

India-US Trade Vision 2017-18



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India and U.S. are natural allies. Both nations have many shared values and practices.

India is going through a big transformation and in the United States, reviving the basic structures of the economy is one of the top priorities of the new leadership. In India-U.S. trade relations, collaboration and participation are the key elements of the business culture. The bilateral trade between India and U.S. has the potential to reach up to US\$ 500 billion by 2025. These numbers are exciting! The smart business community needs to create a win-win situation.

India-U.S. trade partnership is going in a right direction. 2017-18 is crucial for creating an environment of collaboration and participation between both countries.

There is a lot of discussion going on about the future of India-U.S. trade partnership. This document is an attempt to catch the right signal from the storm of disinformation and to explore the emerging sectors and untapped opportunities between India-U.S.

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INTRODUCTION

India-U.S. trade partnership is going in a right direction. 2017-18 is crucial for creating an environment of collaboration and participation between both countries.

An understanding of current status is critical to making plans for the future. The U.S. business community needs to acknowledge the facts about the status of their business and economic situations, which Mr. Donald Trump has put before the country. The U.S. economy needs a genuine revival. I appreciate President Mr. Donald Trump's approach!

In India-U.S. trade relations, collaboration and participation are the key elements of the business culture. The bilateral trade between India and U.S. has the potential to reach up to US\$ 500 billion by 2025. These numbers are exciting! The smart business community needs to create a win-win situation. Here I would like to mention that Mr. John Chambers is doing a great work!

Indian economy is vibrant. India has an action-oriented leadership. Prime Minister Mr. Narendra Modi's leadership has boosted the morale of the business community. Indian government's initiatives like Digital India, Make in India, Smart Cities, Skill India, and Startup India have opened up a plethora of business opportunities.

There is a lot of discussion going on about the future of India-U.S. trade partnership. This document is an attempt to catch the right signal from the storm of disinformation and to explore the emerging sectors and untapped opportunities between both countries. As far as I can see India-U.S. business environment is prepared like never before, there is a need to give a push and that push can come from any side- government, businesses or both.

I generally do not prefer to put emphasis on the challenges part. Time is a precious resource and it demands a doer business community that can take courageous steps. India-U.S. trade partnership has a bright future.

INDIA-U.S. TRADE – AN OVERVIEW

India and U.S. are the world's largest and most influential democracies. Both have many shared values and practices. The India-U.S. business community is highly optimistic about the future of trade partnership. The chairman of USIBC (U.S.-India Business Council) Mr. John Chambers has recently said that “the relationship between U.S. President Donald Trump and Prime Minister Mr. Narendra Modi should be the strongest in Asia-Pacific and the bilateral trade between India & U.S. can go to \$550 billion in the next 7 years. ³²”

India is going through a big transformation and in the United States, reviving the basic structures of the economy is one of the top priorities of the new leadership. The shared interests of building/rebuilding the nation provide both countries a plethora of opportunities for collaboration and cooperation.

During the ‘10th India and United States Trade Policy Forum’ meeting, both countries have recognized the need to increase the bilateral trade and investment that supports economic growth, development, and job creation. The key areas of mutual cooperation discussed were agriculture, trade in services and trade in goods, intellectual property and investment in manufacturing. During the last two and a half year, the bilateral trade between both countries has increased at a good pace. In 2015, the two-way bilateral goods and services trade between India-U.S. was reached \$109 billion ³³.

Make in India is a success and Mr. Donald Trump's Make America Great Again approach is a good sign too! Make America Great Again is about reimagining/rebuilding the America and this process will bring massive business and investment opportunities for the companies outside the United States too. Indian business community is quite ready to leverage these opportunities.

India-U.S. trade relations have a long history but to understand the current direction of this relationship we need to look at the major happenings of the recent past.

The dimensions of India-U.S. bilateral cooperation are broad-based and multi-sectoral that include trade and investment, defense and security, education, science and technology, cyber security, high-technology, civil nuclear energy, space technology and applications, clean energy, environment, agriculture and health.

Let's take a look at some interesting facts related to India-U.S trade ¹:

India-U.S. Trade Relations (2014- Present)

--The U.S. is India's second largest trading partner, and last year India has become its 10th largest trading partner.

--In 2016, India and United States signed the Logistics Exchange Memorandum of Agreement and India was declared a Major Defense Partner of the United States.

--In 2015, both countries have renewed their 10 year Defense Framework Agreement that was signed on 2005.

--The collaborations between Indian and American businesses have enhanced particularly in Information and communications technology (ICT), engineering and medical sectors.

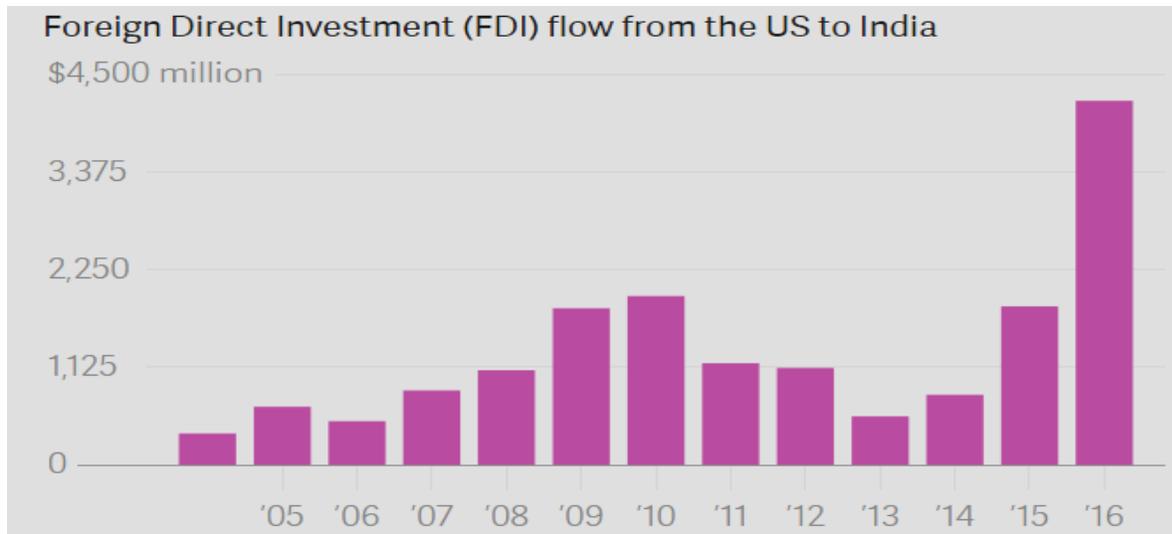
--In 2015, the U.S. exported \$21.5 billion worth of goods to India and imported \$44.8 billion worth of Indian goods.

--The United States is also India's largest investment partner, with a direct investment of \$9 billion.

--The 10 major commodities exported from India to the U.S. were: Gems, precious metals and coins (\$9.5 billion), Pharmaceuticals (\$6.1 billion), Oil (\$2.8 billion), Machinery (\$2.5 billion) and other textiles, worn clothing (\$2.5 billion), Organic chemicals (\$2.1 billion), Vehicles (\$1.4 billion), Iron or steel products (\$1.3 billion)

--The 10 major commodities exported from the U.S. to India were: Gems, precious metals and coins (\$3.4 billion), Machinery (\$3 billion), Electronic equipment (\$1.6 billion), Medical, technical equipment (\$1.4 billion), Oil (\$1.3 billion), Aircraft, spacecraft (\$1.1 billion), Plastics (\$815.9 million), Organic chemicals (\$799.4 million) and other chemical goods (\$769.1 million), Fruits, nuts (\$684.7 million)

(Source of the facts: https://en.wikipedia.org/wiki/India-United_States_relations)



(Source: Department of Industrial Policy and Promotion)

India-U.S. Defense Trade

In 2016, India has become the world’s fourth largest defense spender with \$51 billion spent on Defense deals. India-U.S. defense trade has a great potential. At Aero India 2017, U.S. companies have shown a keen interest to participate in ‘Make in India’ initiative. USIBC led a delegation of more than 20 senior executives from American aerospace and defense companies to Aero India 2017.

At Aero India 2017, American defense firm Raytheon signed a Memorandum of Understanding with Tata Advanced Systems Limited to engage in co-production of Stinger air defense missile components under ‘Make in India’. Besides this other U.S.-based defense firms like Textron Systems Weapon & Sensor Systems has shown great interest to participate in ‘Make in India’ initiative and they are exploring the opportunities to setup manufacturing base in India.

The positive trends in India-U.S. defense are linked with the growing convergence of American and Indian defense interests. Would like to recall here what Prime Minister Mr. Narendra Modi (in his U.S. congress speech) has said **that “A stronger and prosperous India is in the U.S. strategic interest.”**

Some Recent Developments in India-U.S. Defense Trade are ²:

--India and United States have made significant progress on the Defense Technology and Trade Initiative.

--Indian government has signed three crucial bilateral agreements — the Logistic Exchange Memorandum of Agreement (LEMA), the Communication and Information Security Memorandum (CISMOA) and the Basic Exchange and Cooperation Agreement (BECA) ².

--LEMA will allow both countries to access fuel and supplies from each other's bases, making it easier to coordinate military activities. The agreement would help India in carrying out operations in the Indian Ocean and expanding its maritime reach in the Asia Pacific.

--CISMOA will enable the countries to share confidential intelligence in both peacetime and war using advanced encryption technology.

--BECA would provide India with topographical and aeronautical data as well as products aiding navigation and targeting.

(Source: <http://www.eastasiaforum.org/2016/05/10/how-modi-changed-the-india-us-relationship/>)

--In the year 2015, during President Barack Obama's India visit, both countries have signed an agreement to pursue four pathfinder projects under the DTTI (Defense Technology and Trade Initiative) as well as cooperation on Aircraft Carriers and Jet Engine Technology ³.

--The DTTI seeks to deepen defense cooperation between India and the United States by elevating dialogue on cooperative research & development and defense trade to the highest levels of government ³.

--On 3rd June 2015, Defense Secretary Ash Carter and Indian Defense Minister Manohar Parrikar signed a 10-year defense framework agreement ³.

(Source: <http://archive.defense.gov/pubs/US-IND-Fact-Sheet.pdf>)

According to a survey conducted by PwC and Indo-American Chamber of Commerce (IACC), bilateral trade between India and the U.S. is expected to grow up to US\$ 500 billion by 2025. According to this survey report, the five key sectors which will help to achieve this are: **Aerospace and Defence (A&D), Infrastructure and Logistics, Energy, Manufacturing, and Services.**

The international rating agencies and economic research organizations have acknowledged the current Indian government's inclusive growth agenda. India is now seen as a rising star in the global gloomy. The demonetization move of Prime Minister Mr. Narendra Modi has received an overwhelming response from the global business community too. The economic prospects of India are bright!

In U.S. 2016 election, people have voted for fundamental change in U.S. trade policy. Now the new leadership in the U.S. aims to develop and maintain a balanced trade policy that looks out for the interests of all sectors of the U.S. economy.

In the 21st century, the strategies and tactics of past cannot help! For a balanced trade relation, it is necessary that U.S. recognize the facts about its current economic status and also acknowledge the fact that India is no longer only a large market for U.S. but a crucial trade partner!

The smart business community from both sides needs to play their part to create a win-win environment of cooperation and collaboration. This is the best time to do the business in a 'creative manner.'

‘MAKE IN INDIA’ AND ‘MAKE AMERICA GREAT AGAIN’

Prime Minister Mr. Narendra Modi used to describe Make in India as the biggest brand India has ever created. Make in India is a vision to transform India into a global design and manufacturing hub. It is a call from Prime Minister Mr. Narendra Modi to global business community, to leverage the benefits of 3Ds that India offers- Democracy, Demography and Demand.

According to UNIDO (United Nations Industrial Development Organization) report, last year India has become the sixth largest manufacturing country in the world. At a time when global growth rate of manufacturing production is slowing down, India’s improvement in ranking is a sign of Make in India’s success. Strong technical and engineering capabilities, well regulated and stable financial markets, FDI policy reforms and strong consumerism in the domestic market are some of the factors that make India a perfect manufacturing destination.

India has set a target to increase the contribution of manufacturing output from 16 to 25 per cent of Gross Domestic Product (GDP) by 2025. In the next 5-7 years, India’s manufacturing sector can reach US\$ 1 trillion. To achieve this target government has developed a comprehensive policy called **National Manufacturing Policy**. The NMP addresses areas of **regulation, infrastructure, skill development, technology, availability of finance, exit mechanism and other relevant factors related to the growth of the sector**.

Make in India is designed to facilitate investment, promote innovation, enhance skill development, protect intellectual property and build best in class manufacturing infrastructure. It is being led by the Department of Industrial Policy and Promotion (DIPP) and Ministry of Commerce and Industry, Government of India ⁶.

The focus of Make in India programme is on 25 sectors. These include: automobiles, aviation, chemicals, IT & BPM, pharmaceuticals, construction, defence, manufacturing, electrical machinery, food processing, textiles and garments, ports, leather, media and entertainment, wellness, mining, tourism and

hospitality, railways, automobile components, renewable energy, biotechnology, space, thermal power, roads and highways and electronics systems ⁶.

Make in India also gives an opportunity to make with India. A few days back Nissan Motor India has announced that it has reached a new milestone of shipping out 700,000 'made-in-India' cars to its global markets. There are many other giant automobile companies which are using India as an export base like Suzuki, Volkswagen, Hyundai, General Motors, Ford, BMW, Toyota etc.

DIPP is working to launch 'Make in India 2.0', to include more sectors in which India has competitive advantages. The focus of Make in India 2.0 will be to boost SME sector and domestic investment.

Increasing indigenous defense manufacturing is one of the key focus areas of Make in India. The opening up of defense sector for private sector participation has provided the foreign original equipment manufacturers (OEMs) the opportunities to enter into strategic partnerships with Indian companies and to leverage opportunities in the domestic market as well as global markets.

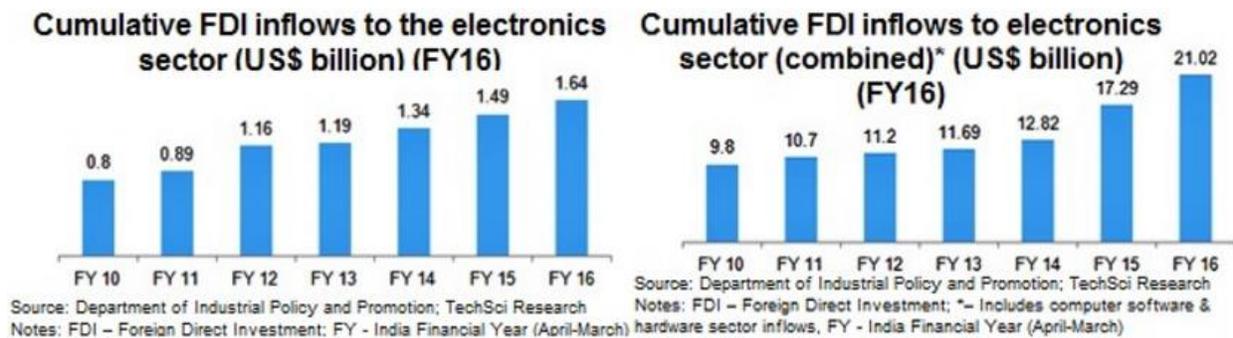
During the last two years, Ministry of Defence unveiled several products manufactured in India like the HAL Tejas Light Combat Aircraft, the composites Sonar dome, a Portable Telemedicine System (PDF) for Armed Forces, Penetration-cum-Blast (PCB) and Thermobaric (TB) ammunition specifically designed for Arjun tanks, a heavyweight torpedo called Varunastra manufactured with 95% locally sourced parts and medium range surface to air missiles (MSRAM) ⁴. (Source: <http://www.makeinindia.com/article/-/v/defence-manufacturing-sector-achievement-report>)

The last two and a half year of Prime Minister Mr. Narendra Modi's leadership have laid the foundation for next 25 years. India's manufacturing sector is setting new milestones. The success of Make in India demonstrates the transformational power of public-private partnership.

Let's take a look at some interesting facts about India's Manufacturing Sector:

--India is becoming a hi-tech manufacturing hub. Global hi-tech technology giants such as GE, Siemens, HTC, Toshiba, and Boeing have either set up or are in process of setting up manufacturing plants in India.

--In 2016, Foreign Direct Investment (FDI) in electronic manufacturing has reached US\$ 18.36 billion.



--India has become one of the most attractive destinations for investments in the manufacturing sector. Several global players have collaborated with domestic players to participate in Make in India.

Let's take a look at some recent happenings ⁵.

- Huawei has entered into an agreement with Flextronics Technologies (India) Private Limited, to manufacture its smartphones in India.
- Tristone Flowtech Group has set up its first Greenfield facility in India in Chakan, near Pune. The Tristone Flowtech Group will manufacture surge tank as well as engine cooling and aircharge hose for the Indian market.
- Lockheed Martin and Raytheon's Javelin Joint Venture (JJV) partnership has signed an agreement with Tata Power's Strategic Engineering Division (SED) to explore potential co-development and production of the FGM-148E Javelin anti-armour weapon system.
- LeEco has entered into a partnership with Compal Technologies.
- Zopo Mobile has set up a manufacturing plant in Noida. Few days back Zopo has announced the launch of its latest smartphone under its Flash Series in India, which is named as Zopo Flash X Plus.
- Boeing and Tata Advanced Systems Ltd (TASL) have entered into a joint venture to set up a new facility in Hyderabad to manufacture Boeing AH-64 Apache helicopter fuselages.

- Panasonic in partnership with Tata Elxsi is going to setup a design division in Bangalore by April 2017 in partnership with Tata Elxsi. Panasonic Corporation also going to set up a manufacturing plant for refrigerators in India.
- Vital Paper Products going to set up a packaging product unit in the Special Economic Zone (SEZ) of Sri City, Andhra Pradesh.
- Isuzu Motors has setup its Greenfield manufacturing unit in Sri City, Andhra Pradesh.
- Airbus has procured more than US\$ 500 million worth of supplies from India in 2015, registering a growth of 15 per cent annually and has targeted a cumulative procurement of more than US\$ 2 billion over a period of five years up to 2020.
- Tata Motors and Germany's Volkswagen Group has signed a memorandum of understanding to jointly develop product components.
- Magna International has started production at two facilities in Gujarat's Sanand.
- Apple is going to setup a manufacturing unit in Bangalore.
- Cisco is going to start its manufacturing units in India. The company will use the manufacturing unit to produce and ship orders for customers in the country as well as for testing, development, logistics and in-house repair capabilities. The product portfolio will include routers, switches and various circuit boards, etc.⁵

(Source of the facts about manufacturing sector- <http://www.ibef.org/industry/manufacturing-sector-india.aspx>)

INDUSTRIAL CORRIDORS

GOI is also building a pentagon of corridors across the country to boost manufacturing and to project India as a Global Manufacturing destination of the world. These five industrial corridor projects are: Delhi-Mumbai Industrial Corridor (DMIC), Amritsar-Kolkata Industrial Corridor (AKIC), Bengaluru-

Mumbai Economic Corridor (BMEC), Chennai-Bengaluru Industrial Corridor (CBIC), and Vizag-Chennai Industrial Corridor (VCIC). In each of these corridors, manufacturing will be a key economic driver. These projects will play a crucial role in raising the share of manufacturing in India's GDP.

India has become a trade magnet! Indian Government's pro-business initiatives like policy and tax reforms, EODB measures and liberalization of FDI, have created a perfect environment for business in India. In a short span of time, all those frameworks of the past that use to create hurdles have been eliminated and replaced with a transparent and open system that is helping to drive investment and to promote innovation.

Some notable initiatives of Indian government for improving EODB in the manufacturing sector are:

- The government has abolished basic customs duty on 22 imported raw materials items; this move has reduced the manufacturing cost in various sectors.
- The rate of Income Tax on royalty and fees for technical services reduced from 25% to 10% to facilitate technology inflow.
- Numbers of documents required for export and import of goods have been reduced to three.
- 14 Government of India Services through online single window portal of eBiz.
- Investor Facilitation Cell created to guide, assist and handhold investors.
- The process of applying for Industrial License & Industrial Entrepreneur Memorandum made online on 24x7 basis through eBiz portal.
- The validity of Industrial license extended to three years.
- The requirement of NOC/Consent to establish for new electricity connection eliminated.

Under Make in India, the government is providing dedicated structures like Investor Facilitation Cell (IFC) to assist investors. For the countries like Japan and

South Korea special management teams called ‘Japan Plus’ and ‘Korea Plus’ have been assigned to facilitate and fast track investment proposals and to support the companies, including SMEs from these countries to enter the Indian market.

I believe establishing dedicated teams and platforms like ‘**Japan Plus**’ and ‘**Korea Plus**’ is a unique and effective approach. These dedicated structures and bodies where representatives from the government are participating, facilitating and supporting the private sector players to enter into Indian market are proving very successful. **India has set an example of transformational public and private sector partnership** ⁶!

(For more information you can visit - <http://www.makeinindia.com/home>)

Make America Great Again

‘Make America Great Again’ reflects the approach and vision of the new leadership of the United States. It’s about reviving the economic structures and building a strong and prosperous America. An understanding of the current status is critical to making plans for the future. The U.S. business community needs to acknowledge the facts about the status of their business and economic situations, which President Mr. Donald Trump has put before the country. **The U.S. economy needs a genuine revival!**

In his first speech to a Joint Session of Congress, Mr. Donald Trump has shared his vision of ‘Make America Great Again’. The facts which Mr. Trump has shared about the current state of the American economy are crucial. It is necessary that U.S. business community should recognize these facts.

Some facts which Mr. Donald Trump has mentioned in his speech are ⁷:

--U.S. trade deficit in goods with the world last year was nearly \$800 billion dollars.

--Ninety-four million Americans are out of the labor force.

--Over 43 million people are now living in poverty, and over 43 million Americans are on food stamps.

--More than 1 in 5 people in their prime working years are not working.

--We have the worst financial recovery in 65 years.

--In the last 8 years, the past Administration has put on more new debt than nearly all other Presidents combined. (Total U.S. national debt is approaching \$20 trillion.)

--We've lost more than one-fourth of our manufacturing jobs since NAFTA was approved, and we've lost 60,000 factories since China joined the World Trade Organization in 2001.

(Source: <http://www.telegraph.co.uk/news/2017/03/01/full-transcript-president-donald-trumps-first-speech-congress/>)

According to Mr. George Gilder, the U.S. economy has become a closed loop economy between Washington and Wall Street that leaves out Main Street. And the recovery in the American economy is not a genuine recovery; this is the first recovery on record where small businesses have actually reduced employment. After decades of suppressing manufacturing, overtaxing corporations, spreading myriad regulations across the economy, we've now reached a point of stagnation and we try to paper it over with interest rate reductions and money printing and money shuffling, and it no longer works ³⁴.

The President's 2017 Trade policy Agenda: Mr. Donald Trump's 'Make America Great Again' is a matter of discussion among the world community. The first full month of Donald Trump's administration saw 235,000 new jobs created in the U.S. Hourly wages rose by 2.8 percent. The biased community is working hard to create errors but the approach of Mr. Trump is showing good signs for the U.S. economy.

Sharing some of the key objectives of the '**2017 Trade Policy Agenda of the President of the United States**', which clearly states that "The overarching purpose of our trade policy – the guiding principle behind all of our actions in this key area – will be to expand trade in a way that is freer and fairer for all Americans."

--Ensuring that U.S. workers and businesses have a fair opportunity to compete for business – both in the domestic U.S. market and in other key markets around the world.

--Breaking down unfair trade barriers in other markets that block U.S. exports, including exports of agricultural goods.

--Maintaining a balanced policy that looks out for the interests of all segments of the U.S. economy, including manufacturing, agriculture, and services, as well as small businesses and entrepreneurs.

--Ensuring that U.S. owners of intellectual property (IP) have a full and fair opportunity to use and profit from their IP.

--Strictly enforcing U.S. trade laws to prevent the U.S. market from being distorted by dumped and/or subsidized imports that harm domestic industries and workers.

--Enforcing labor provisions in existing agreements and enforcing the prohibition against the importation and sale of goods made with forced labor.

--Resisting efforts by other countries – or Members of international bodies like the World Trade Organization (WTO) – to advance interpretations that would weaken the rights and benefits of, or increase the obligations under, the various trade agreements to which the United States is a party.

--Updating current trade agreements as necessary to reflect changing times and market conditions.

--Ensuring that United States trade policy contributes to the economic strength and manufacturing base necessary to maintain – and improve – our national security.

--Strongly advocating for all U.S. workers, farmers, ranchers, services providers, and businesses, large and small – to assure the fairest possible treatment of American interests in the U.S. market and in other markets around the world.

(You can read the full text at <https://ustr.gov/sites/default/files/files/reports/2017/AnnualReport/AnnualReport2017.pdf>)

The U.S. government's '2017 Trade Agenda' looks incomplete. A 'fair trade' in the 21st century is possible only through collaboration and healthy negotiations. In the era of global economy, every nation is interconnected and inter dependent. Keeping global economy and global arena in mind will help the new leadership of the United States in their negotiations.

'Make in India' and 'Make America Great Again' are not contradictory. I believe the companies are smart enough to adjust to changing environments. The business leaders from **India and the U.S.** will create win-win business opportunities and its result will be remarkable!

INDIA-U.S. - EMERGING SECTORS

During the last two and a half years, the trade relations between India-U.S. have flourished. There are a lot of assumptions about the future of this relationship under the new leadership of the United States. In my view, if we keep the failed perception maker's propaganda aside, we will be able to see that the things are moving in a right direction. Mr. Donald trump approach of building a strong team in parallel to eliminating waste from the system is highly appreciable. I believe in the coming days the world economy will take a new shape and in this process, India-U.S. business community has an opportunity to play a crucial role.

During Prime Minister Mr. Narendra Modi's visit in September 2014, an India-U.S. Investment initiative was started to facilitate FDI, portfolio investment, capital market development and financing of infrastructure. Besides this, an U.S.-India Infrastructure Collaboration Platform was also launched. From 2014 to 2016 there was an impressive growth in U.S. FDI in India. The FDI from the U.S. grew from \$806 million in the 2014 fiscal year to \$4.12 billion in 2016 fiscal; a growth of over 500% is registered.

The trade between India-U.S. is going good but I believe this is the best time to explore emerging sectors and untapped opportunities because the leadership and business community from both sides is prepared like never before. The urgency that both countries are facing can provide a right push.

India's development agenda is ambitious. India is taking a quantum leap towards next generation infrastructure in both rural and urban areas. This includes Freight Corridors, Industrial Corridors, High Speed and Metro Rail projects, Logistics Parks, Smart Cities, and Coastal Zones, Regional Airports, Water, Sanitation and Energy initiatives.

The emerging sectors with tremendous opportunities for collaboration between India-U.S. are: **Infrastructure, Smart Cities, Smart Villages and SMEs collaboration.**

Infrastructure

In India's 2017-18 union budget, infrastructure sector has received the special attention. Infrastructure sector includes power, bridges, dams, roads and urban infrastructure development. In August 2016, India jumped 19 places in World Bank's Logistics Performance Index (LPI) 2016, to rank 35th amongst 160 countries. Mr. Nitin Gadkari, Minister of Road Transport and Highways has announced the government's target of Rs 25 trillion (US\$ 376.53 billion) investment in infrastructure over a period of three years, which will include Rs 8 trillion (US\$ 120.49 billion) for developing 27 industrial clusters and an additional Rs 5 trillion (US\$ 75.30 billion) for road, railway and port connectivity projects⁸.

--For transportation sector as a whole, including rail, roads, shipping, provision of Rs 2, 41,387 crores has been made in 2017-18.

--Selected airports in Tier 2 cities will be taken up for operation and maintenance in the PPP mode.

--In the road sector, the Budget allocation for highways increased from Rs 57,976 crores in BE 2016-17 to Rs 64,900 crores in 2017-18.

--2,000 km of coastal connectivity roads have been identified for construction and development. The total length of roads, including those under PMGSY (Pradhan Mantri Gram Sadak Yojana), built from 2014-15 till the current year is about 4, 98,114 km, the pace at which this work is going on is remarkable.

(You can view the live status at <http://omms.nic.in/>)

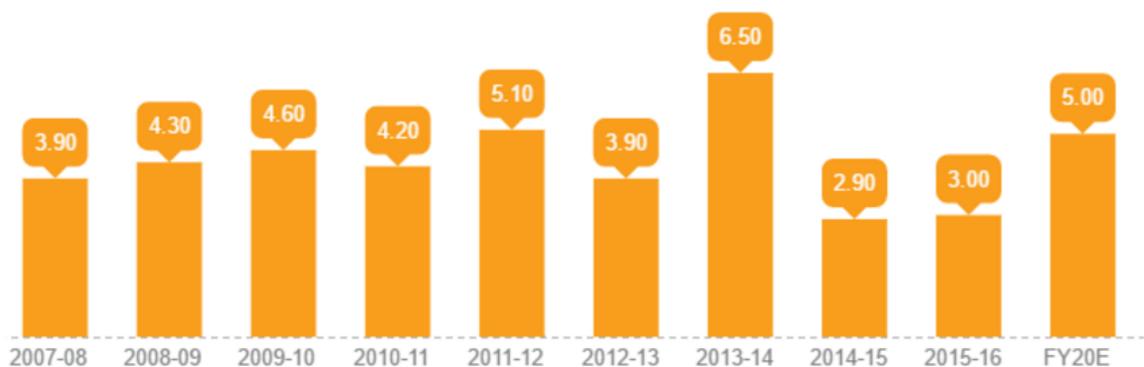
--For creating an eco-system to make India a global hub for electronics manufacturing Rs 745 crore is allocated in incentive schemes like M-SIPS and EDF.

--A new and restructured Central scheme with a focus on export infrastructure called Trade Infrastructure for Export Scheme (TIES) will be launched in 2017-18.

India has an investment potential of Rs 31 trillion (US\$ 454.83 billion) on infrastructure development over the next five years, with 70% of funds needed for power, roads and urban infrastructure segments. According to Mr. Piyush Goyal, Union minister of coal, power and renewable energy, the Indian power sector has an investment potential of US\$ 250 billion in the next 4-5 years.

According to a report of the Indian Construction Equipment Manufacturers' Association (ICEMA), the Indian construction equipment industry is expected to grow to US\$ 5 billion by FY2019-20 from the current size of US\$ 2.8 billion ⁹.

Revenues from Construction Equipment (USD Billion)



(Image source: http://www.ibef.org/uploads/industry/Infographics/large/construction%20equipment_DEC%202016.png)

(Source of the facts: <http://www.ibef.org/industry/infrastructure-sector-india.aspx>)

Key Policy Initiatives for Infrastructure Sector are:

FDI Policy 2015 – FDI of up to 100% under automatic route as well as Technology Corporation.

De-licensing – The material handling industry is de-licensed.

Special Economic Zones – Granted sops, including a large number of SEZs to the capital goods industry.

Tariffs and Custom Duties – Removed tariff protection and lowering custom duties on capital goods.

Some Interesting Facts:

- An investment of USD 1 Trillion has been projected for the infrastructure sector until 2017, 40% of which is to be funded by the private sector. 45% of infrastructure investment will be funnelled into construction activity and 20% set to modernize the construction industry.
- USD 650 Billion investments in urban infrastructure estimated over next 20 years.
- 100% Foreign Direct Investment (FDI) permitted through the automatic route for townships, cities.
- Construction sector contributes towards 8% of the Indian GDP (at constant prices). Last five year estimates (2006-07 to 2010-11).
- 100 Smart Cities and 500 AMRUT Cities will invite investment of 2 Trillion Rupees in the next five years.
- INR 62,009 Crore would be invested under Swachh Bharat Mission (SBM) in urban areas.

India's Smart Cities Mission

The Indian government is working to build the infrastructures that can support the Digital India vision of Prime Minister Shri Narendra Modi. India is going to transform the way governments, citizens, and businesses interact. Smart City Mission is a part of Digital India vision and it aims to transform 100 cities by 2020.

A city with advanced infrastructure, better quality of life, smart solutions for water, power, sanitation and solid waste management, efficient urban mobility and public transport, robust IT connectivity, e-governance and citizen participation is called a smart city. The key technologies that make a smart city work are smart energy, smart transportation, smart data, smart infrastructure, smart mobility and smart IoT devices.

Indian government's smart cities vision aims to modernize the existing mid-sized cities as satellite towns of larger cities. The key strategic components in the smart city mission are: city improvement, city renewal and city extension plus a Pan-city initiative in which Smart Solutions are applied covering larger parts of the city.

India's Smart city mission is not a typical government project with fixed model and rigid constraints, there is a great scope for innovation in this program. According to smart city mission's official sources, The Government is not prescribing any particular model to be adopted by the Smart Cities. The approach is not 'one-size-fits-all'; each city has to formulate its own concept, vision, mission and plan that are appropriate to its local context, resources and levels of ambition.

The objective of Smart Cities Mission is to promote cities that provide core infrastructure and give a decent quality of life to its citizens, a clean and sustainable environment and application of 'Smart' Solutions.

For smart city project selection, Indian government is using a unique competitive process called '**smart city challenge**'. This approach has inspired the cities across the country to formulate their own unique vision, mission, and Smart City proposal. Participating cities are engaging their citizens in different innovative ways, developing stronger Smart City proposals, and matriculating through a process that will ensure that the cities selected are best positioned to realize gains. Such kind of healthy competition among the cities is a good sign! For this process Urban Development Ministry, government of India and Bloomberg Philanthropies has signed a MoU. Bloomberg Philanthropies is working as a knowledge partner in this program ¹⁰. (For more information on Smart Cities Mission you can visit - <http://smartcities.gov.in/content/>)

Let's take a look at some important features of India's Smart city Mission

The core infrastructure elements in a Smart City would include ¹⁰:

- Adequate water supply
- Assured electricity supply
- Sanitation, including solid waste management
- Efficient urban mobility and public transport
- Affordable housing, especially for the poor
- Robust IT connectivity and digitalization
- Good governance, especially e-Governance and citizen participation
- Sustainable environment
- Safety and security of citizens, particularly women, children and the elderly
- Health and education.

Smart City Mission's Convergence with Other Government Schemes

At the planning stage itself, cities must seek convergence in the SCP with AMRUT, Swachh Bharat Mission (SBM), National Heritage City Development and Augmentation Yojana (HRIDAY), Digital India, Skill development, Housing for all, construction of Museums funded by the Culture Department and other programs connected to social infrastructure such as Health, Education and Culture¹¹.

(Source: Smart City's official Guidelines, available at: <http://smartcities.gov.in/writereaddata/smartcityguidelines.pdf>)

Prime Minister Mr. Narendra Modi's smart city mission has opened a plethora of business opportunities to U.S. companies. Focusing on Infrastructure and Smart Cities is one of the recommendations of India-U.S. strategic and commercial dialogue too. Smart Governance, Smart Energy, Smart Environment, Smart Transportation, Smart IT and Communications, Smart Buildings, Smart Health & Hospitals, and Smart Education are the 8 pillars of India's Smart City Mission and the Indian government is working aggressively on each of these areas.

U.S. technology and infrastructure industries have the tremendous opportunities in India. Since the launch of Smart Cities Mission in 2014, some steps have been taken in the direction to boost India-U.S. smart city collaborations. The U.S.-India CEO Forum has developed a Smart Cities Strategic Framework. Out of the 33 cities shortlisted for development last year, there are three cities for which MoU has been signed between India and U.S., i.e. Ajmer, Allahabad and Vizag. Besides this Commercial Service (CS) India, in partnership with the American Chamber of Commerce and other local commercial chambers, have been staging events across India in cities with additional public and private smart city projects.

Last year, in the month of February, following 18 American companies have joined the delegation on a Smart Cities Infrastructure Business Development Mission to India:-

Alcoa Inc., Aquatech International, Black & Veatch Pvt. Ltd., Convalt, Danaher Corporation, Ecolab/NALCO, EI Technologies, MasterCard – Purchase, Milbank Manufacturing, Opower Inc., Owenscorning India Private Limited, Qualcomm, S2 Global-OSI Solutions, Silver Spring Networks, Smart Cities Council, Turner Project Management India Pvt. Ltd., UL LLC, Xylem Inc ^{12 13}.

(Source of the facts:

<https://www.commerce.gov/news/blog/2016/02/indias-smart-cities-presents-us-unique-opportunity>
<http://pib.nic.in/newsite/PrintRelease.aspx?relid=149281>)

Smart Villages

Smart Village is about combining the spirit of villages and facilities of cities. Prime Minister Mr. Narendra Modi used to say that “India's economic progress can't only depend on a few cities. Our villages must also contribute to country's growth.”

The Indian government is working on a mission mode to transform rural India. Government's initiatives like National Rurban Mission-the idea of a smart village (Rurban = Rural + Urban), Innovative Crop Insurance Scheme - Minimum Premium, Maximum Insurance for farmers, Soil Health Card (SHC) scheme, soil testing laboratories, PM Krishi Sinchai Yojana, Skill India etc., are very encouraging.

The rural population in India stands at 833 million, constituting almost 68% of the total population. The large parts of rural areas in India are not stand-alone settlements but part of a cluster of settlements, which are relatively proximate to each other. These clusters have locational and competitive advantages and have a great potential for growth.

On 21st February 2016, Prime Minister Mr. Narendra Modi has launched the ‘Rurban Mission’ an initiative to develop 2500 smart villages by 2019. The objective of the National Rurban Mission (NRuM) is to stimulate local economic development, enhance basic services, and create well planned Rurban clusters. The government of India will develop 300 rural growth clusters, called 'Rurban Clusters', across the country to unearth their latent potential and accelerate the growth of rural India.

India is the world's 3rd largest Smartphone users market. The data shows that our rural India has also got an internet friendly and exploratory mind-set and the internet and Smartphone users in rural India are continuously increasing. According to some recent reports, the usage of social media in rural India has grown by 100 per cent. Let's take a look at some major initiatives taken by the government to develop smart villages.

--Wi-Fi Hotspots in Rural India - Facebook has partnered with Bharat Sanchar Nigam Ltd. (BSNL) to create 100 Wi-Fi hotspots in rural India.

--Rural post offices to provide online services - Government has decided that all the 1.30 lakh rural post offices should also become common service centres (CSCs). Implemented under the National e-Governance Plan and formulated by the Department of Electronics and Information Technology, the CSCs are ICT-enabled front-end service delivery points at the village level for delivery of government, financial, social and private sector services in the areas of agriculture, health, education, entertainment, FMCG products, banking, insurance, pension, utility payments etc.

--Call centers in small towns- As a part of its 'Digital India' initiative; the government announced a plan for call centers or business process outsourcing (BPO) centers to be opened in smaller towns.

--India Post would be launching payment banking- Indian Telecom Minister Ravi Shankar Prasad has said that India Post would be launching Payment Banking by March 2017. So far 12000 branches of India Post Office have been linked with Core Banking.

--GrameenVidyutikaran App- Recently launched by the government, this app allows users to track the progress of rural electrification initiative in the country. The application features a dashboard providing details about the villages that have received access to electricity, and villages that are yet to get the same.

A Smart Village cannot be imagined without Digital Literacy. Digitally literate villagers would be able to use the digital facilities of the Smart Village. Their familiarity with digital technology is crucial and for this government of India has launched the **National Digital Literacy Mission**. National Digital Literacy Mission (NDLM) or Disha has been formulated to impart IT training to 52.5 lakh persons, across all the States/UTs of the country so that the non-IT literate citizens can actively and effectively participate in the democratic and developmental process.

Under the digital literacy program, 55 lakh people have been trained and around 6 crore additional households are targeted to cover in the next three years. The main goal of Digital Literacy is to enable people for a better livelihood and for this government is also pushing Rural BPO Programme, for setting up business process outsourcing (BPO) units in small towns and villages. For this government is

planning to offer a subsidy of up to 50 percent of the capital expenditure or Rs 1 lakh per seat, there is a target of creating 45,000 seats in the next two-three years.

Digital Literacy Mission is running on a PPP model, Government, NASSCOM and private players like HP, Intel, SAP, Microsoft, Google, Capgemini, and HCL are collaborating for its success. There are huge opportunities for startups too. Popular Ecommerce brands like Snapdeal, Flipkart, Amazon and eBay are also participating in this by giving digital literacy training to small traders; it's a win-win situation for government and businesses.

(Source of the facts about smart village and digital literacy: different newspapers and government's official portal)

For more information you can visit <http://www.ndlm.in/>

<http://smartcities.gov.in/content/>

The Smart Village mission offers a plenty of opportunities for public-private collaboration. Top U.S. companies are actively participating in Smart Village program. The Maharashtra government and Microsoft have already set an example for this by developing the first digital village 'Arisal' in Maharashtra. Microsoft is planning to spread this project of Smart Villages to 100 more villages.

Another US giant Cisco is actively participating in smart cities and smart villages simultaneously. At present Cisco is working to digitize Fetri village in Nagpur district, providing Wi-Fi, healthcare and education are some of their key priorities.

The top U.S. companies that are involved in the smart city projects in India have a great opportunity to extend their portfolio to include smart villages too. Their technological skills and expertise can help India's smart city and smart village program simultaneously.

India-U.S. – SMEs Collaborations

SMEs are the backbone of the economy. As Mr. George Gilder has rightly said 'Small Business is what saves capitalism always.'

Indian SME sector is vibrant. **In the Indian Union Budget 2017-18, several measures have been announced by the government for the MSME sector.**

Let's take a view on some notable ones:

- The corporate tax has been reduced from 30% to 25% for those with an annual turnover for less than Rs 50 crore.
- To lower the financial burden of SMEs the presumptive tax will be lowered from 8% to 6%.
- The period of profit-linked deductions available to the startups has been increased from 5 to 7 years.
- The lending target for Pradhan Mantri Mudra Yojana (MUDRA) has been doubled to Rs 2.44 crore for FY2017-2018.
- The enhancement of credit guarantee scheme for small, medium and micro enterprises (SME) for loans up to Rs 2 crore.

Besides this the Indian government has taken a number of policy initiatives for Startups/SME/MSME sectors. Indian government has adopted the cluster based development approach as a key strategy for enhancing the productivity and competitiveness as well as capacity building of SME/MSMEs. Clustering helps in delivering better services to SMEs.

In India MSMEs play a crucial role in the industrialization of rural and remote areas, it is very encouraging to see that Government of India has taken a number of **EODB initiatives for MSME sector, some notable ones are:**

IP Facilitation Centre for MSME, Design Clinic, Lean Manufacturing Scheme, Quality Management Standards & Quality Technology Tools Scheme, Technology and Quality Upgradation Scheme, Marketing Assistance and Technology Upgradation Scheme, Zero Defect Zero Effect Awareness Scheme, Facilitation Councils, Grievance Monitoring System, Incubation, Credit Linked Capital Subsidy Scheme, Cluster Development Programme, Women Entrepreneurship - Trade Related Entrepreneurship Assistance and Development (TREAD), Credit Guarantee (CGTMSE), Scheme of Fund for Regeneration of Traditional Industries (SFURTI), Public Procurement Policy etc. ^{14 15}

For detailed information you can visit: <http://msme.nic.in/MyMsme/Reg/Home.aspx>
<http://msme.gov.in/>

The U.S. SMEs – At “**Making Small Business Great Again**” policy summit, United States VP Mr. Mike Pence has said that “The Trump administration will be the best friend small business ever had.”³⁵ this statement indicates the approach of the new leadership of U.S. toward SMBs/SMEs sector. The small businesses of U.S. are highly optimistic about their growth under Trump administration.

According to the recent National Small Business Association of United States’ survey, 54% of small businesses expect economic expansion in the next one year.

The survey found that 80 percent of small business owners said they are confident about the future of their business¹⁴. The U.S. Trade Policy 2017 document clearly states that “U.S. small businesses are key engines for our economic growth, jobs, and innovation, and USTR is focused on making trade work for the benefit of American SMEs, helping them increase their sales to customers abroad, access and participate in global supply chains, and support jobs at home.” USTR has taken a number of initiatives to help SME sector.

According to the ‘**state of SME finance in the united states in 2015**’ report, Small and medium-sized enterprises (SMEs) are the backbone of U.S. economy. They make up 99 percent of all firms, employ over 50 percent of private sector employees, and generate 65 percent of net new private sector jobs. SMEs account for over half of U.S. non-farm GDP, and represent 98 percent of all U.S. exporters and 34 percent of U.S. export revenue¹⁶.

(Source of the facts http://www.tradeupfund.com/uploads/2/6/0/4/26048023/state_of_sme_finance_in_the_united_states_2015.pdf

<http://www.prnewswire.co.uk/news-releases/american-express-global-study-of-3200-sme-business-leaders-finds-they-are-confident-about-future-prospects-613269003.html>)

Within the private sector, SMEs have a critical role to play. These firms specialize in technological expertise and contribute significantly to the trade. However the SMEs and MSMEs of both countries need access to capital, market and other resources. Both sides are exploring the possibilities for collaboration in the areas of Innovation and Entrepreneurship and also to exchange information and best practices.

There are platforms available for SMEs collaboration like Indo-US SME forum (an initiative of Indo-American Chamber of Commerce), ‘Integrating U.S. and Indian

Small Businesses into the Global Supply Chain' initiative of U.S.-India Trade Policy Forum and FICCI and Facebook's partnership to help SMB and SMEs etc., but there is a need to boost up these initiatives. There is a need to develop a technology based platform and governance structure that provides the opportunities to SMEs of both countries to collaborate and to explore the untapped sectors and opportunities, this platform should act as an enabler for SMEs. The SMEs of U.S. can use India as an export base for other markets in Asia and Africa.

A dedicated structure that facilitates the small businesses of India-U.S. to collaborate would be a right step and this is the best time to take up such step!

There are many other sectors in which India-U.S. trade is going good but the emerging sectors like infrastructures, smart cities, smart village and SMEs collaboration will bring a fresh spirit and energy in India-U.S. trade partnership.

INDIA-U.S. – PERSPECTIVE OF BUSINESS LEADERS

In the Vibrant Gujarat Summit 2017, Prime Minister Mr. Narendra Modi has said that it is our vision and mission to bring a paradigm shift in the ways of our polity and economy. We are bringing a shift in ¹⁷:

- From relation based Governance to system based Governance
- From discretionary administration to policy based administration
- From random interference to technological intervention
- From favoritism to level playing field
- From Informal economy to formal economy

(You can read the full speech at http://www.pmindia.gov.in/en/news_updates/pms-address-at-the-inauguration-ceremony-of-vibrant-gujarat-global-summit-2017/?tag_term=vibrant-gujarat&comment=disable)

India has become the world's fastest growing economy. India is no longer just a large market; it is now seen as the engine of the global growth. The current government's policies and initiatives have boosted the confidence of the business community.

The bilateral trade between India-U.S. **can reach USD 500 billion in the next 7 years.** India-U.S. trade partnership has a bright future. But there are few things that are needed in the approach of business leaders of both sides to hunt the best possibilities.

--Indian business leaders need to align their business goals with the vision of country's leadership. The vision of Prime Minister Mr. Narendra Modi is broad and inclusive, each sector and industry have an opportunity to maximize their improvisations.

--There is a need that U.S. business leaders should recognize the facts about the current status of their economy. Do not bask in the glory of your previous achievements. Time is changing fast. You need to cope with the rapid pace of change. The urgency that Mr. Donald Trump has created by putting the truth about country's actual status is crucial; an understanding of current status will help the U.S. businesses to lean their approach and to design their strategy with an open mind.

To give a right direction to India-U.S. trade relations, the perspective of business leaders matters. Sharing some recent statements of Indian and U.S. business leaders to reflect how they are reacting to the changing situations.

I'll begin with Mr. John Chambers, the executive chairman of Cisco and chairman of USIBC. Mr. John Chambers is playing a crucial role to create a positive and win-win business environment between India-U.S. business communities. His active participation in Indian government initiatives, pro-active approach and enthusiasm are some of the characteristics that a business leader should adopt to lead in the 21st century.

Sharing some of his recent statements, that represents the true spirit of enterprise!

John Chambers, executive chairman of Cisco System ^{18 19}

--There's a natural alignment and it's almost as if the two countries can sense each other. I think Mr. Trump is going to be a good president. Both nations are in the midst of dramatic changes and it's important for us not to overreact to specific developments but on the eventual outcomes. Mr. Trump has to address the fact that politics in the U.S. was out of touch with people for while, and has to focus on creating 25-35 million jobs in the next four years, which "I think is doable". The business sentiments are positive and stock markets have recovered to all-time highs.

-- What President Trump is doing and I think it is the right thing; he is outlining a very bold vision that is what Prime Minister Modi did. He is going to work through the changes and what has to occur to achieve that vision. He is a businessman so he is going to try different things and approaches. However, I think it can be a win-win. USD 500 billion mutual trade equally divided will create a lot of jobs in both ways.

-- When you really look at U.S. India relationships, President Trump is really smart and so is Prime Minister Modi. This should be the strongest relationship we have in Asia Pacific. If you look at it from a business perspective, the bilateral trade it will go up and down a little bit at a given time period but it will end up being about 50-50. It has grown from USD 60 billion to USD 110 billion last year, we think in the next 7 years it can go to USD 500 billion.

-- You will find that India will be America's strongest partner in this region. The U.S.-India Business Council (USIBC) is an example, is committing USD 27 billion from 52 of our companies. I believe that India and United States are the two great democracies in the world that are going to lead in the economic growth; I think we can do it together.

--When there is any change, it takes a while for each side to get to know each other. I know that the conversations between the two leaders of the countries went very well. I know that the team meetings at the next level have gone very well. So, I am very optimistic about the relationship between U.S. and India.

-- I think the alliance between the U.S. and India would be very strong but as in any democracy when the changes occur, it takes a while to settle out. When you have a broad vision and an innovative vision whether it is in the U.S. from President Trump or here from Prime Minister Modi, it would naturally by definition be both disruptive and it will also have bumps along the way. So, I am optimistic. I think businesses view that the changes overall would be good even though all of us are going to watch how this evolves. I think it is unrealistic to expect President-elect Trump or Prime Minister Modi 2.5 years ago to say on day one here is what we are going to do. I am very optimistic about both the relationship between the countries and how to create a win-win.

-- The way Prime Minister Modi is deregulating the economy, the way he creates a business friendly environment that will allow you to create jobs, his vision of inclusion of 1.3 people and how education has to change and doing this on an inclusive basis and putting states and cities into competition and still focusing on how do I do this for the poorer regions so that you bring everybody with him, that is on the same scale as what President Trump is outlining for America. He is saying we have to change; we have got to be willing to take risks. There is going to be some disruption, there could be some bumps along the way but if they change the tax policy in the U.S. which I think absolutely will happen you will see USD 1.2 trillion or maybe USD 2 trillion come back and invested in U.S.

(Source:<http://economictimes.indiatimes.com/news/economy/finance/next-us-president-should-take-cue-from-pm-narendra-modi-john-chambers/articleshow/52499897.cms>
http://www.moneycontrol.com/news/world-news/see-into-us-trade-at-36500-billion7-years-john-chambers_8254481.html)

Dr. Mukesh Aghi, President, U.S.-India Business Council ²⁰

--We feel that from the Indo-U.S. relationship perspective, Trump administration will be good for India.

--Two principles could drive Indo-U.S. relationship- First; this administration sees that the economic prosperity of India is good for America. Second, it also sees the military growth of India as a stabilizing factor in the region itself.

-- We believe that India wants to see the U.S. as a strong nation, sending a strong message out there because at this stage while India is trying to grow economically you do not want too much disruption in global order. We feel that the ties between the Trump administration and Modi government will be positive and much deeper also.

-- I also believe that Make in India and Buy America, Hire America is not in conflict. They basically support each other. Make in India is more for the domestic market. India is not a very large export benefaction country. India can support the U.S. very much on pharma side. Indian pharma companies provide cost benefits to American companies and the country. Trump wants to bring the cost down. So he looks at Indian companies to help from that perspective.

(Source: <http://www.thehindu.com/news/international/trump-administration-would-be-good-for-india-usibc/article17400185.ece>)

Anand Mahindra, chairman and managing director of Mahindra Group ^{21 22}

--The reality is Mr. Donald Trump's Make America Great Again policy is going to make America a wonderful place to invest in. The markets are already cheering; we are going to double our bets on America, because I think it's going to be very robust.

--There is space for a country and a leader to try and fill that vacuum that's going to come because the U.S. President, the leader of free world so far, is not re-imagining the world. I think this is an enormous opportunity for India. It's a time for big idea. We can serve as a bridge builder when nations are separating. We can become venue for settlements.

--Modern technology can be used to offshore more work, which, in turn can reduce dependency on H1-B visas. Indian software exporters are facing several challenges

from regulatory as well as technological shifts such as cloud computing and automation. There is a need to reimaging this whole paradigm.

--Our current government has created two things transparency and traceability. This government has changed the mindset. The thing that hold India back is mindset. The present Indian government, under the leadership of Prime Minister Narendra Modi, is leveraging the technology to cut through the “sludge of bureaucracy” and facilitate better governance. The corruption in New Delhi and the top levels of government is virtually non-existent.

--Reimagining not reengineering is needed. Leaders are architect not plumbers. First thing to do while reimagining is to recognize that things/the landscape is going to change.

(Source: <http://economictimes.indiatimes.com/news/company/corporate-trends/whimsical-trump-presents-an-exciting-opportunity-anand-mahindra/articleshow/57209647.cms>
<http://www.thehindubusinessline.com/info-tech/mahindra/article9549419.ece>)

Mr. Mukesh Ambani, Chairman & Managing Director Reliance Industries ²³

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--Donald Trump might be a blessing in disguise for India. It will help Indian talent and Indian IT industry to focus on solving problems in India. The domestic market is huge and this provides an opportunity to improve people's quality of life and to make sure industries are more productive.

--Data is the new natural resource and, fundamentally, you have to have a lot of people to generate data and, in that sense, India is naturally blessed with its 1.3 billion people. We are really at the beginning of the era where data is really the new oil and India, with its talent and young population, will be the natural resource that will have a competitive advantage.

(Source: http://www.business-standard.com/article/companies/data-is-the-new-oil-trump-a-blessing-for-india-mukesh-ambani-117021501200_1.html
<http://timesofindia.indiatimes.com/business/india-business/donald-trump-may-be-good-for-india-says-mukesh-ambani/articleshow/57175668.cms>
)

Natarajan Chandrasekaran, Chairman Tata Sons ²⁵

--The Indian IT industry is reimagining itself to add value to its clients. I think every time there is a regulation change or a perceived challenge, whether it is H-1B or increase in visa fee, people talk about IT industry being in trouble. I want to categorically say it is the most exciting industry to be in.

--Change is something you have to live with. You cannot get overly paranoid, I don't think there is a cause for concern, and I really feel the opportunity is immense.

(Source: <http://www.livemint.com/Politics/jDnruJ7r4ThGVex5buuFJI/H1B-visa-worries-hyped-up-says-TCS-boss-N-Chandrasekara.html>)

Ratan Tata, Chairman of the Tata Group ²⁶

--I think the challenges for the last several months for me personally and also for start-up community have been challenging. Mr. Trump has given new challenges and I am quite sure we can reinvent ourselves to meet those challenges, and look back at having made a difference.

(Source: <http://www.livemint.com/Companies/XLz0neIdNKVg1DmbkgiC3N/Indian-businessmen-should-reinvent-to-face-Trump-challenges.html>)

John Veihmeyer, Chairman KPMG International ²⁷

--For years, the U.S. has talked about how we could get more use out of the tax and regulatory environment and under the Trump administration; the prospect of meaningful tax reform is very real. The U.S. is poised for significantly higher growth. We certainly believe there will be tax reform as it's a high priority. It is also a cause for major optimism amongst business leaders across the U.S.

-- I remain cautiously optimistic on growth and one of the areas that need major investment is infrastructure, which will continue to be a real inhibitor to economic growth but a stimulus would be tax reform and regulatory changes. This potentially could be a major factor to higher growth.

Chuck Robbins, CEO at Cisco Systems ²⁸

-- We currently manufacture in 13 countries I think including the U.S. by the way. So we never completely moved out of the U.S. and I think it's almost a quarter of our revenue. We still manufacture here in the United States, but ... I think the administration of President Trump understands that the U.S. economy and the global economy are very intertwined and that they are dependent upon trade. Now he clearly believes that we need fair trade and I think that will be the outcome, but I think that any of those I think will end up being good for us and we could continue to adapt how we -- our supply chain to the extent we should, which is what we've done for the last two decades. So we're staying very close to it though.

Ajay Banga, the President and CEO of MasterCard ²⁹

-- The positive side of it to me is regulatory announcement, the fact that he seems genuinely concerned about the manner in which regulations enacted are creating millstones for business, both small and large, to grow in the U.S. I think that is pretty clear. And Mr. Trump is definitely committed to helping make it easier for businesses to open, operate, and run profitably in the system.

I believe in the process of creating a positive and healthy environment between two countries, the role of business leaders is crucial. Their words should be encouraging and motivating.

This current phase of India-U.S. business relation is full of optimism. There is a wave of positivity on both sides and business leaders of both sides are eager to participate in the process of building/rebuilding. Those who will join this journey today will see a glorious tomorrow!

SHARED VALUES AND PRACTICES: INTEGRAL HUMANISM AND SPIRIT OF ENTERPRISE

India and U.S. have many shared values and practices. Some of the interests and values of both countries are perfectly aligned with each other.

Integral Humanism and Spirit of Enterprise, both are the two time-tested approaches from the world's two great democracies. Integral Humanism encourages the political leadership for the inclusive growth and the spirit of enterprise motivates the business leaders to bring the creative surprises in the economy. Business progress and human welfare need not be a case of one against the other. The small group which has given the business progress a bad name has already lost its credibility. India is going through a big transformation and in the U.S. reviving the basic structures of the economy is one of the top priorities of the new leadership. In the process of building or rebuilding, there will be a mass level engagement between India and United States.

In India, which is the largest democracy in the world, almost all initiatives of Prime Minister Mr. Narendra Modi like Demonetization, Jan-Dhan Account, Adhar card, Pension Framework, 24/7 Electricity, Housing for All, Pradhan Mantri Ujjwala Yojana (PMUY) for distributing free LPG connections to BPL (below poverty line) families, Swachh Bharat Abhiyan etc., are based on the principle of **“collective efforts, inclusive growth”**, the success of these initiatives has shown that the **Integral Humanism is a right approach to lead the economic development.**

In the economic development of the USA (particularly during the President Mr. Ronald Reagan's era), which is the world's oldest democracy, the spirit of enterprise has played a crucial role.

I believe the combination of Integral Humanism and Spirit of Enterprise can provide a right direction to the world economy.

Integral Humanism

Integral Humanism is an economic model given by great visionary Pandit Deendayal Upadhyay. Integral Humanism put emphasis on decentralization and attaches immense importance to the economic progress of every human being. In India, Prime Minister Mr. Narendra Modi's approach is a perfect example for this, 'minimum government, and maximum governance' and sabkha sath, sabkha Vikas kind of principles are at the core of each and every policy of our current government, and its results are remarkable. In the words of Pandit Deendayal Upadhyay³⁰:

1. Society is self-born. Like an individual, society comes into existence in an organic way. People do not produce society. It is not a sort of club, or some joint stock company, or a registered co-operative society. In reality, society is an entity with its own "SELF", its own life; it is a sovereign being like an individual; it is an organic entity. It has its own life. Society too has its body, mind, intellect and soul.

2. 'Chiti' is a nation's soul. The strength and energy activating the nation are called "Virat" and channeled by 'Chiti'. The place of 'Virat' in the life of a nation is similar to that of Prana in the body. Just as 'Prana' infuses strength in various organs of the body, refreshed the intellect and keeps body and soul together; so also in a nation, with a strong 'Virat' alone can democracy succeed and the government be effective. Then the diversity of our nation does not prove an obstacle to our national unity. The difference of languages, occupations, etc., are present everywhere. However, when the 'Virat' is awake, diversity does not lead to conflicts and people co-operates with each other like the various limbs of the human body or like the members of a family.

3. The source of national feeling is not in staying on a particular piece of land, but that source is in the goal which is put before the people. When a group of persons lives with a goal, a mission, and looks upon a particular place of land as motherland, this group constitutes a nation.

4. Man the highest creation of God is losing his own identity. We must re-establish him in his rightful position, being him the realization of his greatness, reawaken his abilities and encourage him to exert for attaining

divine heights of his latest personality. This is possible only through a decentralized economy.

According to this model, the Objectives of an Economic System should be ³⁰:

–An assurance of minimum standard of living to every individual and preparedness for the defense of the nation.

–Further increase above this minimum standard of living whereby the individual and the nation acquires the means to contribute to the world progress on the basis of its own ‘Chiti’.

–To provide meanings employment to every able bodies citizens by which the above two objectives can be realized and to avoid waste and extravagance in utilizing natural resources.

–This system must help and not disregard the human being, the individual. It must protect the cultural and other values of life. This is a requirement which cannot be violated except at a risk of great peril.

–The ownership, state, private or any other form of various industries must be decided on a pragmatic and practical basis.

(You can read the complete philosophy at: <http://www.bjp.org/about-the-party/philosophy>)

Spirit of Enterprise

Spirit of Enterprise is propagated by Mr. George Gilder, an economist and futurist. Mr. George Gilder challenges existing economic theories of both Keynesians and libertarians by placing creativity, innovation and entrepreneurship at the center of economic development. According to a study of US presidential speeches, Mr. Gilder was President Ronald Reagan’s most frequently quoted living author. In 1986, President Reagan gave George Gilder the White House Award for Entrepreneurial Excellence.

In the words of Mr. George Gilder ³¹:

1. All economic systems reflect the intrinsic self concerns of human beings, but only capitalism creates a group of people known as entrepreneurs, who have

no choice but to concern themselves with the needs and desires of others, the customers.

2. Capitalism at its essence is a competition of giving. Of course, self-interest is involved. But the genius of capitalism, and only capitalism, is that it channels self-interest into altruism. Entrepreneurs can only help themselves by helping others. Capitalism is the supreme expression of human creativity and freedom, an economy of mind overcoming the constraints of material power. It is not simply a practical success. The means of production of entrepreneurs are not land, labor, or capital but minds and hearts. Enduring are only the contributions of mind and morality.
3. Demand is homogenous and meaningless, all economic growth comes from human creativity and it comes as a surprise, it cannot be demanded. It is not dollar in people's pocket but ideas in their heads that matters.
4. Most successful entrepreneurs contribute far more to society than they ever recover. And most of them win no riches at all. They are the heroes of economic life. Mr. Gilder also challenges traditional notions that entrepreneurship arises from the selfish instincts of individuals. For Gilder, only by serving the needs of others does an entrepreneur achieve success. Thus, an entrepreneur sacrifices her personal pleasures and takes risks that have small chances of success to bring new products and services to market.

(Source: <https://www.nationalreview.com/nrd/articles/312376/unleash-mind>)

These values reflect the approach of the society as a whole. Today, an understanding of the socio-economic philosophy of the country has become crucial for the business leaders. Clear policies, clear intent, and clear decisions bring the right spirit!

A realization of shared values and practices will boost the understanding and it will strengthen the India-U.S. partnership.

CONCLUSION

The U.S. government's '**2017 Trade Policy Agenda**' looks incomplete. A 'fair trade' in the 21st century is possible only through collaboration and healthy negotiations. It is the responsibility of the U.S. administration to improve their trade agreements. Tax reforms, policy reforms, the revival of infrastructure will definitely improve the situations but at the same time, it is necessary that U.S. should prepare its industries and people to face the global competition.

Asking those countries that are already open, to open their markets, cannot help, a case by case dealing is needed in bilateral talks. The outdated bargaining strategies and tactics can send the wrong signal to some of the good trade partners like India!

Prime Minister Mr. Narendra Modi's leadership has set an example among the world community. Sabka Sath, Sabka Vikas, 'collective efforts-inclusive growth' and 'minimum government, maximum governance' kind of principles are at the core of each and every policy of the current government, and its results are remarkable. With EODB initiatives, policy reforms, automatic approval system, reforms for developing stable/predictable and competitive tax structure, demonetization reform, digital India, startup India and make in India kind of initiatives Mr. Modi wants to make India a hub for manufacturing, cutting-edge research, and innovation. Mr. Modi has shown that development, upliftment, and progress need not be a case of one against the other, but it can include everyone.

In the era of global economy, every nation is interconnected and interdependent. Keeping global economy and global arena in mind will help the new leadership of the United States in their negotiations. The urgency that Mr. Donald Trump has created by putting the truth about country's actual status is crucial; an understanding of the current status will help the U.S. businesses to lean their approach and to design their strategy with an open mind.

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'A GUIDE TO SCRUM DEVELOPER', it is available on Amazon: <http://amzn.com/B018PGI82M>

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