

# For many, India is the best option

With a US-China trade war likely, New Delhi must reposition itself as an investment hotspot

**SHYAM  
SARAN**



**A**s the Modi government embarks on its final run towards the 2019 general elections, there is a deluge of commentary in the media on its four years in office. In our polarised polity, it is no surprise that there is no patience with glass half-full, half-empty assessments. It is either the Kaliyug climax round the corner or Ram Rajya redemption on the horizon.

But how does the world look at India at this juncture? What are the prevailing perceptions in foreign capitals, among political and business leaders, and in civil society, about what Modi's leadership has meant for India and what the country could mean for the world as it transitions in unpredictable ways into an uncertain future.

I was in Tokyo recently at the international CEOs conference. The discourse was dominated by China and what its relentless pursuit of economic, commercial and military power would mean for the Asia-Pacific region and the world. There was a discernible sense of resignation among the business leaders present. They complained about the Chinese compelling foreign companies to part with proprietary technologies as the

price to be paid for market access and promoting local, particularly State-owned companies. There was consensus that China was on the road to becoming a leader in 21st century technologies such as artificial intelligence and electric mobility. And yet most of the CEOs I met also emphasised that despite the odds confronting them, China was too big and too important a market to opt out of.

Several CEOs still active in China said in order to sustain their business there, they had to take on board local partners with strong links to the State. This entailed its own risks, for example, if the partner lost his patrons in the leadership. There was considerable apprehension over what a US-China trade war, which could be unleashed by American President Trump, would mean for their businesses. Their assessment was that the US would be the bigger loser.

The perceptions about India were, as should be expected, a mix of optimism about its prospects and frustration over it having become a "serial disappointment." In the midst of uncertainty and unpredictability across the globe, India was seen as a zone of political stability, if not rapid economic advance. As a large economy growing at a rate of 7 to 7.5% per annum, it offered opportunities few other countries could.

In contrast to China, there is appreciation of the rule of law in India and it was grudgingly conceded that it is becoming easier to do business in the country. The adoption of the Goods and Services Tax and the bankruptcy laws were seen as substantive economic reforms but apprehensions were expressed over the rising curve of non-per-



• **As a large economy growing at a rate of 7 to 7.5% per annum, India offers opportunities few other countries can** KUNAL PATIL/HT

forming assets of banks. The inability of the government to follow through on land acquisition and labour reforms were often cited as disincentives to increased investment.

My sense is that the prevailing risk-laden environment in the world offers a window of opportunity for India to reposition itself as one of the most competitive and congenial investment destinations in the world. This will require a major policy overhaul away from the lurch towards populism that is becoming more evident as general elections

loom large. There is capital looking for alternatives to China and India is potentially the only country that offers a scale comparable to China.

In assessing the implications of China's dominating presence in the Asia-Pacific region, India again figures in the equation as a countervailing power. India confronting China at Doklam and the subsequent Wuhan Summit between Modi and Xi Jinping appear have raised India's stock in the region.

Some of the most fascinating sessions were on the rapid advance of technology and the shape of things to come. The world of tomorrow will have energy systems no longer based on fossil fuels, and artificial intelligence may not only automate routine physical tasks but also invade white collar work, enabling legal advice, medical diagnosis and engineering design drawing upon a vast assembly of data.

There were lively discussions on what this meant for the future of jobs and the impact on social structures and the human psyche. What is evident is how unprepared we are to deal with these challenges looming over us. The advancement of technology does not obviate the need to make choices about its application and adoption and crafting appropriate legal and regulatory measures to enable a wider spread of benefits and minimising risks.

But there are some things that will still benefit from human judgement and instinct. When asked what due diligence he did while picking start-ups to finance, Softbank chairman Masayoshi Son said that he looked to see if the promoter had a sparkle in his eyes and passion in his words. No machine-learning here. Thankfully.

*Shyam Saran is a former foreign secretary, and currently senior fellow, Centre for Policy Research  
 The views expressed are personal*