Our beverages and flavours are custom, and so are our services.

The closer we work with our clients, the greater the chance of success. Through that relationship, we can ensure that we're delivering what each client wants and expects, while also providing the guidance and expertise we know they'll need to be successful in the beverage business.

Paired with our creative spirit, expertise, and tried-and-true development process, Flavorman is committed to becoming even more engaged in the international market and helping entrepreneurs from every corner of the globe bring their dream drinks to life. As India continues to experience unprecedented growth in the beverage sector, I am excited for Flavorman to partner with Indian companies and entrepreneurs that share our dream of changing what the world is drinking.

David Dafoe is the Founder and CEO of Flavorman, a custom beverage development company located in Louisville, Kentucky, USA.

Dynamic business location with the highest quality of life

by René Siegl

With a strong focus on nurturing research and innovation, Austria offers a lucrative business environment and generous tax regulations for foreign investors.

Whoever thinks of Empress Sisi, Sacher cake, skiing or the Vienna Opera Ball first in connection with Austria is not wrong at all, but it is important to not overlook one important factor: Austria is actually an extremely innovative and profitable business location. In addition to highly qualified and motivated employees, Austria always boasts the highest density of world market leaders in relation to the number of inhabitants. Innovative small and medium-sized firms operating as niche players such as ENGEL, Rosenbauer and Doppelmayr manufacture leading-edge products.

Highlights

- Austria ranks second in Europe for research investments.
- Central geographical location
- Above-average purchasing power of Austrian consumers
- Low corporate tax rate
- High labour productivity and low unit labour costs

In the meantime, as a "strong innovator", Austria is ranked second in Europe in terms of research investments, with a research to GDP ratio of 3.19 per cent.

Global players such as BMW, Bosch, Infineon and Novartis bundle R&D activities in Austria for good reason. These firms are complemented by innovative spin-offs and a lively start-up scene within the context of a creative, interdisciplinary ecosystem. Clusters and competence centres promote the close collaboration between science and business as well as university and non-university research. Diversity and strong networking characterise the research

community: top researchers and "serial entrepreneurs" work side by side. Companies and intellectual property come together via idea portals and incubators promote entrepreneurial visionaries. Precision medicine, artificial intelligence, autonomous driving, alternative drive systems and lightweight construction complement traditional sectors such as mechanical engineering, vehicle manufacturing, plant construction and industrial goods.

Bonus for R&D investments

Research takes place in many locations. That is why small and medium-sized enterprises and large companies are equally supported. Thanks to the generous research tax credit, companies conducting research have been able to can claim a tax deduction for 14 per cent of R&D expenditures since 1 January 2018. The research tax credit comprises an effective complement to direct research funding. Moreover, there is a research tax allowance for migrants working as scientists and researchers accounting for 30 per cent of income from scientific work, which can be claimed for up to five years.

AUSTRIA IS RANKED SECOND IN EUROPE IN TERMS OF RESEARCH INVESTMENTS, WITH A RESEARCH TO GDP RATIO OF 3.19 PER CENT.

The apprenticeship allowance, tax loss carry-forwards, the possibility to transfer hidden reserves and a corporate tax rate of 25 per cent are among the other tax incentives for companies. Austria is in the middle ranks in Europe with an effective tax burden of 22.4 per cent.

The high level of stability, productive and motivated employees, a strong economy and a market with high purchasing power and a central geographical location are among the commonly known success factors in Austria. It is the fourth most prosperous country in the EU and boasts an excellent infrastructure and an exceptionally high quality of life. For example, the city of Vienna has been named the most liveable city in the world for many years by the well-known Mercer study. The high quality of life not only positively impacts consumer behaviour but productivity as well. Austria has a top position compared to other EU member states with respect to labour productivity per employee. The level of 116.8 per cent of the gross value added per employee puts it ahead of other industrial nations such as France, Italy, Germany and Great Britain.

Foreign companies – an important source of impetus for Austria

Foreign companies in Austria

Austria – profitable location in Europe

Attractive business environment	• Austria is the fourth richest country in the EU • Above-average purchasing power of Austrian consumers • Excellent infrastructure • Modern and efficient public administration • Highest quality of life
Stability and security	• Political stability and reliable legal system • High personal security • Good relations between employers and employees • Low strike rate and high level of social peace • Outstanding level of energy security
Tax advantages	• Low corporate tax rate • Group taxation scheme • No wealth or trade tax • Cutting-edge Austrian trust regulations • Attractive research promotion incentives
Productivity	• High labour productivity and low unit labour costs • Top motivated and highly qualified employees
Central location	• Ideal East-West business hub • Location for 380 CEE headquarters of multinationals • Coordination headquarters for about 1,000 foreign companies • Competent consultants with extensive CEE know-how • Leading flight and freight logistics hub to Eastern Europe
Business-oriented education	• Dual education system combines theoretical and practical teaching • Optimal cooperation between business and science

THERE IS A RESEARCH TAX ALLOWANCE FOR MIGRANTS WORKING AS SCIENTISTS AND RESEARCHERS ACCOUNTING FOR 30 PER CENT OF INCOME FROM SCIENTIFIC WORK, WHICH CAN BE CLAIMED FOR UP TO FIVE YEARS.

comprise an indispensable economic factor and a significant driving force for research and innovation. They feature higher productivity and average salaries than domestic companies. On balance, close to 4,000 foreign firms have settled in Austria with the support of the national investment promotion company ABA - Invest in Austria since ABA was established in the year 1982. These firms have accounted for investments of about €9 billion and created more than 57,000 new jobs.

ABA - Invest in Austria has registered a positive development in its performance over the last ten years where global economic development has been volatile. Germany is traditionally the most important source of investments followed by Italy. The attractive conditions for companies carrying out research also lure Swiss firms to Austria. Vienna has traditionally been the most popular geographical destination for foreign firms.

René Siegl is the Managing Director of ABA – Invest in Austria.

No slow-down in US-India trade

There is a growing trend of US firms keen on expanding in India.

Advent International buys Enamor

Private equity firm Advent International has acquired women's innerwear maker Enamor from its founders and two PE firms for $45 million (Rs 320 crore).

This is Advent's eighth investment in India over the past four years and its fourth in the consumer goods sector during the same period.

The deal involves Advent buying out PE firms India Alternatives and Faering Capital, which had invested in Enamor seven years ago and picked up a total of 47 per cent stake in the company.

Vinod Padikkal, Director, Advent, said Enamor has the potential for significant growth and a strong management team.

Shekhar Tewari, CEO, Enamor, said that as lingerie sales and disposable incomes increase, the company is strongly positioned to benefit from these trends.

Enamor offers a high-quality range of lingerie, sportswear and leisurewear. Besides having online operations, the company has 20 exclusive brand outlets and over 4,500 points-of-sale across India.

C2FO acquires Priority Vendor Technologies

Financial services company C2FO, which is backed by SoftBank and Mubadala Investment Company, has acquired Noida-based dynamic discounting solution provider Priority Vendor Technologies for an undisclosed sum to expand its presence in India.

Pradeep Gode, India head, C2FO, said: "The Indian market currently accounts for 5 per cent of total business. With this acquisition and our other growth initiatives, we expect to double share in the next few years."

The company is looking at introducing some of its global products in India.

Gode said: "We will introduce accounts receivable (A/R) financing solutions and data-driven funding options for our customers.

"A big part of the $200 million fundraise from Softbank Vision Fund in August was to support our growth ambitions in India and geographic expansions. This acquisition is a vital next step as we define our growth strategy in India."

Gode added: "Businesses that today independently use both the platforms will now be able to access all their accounts receivable on a single network and solve their cash flow needs. Our strategy continues to provide the most convenient and lowest cost sources of working capital in India."

IFC to invest in Mahyco India unit

International Finance Corporation (IFC) plans to make an equity investment of up to $20 million (Rs 141.82 crore) in the overseas unit of agricultural producer Maharashtra Hybrid Seed Company Ltd (Mahyco India).

The Washington-headquartered firm said in a disclosure it will pump $10 million into Mahyco International Pte. Ltd from its own account and an equal amount in its capacity as the implementing authority of the private-sector window of the Global Agriculture and Food Security Program.

The proposed investment is part of the $26 million that Mahyco has earmarked to expand its cotton business in Sub-Saharan Africa and its rice and eggplant business in Asia. Mahyco will arrange the remaining capital from its internal accruals.

The capital will help Mahyco in funding the technology costs, working capital needs, pre-commercialisation costs and its capital expenditure in several countries in the two regions, including Nigeria, Malawi, Kenya, Bangladesh, Vietnam and Indonesia. IFC said it expects Mahyco's expansion project to positively impact farmer incomes, especially those of small farm owners. It will also help in providing agricultural workers with access to better quality equipment and reduce their dependence on pesticides.

India's clean energy reforms make it a role model for other developing nations

by Sumant Sinha

An industry expert elaborates on some of the strategies that need to be implemented for the rapid growth of clean energy in India as it sets out to achieve an ambitious goal of 175GW renewable energy capacity by 2022.

Today, we are seeing an increasing recognition of the magnitude of a threat that climate change poses across the world. Policymakers, business leaders and civil society are working in unison to ensure less carbon economies. Even as we pursue quicker and incremental steps to mitigate the looming crisis, one of the brighter spots has been a robust growth of the renewables sector in India. Since the Indian government set an ambitious target of 175GW of renewables capacity by 2022, the country has fast emerged as a clean energy powerhouse – a role model for other developing nations to emulate.

This has largely been on the back of a conducive policy environment that has attracted investors and entrepreneurial talent, resulting in a healthy ramp-up of capacity in the last five years – at a CAGR of over 20 per cent. This growth has been synchronous with India's rising stature as a climate leader. India currently has an installed renewable energy capacity of 80GW with another 30GW in the pipeline. Solar capacity today is at nearly 30GW, up from 2.6 GW in 2014. Wind capacity has also shot up to over 36GW from 21GW in the same period.

Highlights

Some strategies to address the recent slack in the Indian renewable energy sector:

- Promoting solar-wind hybrids
- Developing robust ancillary markets
- Advanced software solutions for optimising grid-level operations
- Investing in evacuation infrastructure

Credit is due to the current Government for its vision around developing renewables as the cleaner alternative to meet India's rising energy demand, concomitant with a rapidly expanding economy. It must be noted that India has one of the lowest per capita consumption rates of electricity, so there is a huge unmet demand. India wisely chose a sustainable growth model, aspiring to transition away from polluting fossil fuels while harnessing the power of abundant sunlight and wind to address energy security. Technological advances resulted in significant cost reductions, further helping the cause. For a developing economy like India, renewable energy helps enhance affordability and accessibility of energy for a large section of the population and is a

THE COUNTRY HAS FAST EMERGED AS A CLEAN ENERGY POWERHOUSE – A ROLE MODEL FOR OTHER DEVELOPING NATIONS TO EMULATE.

major employment generator. This is besides the obvious benefits of decarbonisation and preserving the environment for tomorrow's citizens.

However, the pace of growth has slackened somewhat in the last year or so. Adverse macroeconomic conditions such as a steady depreciation of the rupee and rising interest rates combined to dent developer profits with a cap on tariffs adding to their woes. The current situation calls for a strategic intervention by the Government with policy tweaks designed to arrest the apparent slowdown in RE capacity addition. In particular, I would like to see the following measures sooner rather than later to restore the sector's growth momentum:

- First and foremost, **ensure policy stability,** especially at the state level, to soothe investor sentiments. States must ease norms and honour pre-concluded agreements to avoid jeopardising developer interests. Tariff caps must be revisited as it squeezes profits, rendering firms uncompetitive. For a sustainable sector that attracts inflow of broad-based capital, it is best if tariffs are allowed to reflect market dynamics.
- **Promote solar-wind hybrids:** The combined electricity injected to the grid by hybrids is smoother in flow. Hybrids have capacity utilisation factors closer to those of coal-fired plants, practically eliminating the intermittency challenge. Costs are also lower due to shared transmission lines.
- **Develop robust ancillary markets:** Ancillary services smoothen out the variable nature of energy supply. There is a large untapped potential in this area.
- **Invest in evacuation infrastructure:** We need high-voltage transmission lines to transport bulk energy over vast distances quickly and efficiently – from power rich to power scarce states.
- We must leverage **advanced software solutions for optimising grid-level operations.** The creation of demand response programs can prod industries to synchronise their loads with high energy availability periods, effectively reducing peak demand, without an increment in costs.
- **Develop storage solutions:** As costs plunge, batteries will be increasingly viable for managing intermittency. Grid operators can store electricity in large battery systems when demand is low and release that electricity into the grid when demand increases.
- **Prioritise Discom reforms** so they can upgrade their infrastructure and cut down on losses due to faults, leakages and poor maintenance. They also need a stimulus for restoring their financial health, which has suffered due to inefficiency in collecting dues. Stuttering discoms are a drag on RE growth, and we must prioritise their turnaround through restructuring or privatisation.

Today, the world is looking to India growing its clean energy capacity in the interest of a sustainable future. While the government has done a commendable job thus far in backing this sector, it must step in with practical and timely interventions to help unleash the next phase of growth.

Summit Sinha is the Chairman & Managing Director at ReNew Power Ltd.

Merkel-Modi chemistry to be at play once again

by India Inc. Staff

German Chancellor Angela Merkel shares a well-documented connect with Indian Prime Minister Narendra Modi, expected to further boost Indo-German economic relations at a biennial summit in India in November 2019.

Indian Prime Minister Narendra Modi had specifically made time for a brief stopover in Berlin at the request of German Chancellor Angela Merkel during his UK visit last year for the Commonwealth Heads of Government Meeting (CHOGM). In the diplomatic world, such symbolic gestures reflect the depth of relations between countries and the fact that Modi and Merkel share a good rapport is certainly a well-document fact.

This chemistry will be at play once again when the two leaders meet for their biennial Intergovernmental Consultations (IGC), a strategic partnership meeting held at the level of heads of government every two years. India belongs to a select group of countries with which Germany has such a dialogue mechanism, seen as a sign of the importance of Indo-German ties which have had the distinction of a strategic partnership since 2001.

Highlights

- Germany is India's most important trading partner in the EU.
- An important development partner for India in renewable energy, urban development and climate change.
- The Fourth Industrial Revolution is at the heart of many Indo-German exchanges.

Trade facts

Germany is India's most important trading partner in the European Union (EU) and its sixth most important trading partner worldwide. According to official German Federal Foreign Office statistics, bilateral trade between India and Germany increased to a volume of around €18.2 billion in the first 10 months of 2018.

India ranks 26th overall among Germany's trading partners, 27th in terms of imports and 25th in terms of exports. Conversely, Germany ranks tenth as a supplier of goods to and sixth as a buyer of goods from India.

There has been consistently strong Indian demand for German goods, especially capital goods such as machinery, which accounts for around a third of Germany's total exports to India, electrical engineering products, metal goods, chemical products, motor vehicles and vehicle parts.

Transforming relations

However, beyond the straight-jacket trade ties, Germany has been an important development partner for India too, in crucial areas of renewable energy, sustainable urban development and smart cities and has

GERMANY IS INDIA'S MOST IMPORTANT TRADING PARTNER IN THE EUROPEAN UNION (EU) AND ITS SIXTH MOST IMPORTANT TRADING PARTNER WORLDWIDE.

been cooperating closely on issues around dealing with plastic, transport as well as environment and resource protection.

The Indo-German Environment Forum has set up a number of joint working groups which meet regularly to discuss topics including climate protection, sustainable urban development, biodiversity and water and waste management/recycling.

Germany is among the key countries working with India on the Modi government's flagship Clean Ganga mission.

"The German government is putting quite some money into this," Walter J. Lindner, the German ambassador to India, recently said.

The country has been applying its own learnings from the cleaning of the River Rhine to this Indian mission. The issue, alongside other related environmental and climate change topics, will feature high on the agenda of the Merkel-Modi dialogue in November.

Industry 4.0

The so-called Fourth Industrial Revolution has been at the heart of many Indo-German exchanges in the past, including during the Modi-Merkel bilateral meeting at Hannover in April 2015, when the two leaders jointly inaugurated the Hannover Trade Fair.

The German ambassador's office in New Delhi, which is working round the clock on the upcoming summit, has said that innovation and Industry 4.0 will once again form the crux of the talks, alongside artificial intelligence, the Internet of Things, robotics as well as energy, renewable energy, sustainable development, vocational training and environment.

"There are a lot of topics which we share. And since the chemistry between the two PMs is a good one, I think they have a lot to talk in this context," noted Lindner.

Important alliances

Against the backdrop of the UK's impending exit from the EU, Germany as one of the economic bloc's strongest powers has time and again been in India's corner.

On political issues such as India's firm stance over the abrogation of Article 370 to bring the state of Jammu and Kashmir in alignment with the entire country, Germany had spoken out in support by classing it as India's "internal affair". Security aspects, including the fight against terrorism, is an important area if alignment between the two countries and expected to remain central during the latest deliberations.

And, with the EU now set for a change of guard with the new Commissioner set to take charge being Germany's Ursula von der Leyen, hopes for a resumption of the stalled India-EU free trade agreement (FTA) have also gained some ground.

That scenario would unfold only over time, but meanwhile Merkel's visit to India is expected to reinforce an already strong bilateral bond.

Start-ups remain at the core of foreign investments in India

The next few months will see billion-dollar investments in India's energy and fintech sectors.

Total invests $600mn in Indian LNG

French energy company Total is set to spend $600 million on a 37.4 per cent stake in India's Adani Group as the country takes big steps to expand its gas market. Together, the two companies intend to help the Indian Government increase natural gas use in India through higher LNG imports.

The 50-50 partnership includes several assets across the gas value chain including two import and regasification LNG terminals – Dhamra in east India and Mundra in the west. As part of the agreement, Total will supply LNG to the partnership from its growing portfolio of production that will eventually include east Africa.

Patrick Pouyanné, Chairman and CEO, Total said the natural gas market in India will have strong growth and is an attractive outlet for LNG. He further added: "Energy needs in India are immense and the Indian energy mix is key to the climate change challenge.

"Firmly investing to develop the use of natural gas in India is in line with our ambition to become a responsible energy major."

Indian gas growth will open new LNG carrier trade and more opportunities for Total. Pouyanné said: "This partnership with Adani is a cornerstone to our development strategy in this country."

Lee Fixel eyes Indian start-ups again

American venture capitalist and investor Lee Fixel is looking to invest around $1 billion in start-ups in India and South-East Asia through his new fund Addition, as soon as a non-compete agreement with his former employer expires.

As the head of Tiger Global's private equity business, Fixel led the firm's investment in Flipkart. Walmart later bought a majority stake in Flipkart, giving the US fund its biggest pay-off in India so far. He was also the architect of Tiger's other early bets on unicorns such as Ola, Delhivery and Quikr. He has also led lucrative investments in tech giants such as Facebook, LinkedIn and music streaming service Spotify.

Fixel is already in talks with a few Indian start-ups to sign cheques. He has held conversations to invest personally in a $24 million seed round at fintech start-up Amica Technologies.

Addition's possible entry comes along with that of a multitude of investors including private equity funds, pension and wealth funds that want to invest more in Indian start-ups.

SoftBank, Ant Financial to invest $2bn in Paytm

Indian fintech major Paytm is close to scoring $2 billion of new financing from investors, including Jack Ma's Ant Financial and Japan's SoftBank Group Corp.

The funding will be split evenly between equity and debt and values the country's top online financial services firm at $16 billion. If a deal is finalised, Paytm could outstrip fellow high-profile Asian start-ups such as Grab and Gojek in valuation.

In the past decade, Paytm has become India's biggest digital-payments brand, attracting big names in investing from Ma and SoftBank Founder Masayoshi Son to Warren Buffett. Paytm founder Vijay Shekhar Sharma got a huge boost in 2016 after India's government moved to eliminate most of the nation's paper money in circulation in a bid to curb corruption. What was initially a start-up in a field that wasn't very popular in the country saw tens of millions of consumers and hundreds of thousands of businesses sign up for digital services in a matter of months.

Ant Financial, China's largest provider of internet financial services and one of Paytm's earliest backers, said it will continue investing in mobile-payment providers around the world to boost offshore revenue and buttress itself from rising competition and tighter regulation at home. It's not clear how much SoftBank would contribute.

Highlights

- China's rising presence is a regional reality.
- Bhutan is currently caught in the middle of India's traditional influence and China's rising dominance.
- Japan, being pro-India and pro-Bhutan offers a strong alliance to counteract the rising Chinese influence.
- Japan-India-Bhutan can set a global example for prosperous relationships with each other.

How India and Japan can help Bhutan

by Dr Satoru Nagao

As China and Bhutan inch closer to signing an agreement for the Dokham boundary dispute, an international relations expert charts out the various steps that Bhutan could take to ensure continued support from India and further improve Indo-Japanese relations.

Bhutan is the world's No. 1 pro-India country. But as the Doklam boundary dispute between India and China continues, Bhutan's traditional foreign policy alignment with India has wavered. In October 2019, media reports indicated that Bhutan would negotiate with China and abandon its claim to territories in Doklam. That would be a common but unfortunate mistake of countries that face a security threat from China. India and Japan can offer Bhutan enough support to relieve this pressure.

The problem developed in 2017 when the Chinese army entered the Doklam plateau and started to construct an access road. Both China and Bhutan claimed the Doklam plateau as their territory, and it is also important for the security of India. The Indian army entered the Doklam plateau to stop China's road construction, starting a face-off that escalated to the whole 4000km Indo-China border area. After this 73-day standoff, Bhutan and China began negotiations.

If Bhutan works with China to solve the problem without India's input, Bhutan will lose much but get nothing. There are three reasons for this. First, Bhutan will lose India's trust.

Traditionally, Bhutan's foreign policy has been oriented toward independence under a "pax-Indiana." Bhutan has intentionally chosen a pro-India foreign policy, and has accepted Indian army deployment to aid in its security. When terrorist groups established their camps inside of Bhutan, the Bhutan army fought alongside the Indian army to eliminate them in 2003. Now, because Bhutan has sought to be a democratic country, both India and Bhutan share the same values of democracy. As a result, India has grown to trust Bhutan, and Bhutan has benefited from this trust. For example, Bhutan can ask India to support Bhutan's

IF BHUTAN WORKS WITH CHINA TO SOLVE THE PROBLEM WITHOUT INDIA'S INPUT, BHUTAN WILL LOSE MUCH BUT GET NOTHING.

status as an independent nation in the United Nations. And Bhutan has established formal diplomatic relations with many countries because India has been in support of such moves.

If, during negotiations with China, the Bhutan government abandons its claims over Doklam, the situation will not be good for either India or Bhutan. India will lose trust in Bhutan and will worry that Bhutan's move will harm Indian security because of Doklam's strategic location. Even if Bhutan concedes territory to placate China, China will not stop its expansion. Recent events in the East China Sea and South China Sea indicate that China will push even further with its territorial claim, beyond what Bhutan accepts. China started to claim the Senkaku Islands of Japan in the East China Sea in 1971, even though there was no historical precedent for this. Since the 1950s, China has constantly expanded its territories in the South China Sea after France, the Soviet Union, and the US withdrew from the region. Given this pattern, Bhutan should not expect China to stop its expansionist tendencies, even if a deal is made with China.

What should India and Bhutan do? There are three things to do instead of signing an agreement with China. First, India should do more to ensure Bhutan's security. Bhutan's current stance has come from its perception that it is caught in the middle of the traditional influence of India and the rising new influence of China. The Bhutanese worry about an Indo-China confrontation on their land. To them, it calls to mind the saying, "When elephants fight, it is the grass that suffers." India needs to make more effort to relieve the Bhutanese of this concern.

Second, Bhutan should analyse what will happen between the US and China as a result of the trade war between the two countries. Bhutan now faces a rising China. However, there is a possibility that the trade war will "make China poor again." Without money, China cannot modernise its military as rapidly. Nor can China carry out the massive infrastructure projects that it has used to impose debts on other countries and control them. Appeasing China will not be beneficial to Bhutan in the near future if China is weakened economically.

Third, both India and Bhutan should cooperate with Japan. Bhutan wants India's security support and wants to be an independent nation. But to be an independent nation, it knows it cannot rely too much on any one country. So, it seeks cooperation with other countries. But cooperation with China will create problems. Bhutan should instead cooperate with countries that are both pro-Bhutan and pro-India. Is there such a country? Japan is the perfect example. For a long time, Japan has supported Bhutan, including in the agriculture and infrastructure sectors. Bhutan's royal family and Japan's imperial family have long been good friends. Japan is also very pro-India. In the Doklam incident, the Japanese ambassador to India and Bhutan, Kenji Hiramatsu, stated that no side should seek to change the status quo by force. This type of statement has previously appeared only when Japan has criticised China or Russia. Thus, by confronting China, Japan has shown its support not only for India but also for Bhutan.

Currently, many countries see China as the challenger of the world. Along with other democratic countries like the US, India, Bhutan, and Japan can promote prosperous relationships with each other.

Dr Satoru Nagao is Visiting Fellow at the Hudson Institute, a Washington DC based think tank.

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INDIA GLOBAL BUSINESS

India's Foremost Trade & Investment Magazine

India's Foremost Trade & Investment Magazine 2018: The Year That Was

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New Mexico is serious about economic growth

by Alicia J. Keyes

New Mexico's Cabinet Secretary for Economic Development invites investment into the southern state as she catalogues the several opportunities and incentives it presents for entrepreneurs wanting to expand in the US.

Among the 50 states that comprise the United State, New Mexico is one of the largest geographically and smallest in terms of population. Despite this anomaly, New Mexico is blessed with a unique group of assets no other state can boast.

The state is rich in natural resources, especially those that generate energy. Southeast New Mexico is home to the Permian Basin, which experts believe could surpass the world's current number one production field, Saudi Arabia's Ghawar field, in three years or less. New Mexico realises billions of dollars in revenue each year from the oil and gas industry and enjoys a huge budget surplus.
New Mexico is just one of five states that have multi-billion severance tax permanent funds due to extraction industry profits.

New Mexico is also rich in renewable resources and is one of only a handful of states committed to 100 per cent renewable power generation. It is but one reason the social-media giant Facebook committed to build one data centre here and is now building six.

Highlights

Investing in New Mexico:

1. Billions of dollar revenue from the oil and gas industry each year
2. Has multi-billion severance tax permanent funds due to extraction industry profits
3. Excellent transportation and infrastructure
4. Talented science workforce
5. $75 million closing fund

The other reason cited by Facebook is our high-quality and dedicated workforce.

The Rocky Mountain region is the fastest growing in the nation. New Mexico's location and excellent transportation infrastructure mean goods are delivered from here to the remainder of the West in one to two days. The state is served by two major rail lines – BNSF and Union Pacific – with direct service to both the ports of Long Beach and Houston, as well as ports of entry at the Mexican and Canadian international borders.

No other state receives more federal research dollars. No other state is home to two federal energy labs, and the US Air Force Research Lab, and White Sands Missile Range. New Mexico has a talented science workforce and one of the highest percentage of STEM workers in the nation. Three major research

NEW MEXICO IS JUST ONE OF FIVE STATES THAT HAVE MULTI-BILLION SEVERANCE TAX PERMANENT FUNDS DUE TO EXTRACTION INDUSTRY PROFITS

universities contribute to the talent pool.

Technologies spun out of these research institutions spawn exciting new companies. UbiQD has a thin-film technology that helps plants grow faster and will one day allow your windows to generate electricity. Descartes Labs has developed Artificial Intelligence technology that analyses petabytes of data from thousands of global satellites. The technology has a wide variety of applications including predicting crop yields.

New Mexico is investing in these disruptive technologies and companies working for the greater good. Pebble Labs is another perfect example. This company is working to eliminate vector-borne diseases including the Zika Virus. The state will provide at least $7 million in incentives to grow the company here.

Home to the country's first purpose-built commercial Spaceport and world headquarters for Virgin Galactic, New Mexico will soon host the first commercial flight for space tourists.

The film industry is moving here as well. Netflix and NBCUniversal have both opened production facilities here in the last year when total film production spending exceeded $500 million. A refundable film production tax credit is among the most lucrative in the nation, and New Mexico's cost of living and cost of doing business compare quite favourably to the rest of the United States.

We are also a state rich in natural beauty but without risk of earthquakes, hurricanes, tornados or other natural disasters. New Mexico does not have coastal areas that might be impacted by climate change.

New Mexico has also opened its first Office of Outdoor Recreation and we are committed to growing the small outdoor businesses that help showcase the many natural areas of the state.

We have Carlsbad Caverns National Park and White Sands National Monument as well as dozens of rivers, monuments and cultural areas. People come here to explore these areas and businesses have an easier time hiring and retaining employees because we have public recreational amenities that are exceptional and uncluttered.

Finally, New Mexico is serious about economic growth and offers a robust menu of incentives including a $75 million closing fund and one of the nation's most generous workforce training programs.

Our Gov. Michelle Lujan Grisham understands business and is committed to making New Mexico a pro-business, pro-growth state. She is always very approachable and eager to engage business owners who are looking at New Mexico as a place to grow or expand.

Alicia J. Keyes is the New Mexico Cabinet Secretary for Economic Development and a former executive with the Walt Disney Co.

Breaking bread between neighbours helps bring down barriers

Drawing from her vast knowledge of Indian cuisine, celebrated British chef Asma Khan dives into how a shared love for food can blur the boundaries of race and gender.

How would you define the soft power of Indian cuisine in the world?

The beauty of food is that you can enjoy and appreciate it without having to understand the language or the intricacies of a culture. It is the first contact many non-Indians have with Indian heritage. Indian food is a doorway to Indian culture and its people. It sparks conversations between people of different ethnicities.

The prevalence of Indian restaurants and food in supermarkets in countries like the UK means that almost every person has a chance to try and taste the country's food.

What are some transformative business models (and hiring practices) that you feel could harness the potential of Indian food globally?

It is important that food from a culture reflects the roots, flavours, and aromas of that cuisine. Given the popularity of street food in big cities around the world, it is one way in which Indian street food can be presented. Street food is complex, but people of all nationalities can be trained to assemble and serve these dishes.

As far as restaurants are concerned, the traditional model of family-owned businesses is deeply under threat as the next generation seldom wants to go into this business. In the UK, this has resulted in the closing down of many restaurants. A radical rethink is required in the way staff are recruited and trained. The first change should be an attempt to increase the number of women working.

Are the nuances of Indian food filtering through alongside its general popularity?

The generic Indian food, which was popular a decade ago, is still favoured by many. There is a greater awareness of regionality of Indian cuisine because of cheap travel to India, and information available on both the internet and television.

Does cuisine have a role to play in wider political debates, such as Brexit?

There isn't a united cuisine of Europe. The European Union's biggest role when it came to food was establishing vigorous health and safety regulations for the food industry and for the way we farmed and fished.

In Europe, there is a very strong regional tradition when it comes to food, which was not impacted by the birth and extension of the European Union. There is no doubt that breaking bread between neighbours is helpful, and sharing a meal helps bring down barriers between people.

How would you categorise your vision for gender balance in the workplace?

My vision is one of equality, equality for opportunity and progression in kitchens for men and women. There is an urgent need to establish codes of conduct, which protect the dignity and honour of everyone working in the kitchen. For too long, the dominant position of the head chef, invariably a man, has meant that the culture of a kitchen is very masculine and sometimes toxic and aggressive. This can intimidate and exclude some women working alongside these men. There has to be respect for women in all kitchens.

How can food technology be harnessed to tackle health-related issues such as diabetes?

There is a growth in food items that are low in fat, low in cholesterol, that are targeted to people trying to practice a healthier diet.

THE BEAUTY OF FOOD IS THAT YOU CAN ENJOY AND APPRECIATE IT WITHOUT HAVING TO UNDERSTAND THE LANGUAGE OR THE INTRICACIES OF A CULTURE.

Additional information in the labelling for diabetics is the way forward as healthy eating is the standard advice given to them. Diabetics do not necessarily need food produced specifically for them as there is already a growth of low sugar, low starch options.

How does being a Global Indian impact your wider worldview?

I have the advantage of being from the east and the west. I feel rooted in two nations. My cultural and culinary heritage is Indian. This is a great advantage in the work I do as I can present the cuisine of my country of origin with a depth and understanding that comes from having lived there for the first 22 years of my life.

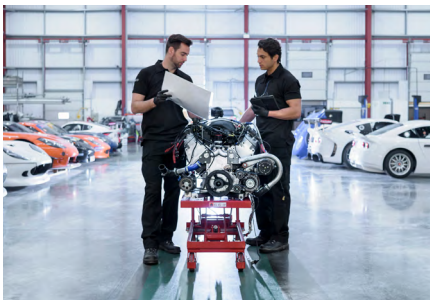
Even though I have now lived longer in the UK than in India, I still feel a deep-rooted connection to my motherland. I can, therefore, explain to someone from another heritage who I am, where I come from, and what my country stands for.

Indian products and services in high demand

Companies in India are rapidly expanding operations to serve global markets.

Minda Industries acquires German engineering firm

Gurugram-based auto parts maker Minda Industries Ltd has signed a definitive agreement to fully acquire Germany-based automotive lamps engineering, design and testing company, Delvis Gmbh.



Minda Industries said in a stock-exchange filing that it agreed to purchase Delvis and its two subsidiaries – Delvis Solution and Delvis Products – for an enterprise value of €21 million (approximately $23.06 million or Rs 163.72 crore).

The acquisition was in line with its strategy of acquiring technological capabilities in existing product lines, it added. It will also help deliver considerable synergies for the growth of its India lamp business and enhance its product offerings to original equipment manufacturers (OEMs).

N.K. Minda, Chief Managing Director, Minda Industries, said the global markets had migrated to LED 8-10 years ago, and the India market is now demanding this technology. He added, “This acquisition would help us bring this gap with cutting edge technology that Delvis has to offer to global markets.”

UrbanClap launches operations in Australia

Home services marketplace UrbanClap has announced the launch of operations in Australia, the second country outside of India, post a successful launch in UAE last year. Slated for November 2019, UrbanClap will launch home care and personal care services including hair and beauty services.

Abhiraj Bhal, Co-Founder, UrbanClap, said: “We will launch first in the Greater Sydney Area. We believe that there is a huge opportunity for us to deliver high quality service in home repairs and beauty services. We have created a new axis in matching demand to supply and we look forward to contribute to building a healthy service eco-system in Australia.”

Ritesh Garg, Country Head - Sidney, UrbanClap, said: “UrbanClap is well-poised for explosive growth internationally, and I am excited to lead their expansion efforts. There is a huge demand for standardised services in the region and we have a tremendous opportunity to provide more quality driven experience to all our customers."

The gap between service providers and customers is a clear opportunity in a market like Australia. UrbanClap aims to bridge this gap and provide reliable services by matching quality service professionals with the service seekers.

India to supply milk to Sri Lanka

India has signed a memorandum of interest (MoI) with Sri Lanka for the supply of milk and milk products at the inauguration of the country's first-ever India International Cooperatives Trade Fair being organised at Pragati Maidan in India.

The Tamil Nadu Milk Cooperative Federation that owns 'Aavin' brand, Puducherry Milk Cooperative Federation that owns 'PonLait' brand and fertiliser company Indian Potash Ltd have signed a separate pact with the Sri Lanka government for the supply of milk.

India is the world's largest milk-producing nation, with around 70 million producers. The country's milk output is expected to reach 175 billion litres this year, nearly twice what the US, the second-biggest milk-producing nation, is expected to produce.

Pathway to create sustainable impact

by Prabhat Labh

The CEO of a prominent social enterprise lists the several avenues they have created to empower women from low-income households and the strategy that drives these initiatives.

Grameen Foundation India is a pioneer in the social development space in many respects. Our unique value proposition lies in our ability to combine our deep insights into the lives of low-income populations particularly women. Our continuous process of 'understand-design-test-adapt-learn-improve' has been helpful in designing and implementing impact making solutions.

Since inception, it has seen its role as an institution builder, wherein, it assisted other social impact organisations through product and channel innovations, human resource development and institutional capacity building. However, we realised that institutional legal forms and institutional priorities determined what products and services the clients would receive and not what they really needed. We, therefore, decided to change the way we worked and have a deeper and more direct engagement with our intended beneficiaries – low-income women in rural areas.

Highlights

- The foundation has created the Grameen Mittra model to overcome barriers faced by low-income people at different stages of their adoption journey.
- These are typically young women from the rural community who are recruited, trained and enabled to work as a micro-franchisee.
- They also created the Grameen Impact Venture (GIV), a social business that does not depend exclusively on grants.

While most private sector and government efforts approached financial inclusion as a supply-side challenge, adoption of any product or service was a demand-side challenge too. Lack of awareness and trust played a critical role in the adoption and continuous usage. We closely studied the financial lives of low-income people to identify the drivers and influencers in adoption and realised that the livelihood profile of a household played a significant role in actual adoption and usage of any financial product. Awareness and trust, convenience and use cases, all had a role and had to be integrated into our model. This led to the development of what we now call the 'Grameen Mittra' model – a network of last-mile agents who work on customer education, onboarding and ongoing customer service that is easy to access.

Individuals working as 'Grameen Mittra' are typically young women from the rural community who are recruited, trained and enabled by

us to work as a micro-franchisee. They undertake door-step services specially curated for the target communities based on our in-depth research. As self-employed agents, they provide a range of digital, financial, government to citizen and livelihood services to the community. We enable them with an Android phone and enrol them on our award-winning mobile learning platform G-LEAP, which facilitates their ongoing learning about new products and services.

At the recently concluded 'India Competitiveness Forum' held by the Institute for Competitiveness, one such Grameen Mittra 'Harsha Dongre' talked about her journey from being a housewife to a social entrepreneur. She is enabling the dreams of thousands of citizens living in marginalised communities by helping them with access to financial and non-financial services at their doorstep.

One of the strongest features of the approach is that it focuses on the barriers faced by low-income people at different stages of their adoption journey and incorporates a robust strategy to address those barriers. Grameen Mittras do not wait for the customers to come forward and demand services. Instead, they work on converting latent demand into active demand through customer awareness and facilitation of customer onboarding.
Most disadvantaged low-income women and people with low levels of literacy and numeracy are highly likely to be financially excluded. Grameen Mittra model expands our outreach to this universe.

We have also developed 'Grameen Mittra' as a convergence model, which brings multiple products and services to the community from different providers. We have collaborated with banks, digital payment companies, wealth management service providers, organisations involved in facilitating access to government to citizen services, water, health and sanitation products and renewable energy products. These products and services are brought to the community by the Grameen Mittras.

Our next big challenge was to create a sustainable model to deliver these services. Most non-profits operate in fixed-term project mode. We, therefore, decided to convert some of our work into a social enterprise that will not depend exclusively on grants. This led to the creation of 'Grameen Impact Venture (GIV)' a social business owned and promoted by Grameen Foundation India.
GIV generates revenue by offering relevant and much needed services to the community. It works at a large scale, an absolute imperative when you look at the Indian context. What distinguishes GIV is that it not only provides products and services for business but also invests in customer education and empowerment.

WE DECIDED TO CHANGE THE WAY WE WORKED AND HAVE A DEEPER AND MORE DIRECT ENGAGEMENT WITH OUR INTENDED BENEFICIARIES – LOW-INCOME WOMEN IN RURAL AREAS.

These strategic changes also entail a huge change in management undertaking. Thankfully, Grameen always had the culture to be at the forefront of innovation. Amid all these changes, it is important that we constantly keep three questions in our mind:

i) Why we are doing it?
ii) Who is the person we are aiming to impact?
iii) What is the change we wish to see?

These guiding questions make sure that we stay on track. We are also organising The Jobs Conference in December to address the issues around jobs, self-employment and entrepreneurship. We are looking at this conference as a platform that can facilitate learning and collaborations on these issues around jobs, self-employment and entrepreneurship.

Prabhat Labh is the CEO of Grameen Foundation India.

India achieves a diplomatic win with the Nizam of Hyderabad funds

by India Inc. Staff

A landmark High Court ruling in England over the Nizam of Hyderabad's funds in a London bank account marked an important win for India over Pakistan in a decades-long legal battle.

A long-drawn legal dispute between India and Pakistan over funds belonging to the Nizam of Hyderabad at the time of Partition in 1947 and deposited in a London bank account recently reached its climax in the High Court in England.

The Nizam's descendants, Prince Mukarram Jah – the titular eighth Nizam of Hyderabad – and his younger brother Muffakham Jah, had joined hands with the Indian government in the legal battle against the Pakistan government over around £35 million lying with NatWest Bank plc in London.

In his judgment handed down at the Royal Courts of Justice in London, Justice Marcus Smith ruled that the

Highlights

- A legal dispute over the Nizam of Hyderabad funds was resolved in the High Court in England.
- The Nizam's descendants and the Indian government won the legal battle against Pakistan over £35 million in NatWest Bank.
- The Pakistani legal team had claimed the funds on the basis that they were transferred to compensate for assistance provided in procuring weapons.

"Nizam VII was beneficially entitled to the Fund and those claiming in right of Nizam VII – the Princes and India – are entitled to have the sum paid out to their order."

"Pakistan's contentions of non-justiciability by reason of the foreign act of state doctrine and non-enforceability on grounds of illegality both fail," the verdict notes.
Harish Salve, a key member of the legal team on behalf of India, hailed the verdict as an important endorsement of India's long-held stance against Pakistan in the UK court in early October.
"It was a wrongful claim by Pakistan which had to be fought. We fought that claim and won it," he declared.

The dispute revolved around

THAT AMOUNT HAS SINCE GROWN INTO £35 MILLION AS THE NIZAM'S DESCENDANTS, SUPPORTED BY INDIA, CLAIMED IT BELONGS TO THEM AND PAKISTAN COUNTER-CLAIMED THAT IT IS RIGHTFULLY THEIRS.

£1,007,940 and nine shillings transferred in 1948 from the then Nizam of Hyderabad to the high commissioner in Britain of the newly-formed state of Pakistan after Britain's colonial rule had come to an end. That amount has since grown into £35 million as the Nizam's descendants, supported by India, claimed it belongs to them and Pakistan counter-claimed that it is rightfully theirs.

"Our client was still a child when the dispute first arose and is now in his 80s. It is a great relief to see this dispute finally resolved in his lifetime," said Paul Hewitt, partner in Withers LLP, who have acted for the VIII Nizam since Pakistan issued proceedings six years ago.

In 2013, Pakistan had waived sovereign immunity by issuing a claim for the fund that opened the way for the current case to proceed. The Pakistan government's legal team had claimed the fund on two alternative basis. One, referred to as the "Arms for Money Argument", claimed that funds were transferred to compensate/reimburse/indemnify Pakistan for assistance provided in procuring/facilitating the supply and/or transportation of weapons. The second ground was that the funds were transferred in order to keep them out of the hands of India, referred to by the judge as the "Safeguarding Argument".

"Historians will be interested in seeing Pakistan's open acceptance that they were supplying arms. It is an interesting dimension which has publicly been acknowledged," noted Salve, in reference to the arms for money argument.

Pakistan had made two further arguments – that the facts of this case were such as to render it non-justiciable because the original transfer was governmental in nature and that India's annexation of Hyderabad in 1948 was an unlawful act, which tainted India and Nizam VIII's claim.

The UK High Court, during a trial earlier this year, had been asked to determine the "central question" of who exactly is the "beneficial" owner of the funds belonging to the late Nizam, Osman Ali Khan. While the Nizam, who faced the quandary of joining Pakistan or staying with India at the time of the funds transfer back in 1948, had later reportedly sought the return of the funds. NatWest Bank held on to the funds deposited into the London bank account of then Pakistan High Commissioner Habib Ibrahim Rahimtoola in safekeeping until its rightful legal owner is established.

While acknowledging that there was evidence of the supply of arms by Pakistan to Hyderabad around this period, the judge said he had not been persuaded by Pakistan's Arms for Money argument. He notes there was no evidence linking the funds in the NatWest bank account to the supply of arms.

The ruling marks an important conclusion to an extremely long-drawn legal battle, which also witnessed the Indian government, the princes and the administrator of the estate of Nizam VII compromising their differences and entering into a confidential settlement agreement last year, which meant the case was effectively an India-Pakistan clash in the UK courts.

India leaps again in Ease of Doing Business

India jumped 14 places in the World Bank's Ease of Doing Business rankings to no. 63 among 190 countries. That's a 79-place improvement since 2015, when Indian Prime Minister set a target of breaking into the top 50 within five years. This is a record for any large economy and will help the Indian government sell India as an investment destination to companies looking at alternatives to China in the wake of the US-China trade war.

The success of the Insolvency and Bankruptcy Code was mainly responsible for the large jump in rankings. India recorded the biggest improvement in the "Resolving Insolvency" parameter; its ranking leapt from 108th to 52nd.

"Despite some challenges in the implementation of the reform – particularly regarding court operations and the application of the law by multiple stakeholders – the number of reorganisations in India has been gradually increasing. As a result, reorganisation has become the most likely procedure for viable companies as measured by Doing Business increasing the overall recovery rate from 27 to 72 cents on the dollar," the World Bank said.

The World Bank also noted considerable improvements in "Dealing with Construction Permits" where India's rank improved to 27th from 52nd, and "Trading Across Borders" where it jumped to 68th rank from the 80th position earlier.

"Among other improvements, India made the process of obtaining a building permit more efficient. Obtaining all permits and authorisations to build a warehouse now costs 4 per cent of the warehouse value, down from 5.7 per cent the previous year. In addition, authorities enhanced building quality control in Delhi by strengthening professional certification requirements. Importing and exporting also became easier for companies with the creation of a single electronic platform for stakeholders, upgrades to port infrastructure and improvements to electronic submission of documents," the World Bank added.

Disappointingly, India recorded only a slight improvement in ranking in "Registering Property" to 154 from 166. Also, the country's score remained unchanged in "Protecting Minority Investors", "Getting Electricity" and "Enforcing Contracts". This means no reforms were recorded on these issues. Its rank, however, fell on all three parameters, indicating an improvement by other countries.

THE WORLD BANK ALSO NOTED CONSIDERABLE IMPROVEMENTS IN "DEALING WITH CONSTRUCTION PERMITS" WHERE INDIA'S RANK IMPROVED TO 27TH FROM 52ND, AND "TRADING ACROSS BORDERS" WHERE IT JUMPED TO 68TH RANK FROM THE 80TH POSITION EARLIER.

But the going will get tough for India from here on because it will be competing with countries that already have good and relatively transparent systems in place. These countries are also working hard at maintaining and improving their rankings.

Two parameters on which it should be relatively easy to record improvements are "Registering Property" and "Enforcing Contracts". High stamp duties and registration fees provide people with a perverse incentive to under-declare the value of properties. This sets off a chain of corruption-related issues that preclude the possibility of much improvement on this count. However, since stamp duty rates are set by the states, it will require their cooperation to move forward on reforming this.

"Enforcing Contracts" is another problem that businesses in India frequently encounter. A rank of 163rd among 190 countries reflects poorly on the country's dispute resolution system. It takes several years of litigation to enforce contracts, increasing the cost of doing business in India.

The government will have to embark on serious judicial reforms at the earliest to improve India's rank on this parameter.

On "Paying Taxes", India ranks a poor 115th. This is mainly because of the still complex procedures for paying GST and getting refunds. The Modi government and the states have reformed the system considerably and more reforms to ease GST payments are in the works. These should get reflected in the rankings next year.

Another factor that should improve India's ranking on "Paying Taxes" is the drastic cut in corporate tax rates earlier this year and the expected cut in personal income tax in the near future.

The World Bank's Ease of Doing Business survey, which measures 190 countries on 10 parameters, is a keenly watched index. Dramatic changes in rankings, as in India's case, are noted in corner offices worldwide and form an important input for investment decisions.

So, the improvement in rankings – and expected further improvements in the coming years – should help the Modi government when it meets US, European and Japanese MNCs looking for alternative investment destinations as they rejig their global supply chains to reduce their dependence on China.

INDIA GLOBAL **BUSINESS**

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India's Foremost Trade & Investment Magazine

'India Global Business' is the flagship publication of London-based media and publishing house India Inc. The publication offers in-depth analysis, news and expert opinion on business, trade, policy initiatives and foreign direct investment in and out of India. The magazine has a readership of over 100,000 business and policy leaders worldwide.

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