



The business of diplomacy

The support of the MEA is central to industry's overseas ambitions and activities

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A COLUMN in this paper, C. Raja Mohan's 'The Male takeover' (IE, December 11, 2012), makes a valid point regarding the increasing globalisation of Indian business and the risks Indian companies undertake in doing business overseas. It is important to converge the synergies between diplomacy and industry for advancing India's geopolitical interests.

In fact, in recent years, such coordination between the ministry of external affairs (MEA) and Indian industry has been greatly stepped up. Indian industry has always worked closely with Indian diplomats and the support of the MEA is central to industry's overseas activities. Industry is privileged

to have received the fullest assistance from the MEA whenever required, and has benefited from the guidance and insights of diplomats in the ministry as well as in Indian missions overseas.

Today, the external engagement of Indian companies has gone up considerably as policies regarding overseas investments have been relaxed. Outward FDI (OFDI) provides us with proximity to global markets, access to resources, technology and managerial expertise, and opportunities for research and development. From less than a billion dollars of OFDI in 2000-01, Indian corporations invested as much as \$18.5 billion at the peak in 2008-09. The cumulative overseas footprint of Indian companies from 2000-01 to 2011-12 was well over \$100 billion.

The sectors of interest for Indian companies have cut across all manufacturing and services spaces. Manufacturing sectors, such as consumer durables and non-durables, agricultural machinery, organic chemicals, pharmaceuticals, etc have attracted high atten-

tion. In the services space, business services, IT and financial services have been the major areas of interest. In terms of geographies, Indian companies have not shied away from making the entire world their platform, taking particular interest in emerging markets in Asia, Africa

THE MEA lays out the overall guidelines for commercial relations with any country, setting out a raft of facilitative agreements. These greatly improve the climate for doing business. The CII, on behalf of industry, undertakes Track II diplomacy in consultation with the MEA and missions under the Strategic Dialogue process in several countries, going beyond bilateral economic relations to cover security, defence and other strategic matters.

and Latin America. However, the US and Europe have accounted for the lion's share of OFDI. In fact, Indian corporations have emerged as significant employers in these countries, helping to create and sustain jobs.

The Boston Consulting Group

report on 100 global challengers from emerging economies numbers 20 companies from India, which are rapidly taking on established advanced economy giants. Notably, it is not only the larger companies that are undertaking eye-catching mergers and acquisi-

avoidance of double taxation, sectoral agreements, economic partnership agreements and transport connectivities, among others. These greatly improve the climate for doing business with specific countries. In addition, opportunities are emanating also from rising overseas aid and lines of credit by the Indian government overseas.

In such a backdrop, the commercial wings of Indian missions overseas have an important role to play in several dimensions, such as sharing information on tenders, connecting businesses and often providing business facilities as well. In particular, leveraging emerging opportunities has meant a close cooperation of industry associations and government.

To give just a few examples, the CII, on behalf of industry, undertakes Track II diplomacy in consultation with the MEA and missions under the strategic dialogue process in several countries, going beyond bilateral economic relations to cover security, defence, and other strategic matters. Indian industry is often associated with

overseas visits by Indian dignitaries, the president of India, the prime minister, and senior ministers. Such visits are critical and help strengthen ties between Indian industry and overseas governments, which translate into new opportunities for both sides.

It is also important to note that representatives from Indian industry have been consistently associated as members in task forces and working groups set up by the MEA for bilateral and multilateral economic relationships. CEOs' forums and India Business Forums dedicated to individual countries are also established in consultation with the MEA and Indian missions. All domestic industry events are undertaken with guidance and assistance from the MEA and missions, including the CII's flagship events such as The Partnership Summit, the engineering fair IETF, trade shows, seminars and conferences, etc. For events outside India, the help of the MEA and the missions is invaluable. In particular, "Made in India" shows

are often initiated by missions. Business delegations are undertaken in consultation with missions. Moreover, industry bodies also work with other ministries on overseas activities with specific focus, which are carried out with the help of the MEA.

The recent ASEAN-India Car Rally is a fine example of MEA-industry partnership. So, too, the India-Africa Project Partnership series, held both in India and different African regions with positive outcomes.

A comprehensive strategy for leveraging economic opportunities between India and the world would not only involve a partnership between the MEA and Indian industry associations, but also include the embassies of other countries in India, as well as their industry associations. As Indian industry expands its global footprint, it looks forward to working closely with the Indian government.

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