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Special to the express: 'To derive benefits of Make in India, the CEO Forum must go beyond macro-statements'

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By: Tarun Das

This US-India CEO Forum has been reconstituted with the leadership of the Indian side passing from Ratan Tata to Cyrus Mistry, who has been doing deep, introspection in the Tata Group. He needs to do likewise in the Forum's work.

This Forum is a recognition by both, President Barack Obama and Prime Minister Narendra Modi, of the centrality of the private sector in moving the growth agenda, especially trade and investment.

The Forum has existed since 2005 and its agenda and discussions covered a wide range of issues. Its recommendations were many, but a review may show that most of these remain in the “pending discussion and implementation” file! The starting point for the Forum could be to revisit the past and, for course, focus on addressing the tariff and non-tariff barriers to increased trade and investment, such as IPR for the pharma sector or local content for solar power.

But the CEO Forum will surely recognise that behind the hurdles is business and industry itself. It is almost always the pressure from local industry which influences the policies of a government. Sometimes, it is also the pressure of foreign business which determines policy. So, the CEO Forum could resolve these issues in-house if it wishes to. And, go to the two governments with joint, agreed recommendations which make it easier for governments to accept and implement.

Another related agenda is the pending and ongoing negotiation between the two governments to conclude a Bilateral Trade and Investment Agreement, BIT, for short. Here again, the slow progress is linked to the conflicting pulls and pressures of business on both sides. If BIT is to move ahead, with speed, as it needs to, the CEO Forum should work out the detail quietly, behind closed doors, and present a joint, agreed view to the Indian and American governments.

But, there is a much bigger agenda for the Forum linking its work to ‘Make in India’, an innovative initiative of Prime Minister Modi. This requires linking and integrating India, and the Indian Industry, especially manufacturing, into the global supply chains of American manufacturers. A simple

objective, but complex to drive and achieve. At one level, the Indian government is framing new policies, amending the old and pushing for processes to be cut or simplified so that doing business in India is much easier. But, there is another part. And, that has to be done by business. Which company of the US will do what with an Indian company to integrate and include it in its global supply and manufacturing chain. This exercise is a corporate exercise, not a government role.

One view could be to say that Indian companies will get to be part of the global supply chain as soon as government does its part of ending tax terrorism and easing business practices. This is a laid-back view.

Leadership by the CEO Forum must go beyond macro-statements to the micro to derive the full benefits of 'Make in India'. And, of course, the CEO Forum members, being the apex of their companies, are not going to do this personally. But, if they take on the task, their executive teams can make it happen. They need to be empowered to do so by their CEOs. This is a management exercise which the industry is best suited to handle. But, the priority given to the Indo-US relationship by President Obama and Prime Minister Modi will be gain 'extra muscle' if the CEO Forum takes on this responsibility.

A statistic that is oft quoted in speeches is the \$100 billion Indo-US trade. The industry needs to be ambitious. Why can't it achieve \$200 billion by 2019? And, rather than leaving the work of implementation vague, or depending only on governments, the CEO Forum should take the lead to direct and coordinate this work.

Connected very much with the global manufacturing and supply chain agenda is the FTA Agenda. At \$100 billion bilateral trade, there is nervousness about bringing to the table the idea of a free trade agreement (FTA). At \$200-billion plus, the scenario will be altogether different. Plus the fact that the US is a favourite destination of Indian corporates to do business. The CEO Forum should show the way by commissioning a joint study and investigation into the possibility of a India-USA FTA.

It cannot happen overnight. No FTA does. The Indian industry need not be scared anymore. An FTA is possible, in phases with timelines. So, there are three tasks for the Indo-US CEO Forum- the lesser one, to work on the BIT and resolving current hurdles. The bigger one – to integrate US and Indian Industry into the Global Chain and ensure Make in India is achieved and, finally, to frame the road to an FTA. All of this together will bring \$500 Billion of Trade within reach.

The author is former Chief Mentor, Confederation of Indian Industry (CII) and Founding Trustee of Ananta Aspen Centre

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