India's Foremost Trade & Investment Magazine

INDIA GLOBAL BUSINESS

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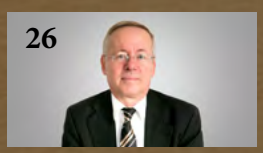

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Dynamic business location with the highest quality of life
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October 2019
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Boris' no ifs or buts approach ends in lots of ifs and buts

Business as usual is a desired outcome that reflects certainty and purpose. But as the Big Story this time explores, the UK is going through a long-drawn phase of Brexit as usual instead.

The overwhelming voice from within industry quarters is one of sheer fatigue and frustration, with many declining to weigh in on the latest ups and downs of the Brexit process. The few Indian business chiefs still voicing their concerns on the issue believe the wait and watch approach cannot, and indeed must not, go on endlessly.

While UK Prime Minister Boris Johnson tries hard to keep grip of the saddle, the Halloween "do or die" deadline seems all but dead. He has accused the Opposition of "dither and delay" as he puts down a new sop on the table – more time to scrutinise his withdrawal agreement struck with the EU but only if MPs vote for a General Election on December 12.

A pre-Christmas election is not an ideal scenario, with many ministers reflecting on how they may be branded the Grinch that stole Christmas.

It is perhaps fair to concede the small victory that Johnson can take credit for, which is that he did ultimately succeed in reopening the withdrawal agreement struck by his predecessor Theresa May and ditching the controversial Irish backstop. But the "no ifs or buts" pledge to leave by October 31 seems to have proved a pledge too far.

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 UK Edition of 'India Global Business' inevitably focusses on the October-end deadline for Brexit and the unpredictable bull fight that it edges towards. Besides, the package covers views and interviews across a range of key issues.

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Brexit as usual keeps businesses on edge

by India Inc. Staff

Business chiefs and analysts wearing thin of a wait and watch approach to an ever-moving target for Britain's exit from the European Union (EU).

The finish line in any race is most often the clearest goal towards which competitors can focus their attention. However, in the Brexit race, more of a dash in the days leading up to the October 31 mark, it is that very finish line that has continued to blur every time it seems remotely within reach.

UK Prime Minister Boris Johnson took charge at 10 Downing Street in July with the central pledge of getting Brexit done, "no ifs or buts". Indeed, he declared in his characteristic dramatic style that he would rather be "dead in a ditch" than miss the Halloween deadline for Britain's long-drawn exit from the European Union (EU).

"I am reassured that despite his pledge, he's not to be found anywhere in a ditch," retorted Opposition Labour Party Leader Jeremy Corbyn as MPs delivered a fresh bruising to Johnson in the House of Commons, forcing him by law to send a letter seeking another extension to the Brexit deadline and then reluctantly accepting his new deal but rejecting the fast-track timetable attached to it.

Highlights

- The finish line for Brexit seems to blur every time it seems remotely within reach.
- Business chiefs and analysts are wearing thin of a wait and watch approach.
- The choice is not just between hard and soft Brexit but also a timely one, because there is only that much waiting and watching possible.

Johnson, akin to a matador, has struggled against being overly rattled by repeated parliamentary bruising and is demanding a December 12 General Election, offering Parliament a kind of sop in the form of more time to debate his EU withdrawal agreement in the interim. Of course, an election itself is predicated on MPs passing it through and whether, and what kind of, an extension the EU's remaining 27 members agree to offer the UK this time around.

Voice of business

For the Indian companies based in the UK, numbering around 842 at last count in the 'India Meets Britain Tracker', Brexit is an everyday reality. The dominating voice from within these quarters is one of general frustration, with many approached

by 'India Global Business' simply refusing to even contemplate a comment or reaction on the issue until the road ahead offers some more clarity. Indian industry bodies, Confederation of Indian Industry (CII) and Federation of Indian Chambers of Commerce and Industry (FICCI), have an unofficial moratorium on Brexit-related statements until there is a significant shift in the process.

The few who were willing to address the issue, indicated a widely wait and watch policy, which has meant a squeeze on investment sentiment across the board.

"As far as Indian companies are concerned, it is about managing the uncertainty," said Sharad C. Chandak, CEO of State Bank of India (SBI) UK, India's largest bank operating around the world. SBI did its bit amid the uncertainty to express confidence in the UK market with the launch of its mobile application recently. Its CEO explained that while much of the worries around the EU-wide financial passporting rights do not affect Indian banks as much, the general feedback from customers has been one of wariness.

He said: "From an SBI point of view, the financial passporting rights do not affect us as we have no branches in Europe. So, in many ways, being a UK subsidiary, it is business as usual.

"However, the feedback we have been getting for some time now from customers is that many are holding back on making investment decisions. There is clearly a wait and watch approach when it comes to investments, a factor that affects the wider sentiment in the economy."

A recent survey by the business lobby group the Confederation of British Industry (CBI), which represents 190,000 UK businesses – small and large, found that the prospect of leaving the EU's Customs Union and Single Market without a deal had led a majority of industrialists to cut back investment for the coming year.

"Brexit has created huge uncertainty, and has not been good for the country. It's not been good for business," says Lord Karan Bilimoria, CBI Vice-President.

The Founder and Chair of Cobra Beer highlighted how his product is able to travel seamlessly and frictionless between countries, a factor that is not a given unless a good deal is in place.

AS FAR AS INDIAN COMPANIES ARE CONCERNED, IT IS ABOUT MANAGING THE UNCERTAINTY

"We should never take for granted how wonderful the single market is," he reflects.

Take back control

Former Reserve Bank of India (RBI) Governor Raghuram Rajan, the rare expert credited with forecasting the global financial crisis of 2008, was asked about his views on Brexit in the days ahead of the latest October 31 deadline.

"The cry of take back control is not just about taking back control from Brussels to London. It's taking back control also from London to the local communities/region of the UK," said the Professor of Finance at the University of Chicago Booth School of Business.

He elaborated: "Increasingly, the world which has been buffeted by various forces, feels that it has very little ability to respond because so much is determined elsewhere and not locally. So, they are asking to take back some of the power, so they can do something about it.

"It also reflects the anger against the elite. Some decentralisation may not be a bad thing because even if people make mistakes, at least it's their mistakes and they learn from it while feeling empowered."

With a General Election in the coming weeks or months a very real prospect, this mantra of decentralisation may well gain further ground alongside the post-Brexit Global Britain message.

Hard or Soft Brexit?

While those on the Remain side of the Brexit fence would argue against leaving the EU altogether, the reality is that if an exit is imminent it needs to reflect a balanced approach.

R. Chandrashekhar, a well-known Indian IT chief and former President of the industry body Nasscom, recently reflected on how a hard Brexit may in fact end up benefiting the Indian technology sector because the UK would be on the lookout for new partners. However, even he conceded that ultimately if a hard Brexit hammered the economic credentials of the British economy, it would end up doing no sector any good.

Therefore, to borrow a popular fairy-tale analogy, the choice is not just between hard and soft to find the right kind of Brexit but also a timely one, because there is only that much waiting and watching possible.

But as has been the case with Brexit, even an hour is a long time, which means there is no point speculating on the next crucial deadline by the time this edition goes live.

We gain a lot from our current partnership with Europe

by Jo Swinson

The leader of the Liberal Democrats presents her stance on the uncertainty surrounding Brexit and elaborates on why retaining a close alignment with the EU is the answer for even UK-India relations.

As leader of the Liberal Democrats, my top priority right now is to stop Brexit. Liberal Democrats, alongside millions of UK citizens, recognise that Brexit is bad for Britain.

Brexit has already inflicted real damage on our country. It has cost taxpayers billions to fund 'no deal' preparations, with an estimated wider economic cost of more than £70 billion. It has divided our UK family of nations and has diminished our standing in the world. Unfortunately, with the Conservatives in charge, the crisis looks set to continue.

Boris Johnson talked about getting a 'great deal' but the reality is that what he has negotiated is far from that. And the biggest myth of all is that this deal is the end of Brexit. In reality, it will take years to renegotiate our trading relationship with our European neighbours, let alone countries outside of the EU, and all with no guarantee that we will end up in a better position than we are now. Even the Government's own analysis shows that we are going to be worse off under Boris Johnson's deal than the deal we currently have as members of the European Union.

Highlights

- It will take years to renegotiate the UK's trading relationship with Europe after Brexit.
- No deal preparations have cost taxpayers billions.
- As a member of the EU, the UK is part of an incredible network of global trade, a network from which both the UK and India benefit.

Our EU membership means the UK benefits from established trading relationships with some of the largest economies in the world, not least India. In fact, the EU is India's largest trading partner, accounting for €92 billion worth of trade in goods alone in 2018. This represents 12.9 per cent of total Indian trade, putting Europe in front of both China and the USA. As a member of the EU, the UK enjoys a significant share of this trade: in 2016, the UK imported over £9 billion in goods and services from India, with exports valued at £5.4 billion.

Put simply, as a member of the European Union, the UK is part of an incredible network of global trade, a network from which both the UK and India benefit. What's more, as part of the European Union, the UK can be a constructive partner in future negotiations, for example like a future Strategic Partnership Agreement between the EU and India, which would update the 1994 EU-India Cooperation Agreement.

We gain so much from our current partnership with Europe. Environmental standards, guaranteed workers' rights, the 'just-in-time' supply chains that keep our economy moving, not to mention cooperation on aviation, security and diplomacy, are all benefits we enjoy as members

AS PART OF THE EUROPEAN UNION, THE UK CAN BE A CONSTRUCTIVE PARTNER IN FUTURE NEGOTIATIONS, LIKE A FUTURE STRATEGIC PARTNERSHIP AGREEMENT BETWEEN THE EU AND INDIA, WHICH WOULD UPDATE THE 1994 EU-INDIA COOPERATION AGREEMENT.

of the EU. The fact that the Tory Government seems hell-bent on giving up these advantages and appears willing to sacrifice the integrity of the United Kingdom itself, is a damning indictment of their approach to Government.

In the face of Tory Brexit chaos, Liberal Democrats will continue to fight to keep our membership of the European Union. We believe that UK citizens deserve to have a final say on the Conservative's disastrous deal, with a People's Vote offering the opportunity to retain our EU membership. I am confident that, given the option, British voters will reject this catastrophic Tory Brexit and choose to remain as members of the EU.

Jo Swinson is Leader of the Liberal Democrats and MP for East Dunbartonshire.

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.

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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.

Britain has not yet faced its hard choices

by Daniel Wincott

A political expert delves into how the post-Brexit Global Britain message is playing out in reality and the uncertainty surrounding the UK's relationship with both EU and non-EU countries.

'Global Britain' is the ultimate goal for many Brexiters. They see new, tailored trade deals around the world as Brexit's great prize. Fast-growing economies, including India, China and Brazil, feature prominently. Critics counter that increasing friction with the European Union – the UK's largest and nearest partner – has high costs. No other partner comes close to matching the scale of UK trade with the EU. Even with fast growth, the critics say, new deals cannot compensate for weakening trade with the EU.

Many are, nonetheless, mesmerised by the prospect of global trade. The 'European Research Group' of Conservative MPs are among Global Britain's chief proponents. The ERG seems willing to sacrifice other priorities – such as ardent advocacy of the UK's 'precious Union' and their relationship with Northern Ireland's Democratic Unionists – to this goal. So does Prime Minister Johnson.

Like the Brexit Party, Conservative Global Britain advocates see the UK as economically enchained by the EU. It is unresponsive to UK economic needs. During the 2016 referendum, Vote Leave emphasised the absence of EU trade agreements with India, Australia, New Zealand, the USA, China and Brazil. After Brexit, agile UK negotiation would, they suggested, allow the UK to move quickly to agree bespoke to deals. Others argue that the EU has much more clout in trade negotiations than would the UK alone.

Highlights

- Brexit advocates believe the separation will allow the UK to make bespoke deals without being 'chained' by the EU.
- Both 'remainers' and 'anti-no deal leavers' prefer to remain in or close to the EU's Single Market.
- Caught up in endless Brexit debates, Britain has not yet faced its longer-term realities.

Brexit also offers opportunities for deregulation. In 2012, Conservative MPs Kwasi Kwarteng, Priti Patel, Dominic Raab, Chris Skidmore and Liz Truss published Britannia Unchained. Now, they are in Johnson's government. Their controversial book argued: 'The British are among the worst idlers in the world. We work among the lowest hours, we retire early and our productivity is poor. Whereas Indian children aspire to be doctors or businessmen, the British are more interested in football and pop music.' After Brexit, new trade deals might negotiate down levels of domestic regulation exposing Britain to bracing winds of international competition.

Both 'remainers' and 'anti-no deal leavers' see things differently. They

AFTER BREXIT, NEW TRADE DEALS MIGHT NEGOTIATE DOWN LEVELS OF DOMESTIC REGULATION EXPOSING BRITAIN TO BRACING WINDS OF INTERNATIONAL COMPETITION.

prefer to remain in or close to the EU's Single Market and/or Customs Union. Of course, either would limit the scope of other post-Brexit trade deals.

Caught up in endless fast-moving Brexit debates, Britain has not yet faced its longer-term realities and hard choices. Many are horrified to find that the EU future relationship negotiations have not yet begun. Whoever is PM during the next year or two will face hard choices about the UK's relationships with the EU and rest of the world. And wield considerable influence over them.

Even when presented as in swashbuckling Brexiteer terms, the freedom to make trade deals is an improbable rallying cry for Brexit-supporting tabloid newspapers. Few acknowledge that after a 'trade deal' the real work of trade begins. The realities of trade itself are rarely discussed. What commercial products are produced by the UK and non-European trade partners like India? What might be added to this trade? Some key levers – including the visa terms available to Indian university students in the UK – are already in the hands of UK policymakers. Without delving deeper, the real new opportunities Brexit might offer won't be uncovered. Neither will any difference a new trade deal might make.

Daniel Wincott is Blackwell Professor of Law and Society at Cardiff University, Research Director of UK in a Changing Europe and Director of the ESRC's Governance after Brexit programme.

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.

UK-India reviving historic ties

While building on the power of the vast Indian diaspora in the UK, it is also making the most of new opportunities that India has to offer.

India Law Alliance ties up with Harrison Clark Rickerbys

India Law Alliance has tied up with UK-based law firm Harrison Clark Rickerbys to cater to their clients in the UK-India corridor. The collaboration will be a non-exclusive relationship.

Nicolas Groffman, Partner, Harrison Clark Rickerbys, said in a press release that he was, "keen to access new clients and profile in a territory, like India, that is increasingly becoming important for his clients. Adding local legal capability, in a swiftly emerging country, is imperative for full-service firms like ours with a robust domestic and international practice."

The firms believe that the tie-up will allow them to pitch for multijurisdictional transactions.

Anupam Dighe, Founding Partner, India Law Alliance, said that he was, "looking forward to sharing professional best practices. He is also keen for his team of lawyers, to benefit from training programs to continue their legal education and international exposure."

The firm is also keen for its Indian clients to tap into the available international expertise as a result of this collaboration.

The two firms plan to co-host client events, conferences, and closed-door knowledge management sessions, both in India and the UK. They will also aim to publish papers and literature focusing on doing business in the two countries.

UK trust bets on Colgate

The £300-million Scottish Oriental Smaller Companies Trust is pinning its hopes on Indians' improving dental hygiene after a turbulent year in Asian markets.

The trust made its best returns from consumer staples firm Vitasoy and cable specialist Sinbon Electronics. It has now made Colgate-Palmolive India its second-largest holding at 3.4 per cent. It said in its annual financial report: "Per capita consumption of toothpaste in India is less than half of the average of other developing countries. Colgate will benefit from higher per capita consumption and the shift towards premium oral care products."

Its largest holding is in the Indian subsidiary of industrial consumables manufacturer SKF India at 3.5 per cent. It bought into 12 new companies including Colgate-Palmolive, Chinese recruitment firm 51job, Hong Kong chip maker ASM Pacific Technology and Tata Global Beverages, which is building tea and coffee brands in India.

The report also said: "Share price weakness amongst smaller companies has allowed us to initiate a number of new positions where we believe the future is bright and also to add to existing holdings with a similarly strong outlook. India is relatively uncorrelated with the rest of Asia given its large domestic economy."

UK to issue coin in honour of Mahatma Gandhi

Britain is set to become the first country outside India to mint coins with Mahatma Gandhi's image. The UK government will issue a commemorative coin to mark the 150th birth anniversary of Mahatma Gandhi.

British chancellor Sajid Javid said: "I was incredibly proud, as Culture Secretary, to oversee the new Gandhiji statue outside Parliament. It was the first statue in Parliament Square of someone who had never held public office… Tonight, we take another step in honouring his memory.

"In recent years, we've had coins to commemorate important figures from every walk of British life. And being in charge of the nation's coins is not an opportunity I'm going to pass up! Now is the time to add to that list."

Four Gandhi statues have been installed in a public place in the UK over the years - Tavistock Square, London (1968), Belgrave Road, Leicester (2009), Parliament Square, London (2015) and Cardiff Bay, Cardiff (2017). A new one will be installed in Medieval Quarter, Manchester, on 25 November.

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.

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.

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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.

Dutch king's five-day state visit furthers India-Netherlands bilateral ties

by India Inc. Staff

Highlights

- India-Netherlands bilateral trade was $12.87 billion in 2018-19.
- Over 200 Indian companies are already operational in the Netherlands.
- Technology figured prominently in the collaborative announced during Netherlands' Royal visit.
- Netherlands can provide technical aid in India's battle against climate change.

Partnerships announced during King Willem-Alexander and Queen Maxima's recent visit to India indicate that technology and climate change are a strong focus within the India-Netherlands relationship.

On the face of it, the five-day state visit of the King Willem-Alexander and Queen Maxima of Netherlands to India in mid-October may appear to be a routine diplomatic excursion but the context of it in the global landscape makes it interesting.

It is only the second time that the King has paid a visit to India. The first trip happened a good 12 years ago and was a more sombre affair. While only eight Dutch firms sent their representatives with the King to India in 2007, this time the number has swelled to over 150. Further, the presence of Dutch trade minister Sigrid Kaag, health minister Bruno Bruins and junior economic affairs minister Mona Keijzer elevates the importance of this trip by a few notches.

Despite the geographic remoteness of the two countries, relations stretch back to over 400 years. In 2018-19, bilateral trade between the two countries was $12.87 billion making the Netherlands the fifth largest foreign investor in India. In terms of FDI inflows into India, the Netherlands was the third largest at $3.9 billion in 2018-19.

There are two specific reasons behind the pervasive feeling between business communities in both countries that ties could be strengthened further and more significantly in the near future. The first is the potential change in the way business is done within and outside of the European Union region in the aftermath of Brexit. As the United Kingdom breaks away from the block losing the advantages of tax consistency and no border controls for movement of goods and services within the region, a number of Indian companies that currently operate out of the UK would look at opening

newer branch offices in the EU if not shift their operations entirely from the island.

As one of the larger economies of EU and particularly given the strong trade relations with India, there is a sense that Indian companies would be inclined to prefer Netherlands over other countries like Germany, France, Switzerland or Belgium in the region. Already over 200 Indian companies are operational in the country.

"We are committed to bringing in Indian companies to the Netherlands and give them access to the European market. We have noticed that interest of foreign companies in the Netherlands is growing and many companies have already moved to the Netherlands. Currently, there are talks with another 325 companies on transferring their business," said Sigrid Kaag, the minister for foreign trade and development cooperation for the Netherlands. "We offer a beneficial investing climate and access to 450 million people in the common EU market that makes us a perfect gateway to Europe. We believe the Netherlands is a good fit for India. We have a considerate English-speaking population and a well-developed entrepreneurial community. In addition, we also host a large Indian community, the second biggest diaspora in the world."

The other area of rich potential for cooperation between the two nations is in tackling climate change. India has been at the forefront of fighting global warming and as one of the earliest signatories to the Paris Agreement of 2015, it has recently reaffirmed its commitment and promised to put in place a long-term strategy by 2020.

The goals are ambitious. To begin with, India wants to increase the share of its non-fossil fuel in electricity generation to 40 per cent, reduce emission intensity of the economy by 30-35 per cent by 2030 over the 2005 levels and create a carbon sink of 2.5-3 billion tonnes of CO_2 equivalent through additional forest and green cover.

To achieve these, India needs help in technical know-how and Netherlands, which is fighting a direct battle of its own against rising sea levels due to global warming, may have something to offer here.

IN 2018-19, BILATERAL TRADE BETWEEN THE TWO COUNTRIES WAS $12.87 BILLION MAKING THE NETHERLANDS THE FIFTH LARGEST FOREIGN INVESTOR IN INDIA.

"India and Netherlands complement each other extremely well and have the potential to make each (other) even stronger. We make a great team," King Alexander said. "We have extensive knowledge in the areas of agriculture, water and climate action and it can be used for finding solutions to some of the problems being faced by India such as flood and drought. I visited a laboratory of an Indo-Dutch project where we are treating dirty water of the Barapullah drain before it falls into Yamuna. Experts of the two countries have been successful in making the drain cleaner and they are also working to make the water suitable for reuse."

"We respect each other's knowledge, tradition and culture. There are no standard solutions. Innovation is the product of human effort and that is why it is so important to invest in a long-term relationship in partners you trust, partners who can add value to your excellence. For Netherlands, India is such a partner," he added. Technology figures prominently in the eight projects for which partnerships were announced during the visit. These include prevention of pollution and efficient water use in the Kanpur-Unnao leather cluster, healthy villages through primacy health and wellness centres and a waste to wealth project in Hindon on the outskirts of the national capital of Delhi.

"Countries such as ours need to combine forces to seek sustainable answers to pressing global issues. These include poverty, hunger, job creation, energy security, human rights, gender inequality. At the same time, we need to work together on climate change, terrorism, and depletion of natural resources," said Dr Harsh Vardhan, India's union minister for science and technology, earth sciences and health and family welfare.

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.

A refreshed outlook with clear trade priorities – a necessity

A global emerging markets expert takes stock of the challenges encountered by investors during trade between the UK and India and the efforts made on both sides to pave way for stronger ties in the future.

Ahead of her visit to India in November 2016, Prime Minister of the UK, Theresa May is understood to have said that India is the UK's most important and closest friend and a leading power in the world, which is on the path of far-reaching reforms, led by Prime Minister Narendra Modi.

There are many synergies that support a stronger India-UK relationship, including democratic values, a common legal and administrative history, and English as the common language. The Indian community settled in Britain has helped strengthen the bilateral ties over decades. Today, India is the third-largest investor in the UK and the UK is the third-largest G20 investor in India.

However, the slowing down in bilateral investments in the last two years sets the stage for both countries to refresh their outlook and work more closely for improving trade, investment and economic collaboration in the coming years.

Strong trade partners

The UK is one of India's top trading partners. According to estimates from the Indian government, total trade value with the UK was worth $14.02 billion in 2015-16, of which $8.83 billion was in exports from India and $5.19 billion was in imports. However, the percentage growth in total trade between the two countries has remained constant, with a marginal upward trend from FY10 to FY16.

Brexit has opened up opportunities for the two nations to negotiate trade deals. According to a research paper by the Commonwealth, titled 'Brexit: Opportunities for India', a free trade agreement between the UK and India would increase trade between the countries by 25 per cent. If implemented after Brexit, the UK's exports to India would increase by 50 per cent, from $5.2 billion to $7.8 billion. An actual treaty cannot be signed between the parties until the UK leaves the EU, but an interim understanding between the two countries is currently building up.

THERE ARE MANY SYNERGIES THAT SUPPORT A STRONGER INDIA-UK RELATIONSHIP, INCLUDING DEMOCRATIC VALUES, A COMMON LEGAL AND ADMINISTRATIVE HISTORY, AND ENGLISH AS THE COMMON LANGUAGE.

Ease of doing business: a key requisite to deepen ties

India ranks 130 in the World Bank Group's Doing Business Ranking 2017, rising by a position over 2015 on account of the pro-investment reforms taken by Prime Minister Narendra Modi. India's ranking improved in two parameters: Securing an electricity connection and enforcing contracts. On the other hand, the UK's ranking has fallen by a position, from six to seven; however, it retains its ranking as one of the top countries in the G7 to do business, driven by the government's aims to cut red tape and reduce corporate tax. The UK government's target is to be amongst the top five in the ease of doing business ranking, while the Government of India has announced its commitment to be amongst the top fifty within a few years.

Amongst the challenges cited by large UK companies looking to invest in India are: An inconsistent quality of infrastructure across the country, laws around land acquisition for mega/large-sized projects, the judicial system, an uncertain tax environment and high taxes, regulatory complexities for importing goods, corruption etc.

Changing Indian business landscape

Many of the investor concerns have been addressed by the Indian government since 2014 through an ambitious programme of regulatory and tax reforms. In fact, the UK investors have applauded the Indian government's eBiz initiative, which integrates various central government services to facilitate fast-track clearances and improve the overall business environment. The introduction of the Goods & Services

World Bank Doing Business Ranking 2017

Parameters	Rank			
	UK		India	
	2016	2017	2016	2017
Overall	6	7	131	130
Starting a business	13	16	151	155
Dealing with construction permits	16	17	184	185
Getting electricity	15	17	51	26
Registering property	46	47	140	138
Getting credit	19	20	42	44
Protecting minority investors	5	6	10	13
Paying taxes	11	10	172	172
Trading across borders	28	28	144	143
Enforcing contracts	30	31	178	172
Resolving insolvency	13	13	135	136

Tax (GST) as a single tax structure is one of the biggest tax reforms undertaken by the government in decades and has been welcomed by investors globally. The passage of the Insolvency and Bankruptcy Code, 2016 has also been appreciated by investors, as it prescribes simplified exit procedures, enables time-bound settlement of insolvency and ensures a reliable and steady supply of credit.

The liberalisation of the FDI policy in sectors such as defence, rail infrastructure, construction development, insurance and medical devices, and simplification of procedures have also boosted the flow of FDI into the country since 2014. On the tax reform front, the emerging trend of corporate tax rate reduction and base broadening in G20 economies can also be seen in both India and the UK.

Indian businesses investing in the UK dealing with post-Brexit uncertainty

EY's Capital Confidence Barometer (CCB) 2015 showed that the UK has fallen out of the top five investment destinations for India for the first time in seven years. While the full impact of Brexit cannot be predicted as yet, pressure on investment clouds the UK's longer-term economic projects. For Indian business houses, the UK earlier served most often as a gateway to Europe, but with Brexit, this is changing. Possible increase in tariffs will impact the competitiveness of Indian products and increase trade costs. This will require Indian businesses to rebuild their strategies for the UK market.

Besides the uncertainty around Brexit, the other challenges for Indian businesses looking to establish or expand operations in the UK have been stiff regulations on labour mobility, salary thresholds, tax payments, trading across borders and disclosures with regard to foreign worker employment ratios.
That said, both countries have taken steps towards learning from each other on the ease of doing business. For example:

- A memorandum of understanding (MoU) has been signed on ease of doing business, which will harness the UK's expertise to support India's efforts to climb the World Bank's Ease of Doing Business ratings.
- MoUs have been signed on intellectual property rights and ease of doing business towards sharing of best practices and technical assistance on certain parameters.
- A fast-track mechanism has been established to facilitate the UK's investments in India and for the UK companies in India and to set up an India-UK partnership fund under the National Investment and Infrastructure Fund (NIIF) to facilitate global investments through the City of London for Indian infrastructure projects.

Overall, in our discussions with business leaders in India, there is a strong appetite to invest in the UK for trade, technical collaboration and knowledge collaboration. Recently, both countries have taken significant steps towards bolstering this collaboration:

- The Newton-Bhabha Fund has been created with an increase

in research collaboration from $1.25 million to $187.17 million in science and education.

- India has agreed to establish the India-UK Clean Energy R&D Centre on solar energy with joint investment of $12.2 million.
- A new antimicrobial resistance initiative with joint investment of $18.4 million is also being launched.

Way forward

The UK investors are keen on investing in India, and the UK values India as a strategic trading partner going forward. Both countries are continuously working on ease of doing business and have taken some significant steps to address the concerns of global investors and strengthen bilateral ties. Brexit is indeed a significant incident for the UK to strengthen its special relationship with India and revive preferential bilateral trade and investment agreement.

While India needs to accelerate and implement its economic and tax reforms, the UK will have to address concerns around greater mobility and set clear trade priorities between the two countries.

Prime Minister Theresa May, during her visit to India, said that it is important for both countries to prioritise each other's priorities. That summarises the appropriate way forward for India and the UK to strengthen their bilateral bond.

Rajiv Memani is Chairman & Regional Managing Partner of EY India and Chairman of EY's Global Emerging Markets Committee.

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

The Centre *for* New Economic Diplomacy

Discovering new Engagement in the 21st Century

UK Government

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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**

INDIA GLOBAL BUSINESS
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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