

'Duties should boost manufacturing, not imports'

Realistic labour laws needed to enhance trade competitiveness, says Onkar Kanwar

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The BRICS Business Council was established in March 2013 during the BRICS Heads of State Summit in Durban. The council, comprising 25 prominent entrepreneurs from Brazil, Russia, India, China and South Africa, is seen as one of the vital mechanisms of BRICS cooperation. Apollo Tyres Chairman Onkar S Kanwar, who is also Chairman of the BRICS Business Council (India), shared his views with *BusinessLine*, via e-mail, on the current state of business ties within the group.

What is your assessment of India's role in BRICS?

India has been playing a very constructive role within BRICS. The idea of a BRICS Development Bank (now called New Development Bank or NDB) was mooted at the summit meeting in Delhi in 2012.

India's commitment to BRICS flows from the highest political levels, and the main reason for this, as Prime Minister Narendra Modi noted at Fortaleza, Brazil, is that "for the first time, it brings together a group of nations on

the parameter of 'future potential, rather than existing prosperity or shared identities. The very idea of BRICS is thus forward-looking'".

How can India play a leading role in improving intra-BRICS ties?

In 2012, intra-BRICS trade totalled \$281 billion and, in 2014, it rose to \$297 billion. While this is an encouraging trend, intra-BRICS trade is still less than 5 per cent of BRICS countries' total global trade. Given the various complementarities that we have in this grouping, there is a lot of scope to scale up.

We have drawn up a set of recommendations for the government to facilitate greater trade flows. We have suggested promotion of trade in local currencies to encourage intra-BRICS trade.

We would also like our government to consider putting in place a long-term, multiple-entry visa regime for entrepreneurs from BRICS nations. South Africa has already moved in this direction.

Likewise, there is a need to facilitate greater interaction



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ONKAR KANWAR
Chairman, Apollo Tyres, and
Chairman, BRICS Business Council (India)

amongst entrepreneurs. Modi's suggestion for India to host the first BRICS Trade Fair and Exhibition next year is excellent.

Some other areas where we would want government support include harmonisation of technical standards across BRICS for exports and imports, as well as closer cooperation amongst customs authorities for better trade facilitation.

Do you think the recent currency adjustments by China will impact India's export competitiveness?

The current adjustment in China has to be looked from two perspectives. First, the impact vis-à-vis the Indian rupee. Over the past six months, the rupee has depreciated over 5 per cent. Thus, exports remain competitive against Chinese exports.

However, it is the second factor that will play spoilsport to our export competitiveness and domestic manufacturing. China has a large capacity in most sectors, and if their economy does not have the demand, they will sell it somewhere in some form or the other.

Coupled with the devaluation of the Chinese currency and the slowdown, this will certainly impact India's export competitiveness. Indian manufacturers are already complaining of non-market prices of China's exports to India.

What policy intervention is needed to improve India's trade competitiveness?

Companies in India have the potential to become the best and compete with global players. However, this cannot happen in isolation. The government and all political parties must play a constructive role to make the right policy intervention to provide a level playing field to all companies in India.

Duties have to be set in a man-

ner that encourages domestic manufacturing, not make imports of finished goods more attractive. Labour laws must be realistic and facilitative towards those who wish to invest. The government should aim at ensuring adequate facilities in terms of land, basic infrastructure like roads, and basic services like access to finance, education and healthcare.

What are your views on initiatives, such as Make in India, and steps to ease 'doing business' in India?

Make in India could not have come at a better time. India can be the ideal manufacturing destination riding on a strong domestic market, a young working population and a low-cost destination.

Steps are certainly being taken to improve the ease of doing business. I see things moving at the high level and hope the trickle-down effect happens soon. Else, it will lose momentum.

What can be done to enhance business ties within BRICS?

One of the key points that merits attention is availability of information on business opportunities and regulatory environment across BRICS. For large companies and groups, this may not be an issue, but we must remember

that SMEs may require support. Within the BRICS Business Council, we have tied up with the Fudan University in China and support the 'BRICS Information Sharing and Exchanging Platform'. Through this portal, we hope to plug some of the information gaps and make businesses aware of the upcoming opportunities.

Your take on the BRICS Bank or NDB?

The launch of NDB is a milestone and shows that BRICS as a grouping is also capable of setting up global institutions. We are looking forward to its guiding principles and feel the institution must, on priority, support projects that promote intra-regional connectivity, use of renewable energy and focus on skill development.

NDB must help BRICS governments prepare a pipeline of bankable projects to address development priorities and put some seed money in these. It should also enhance its risk prevention mechanism by establishing reserve funds and improving reserve structures, and create effective guarantee mode for project financing.

Members of the BRICS Business Council would like the NDB to foster regional value chains in manufacturing.