

# KiaOra INDIA

India  
New Zealand  
Business Council

THE NEW ZEALAND-INDIA TRADE MAGAZINE



## BOWLING INDIA OVER

**Strategic partnership:**  
*Mondiale-Jeena*



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**Aviation-New Deal for**  
*INZBC Member*



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**ZESPRI'S NEW PLAN**

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## VOL 01 ISSUE 03 - AUG 2019

Publisher: India New Zealand Business Council

Editor: **Dev Nadkarni**

Design & Production: Media Solutions Kiwi Ltd.

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India   
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# INDIA UNPLUGGED

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Monday, 14 October 2019

Pullman Hotel,

Auckland, New Zealand



# EDITOR'S NOTE

KIA ORA INDIA | AUG 2019

## How to bowl a nation over...

"We cried when the Black Caps beat India in the [cricket world cup] semi-final. But we cried even more when the Black Caps were robbed of the Cup, all because of a bizarre rule," said a die-hard Indian cricket fan at the end of the tournament.

That about sums up how a billion Indian hearts that were beating for Black Caps throughout the final felt when it ended the way it did. And that also sums up how the game of cricket binds the nations so very tightly together.

That there's no better way than cricket to capture Indian hearts and minds has been so very well demonstrated by Kiwi company Quality NZ, has taken New Zealand's quality food and beverage products right into the cricketing world's heartland.

As well as on the back of world class Kiwi quality, it has done this equally strategically with a great band of former Black Caps fronting Quality NZ. It has set the field beautifully, and over a decade or so, caught a billion Indian hearts and then bowled over some more. Kia Ora India is proud to feature Quality NZ on our cover this issue.

This IS also our first issue after the recent elections in India and we share with you what the new government is likely to mean for New Zealand geopolitically and in terms of trade. The new government also released its first Budget and we have two astute analysts from India who have commented on the main provisions for our *Kia Ora India* readers.

Just weeks after the Indian elections, Fonterra launched its Dreamery brand of products in India with retail major Future Group. We have been tracking this story over this year and in this issue, we present a piece on the launch. In our next issue, we will look at how the new venture is shaping up and also some more insights into the India-Kiwi dairy story down the years.

It's been great to have insights from Jane Cunliffe, NZTE's former Trade Commissioner in India, who returned to New Zealand earlier this year. Jane tells us "India is a country to do things with rather than to sell things to," which makes for an insightful read.

INZBC has had a busy second quarter and we catalogue the happenings over the period – the India Unplugged events, the Pharmexcil delegation and the Maharashtra State Pollution Control Board delegation, besides welcoming and profiling some of the new member companies that have recently joined the Council.

Last quarter we also saw off former Indian High Commissioner to New Zealand Sanjiv Kohli at a heart-warming function in Wellington. We hope to bring you the incoming High Commissioner Muktesh Pardeshi's profile and interview in the next issue of *Kia Ora India*.

Enjoy this issue and do please send in your feedback – we'd love to hear from you!



**Dev Nadkarni**  
Editor, *Kia Ora India*

*Dev Nadkarni has been in the media industry for 30 years, 16 of them in New Zealand and Oceania. He has worked as writer and sub editor with the National Business Review (NBR), written extensively for the New Zealand Herald and commented on Pacific matters for TVNZ. He is the founding editor of The Indian Weekender and has earlier worked as editor, cartoonist, tertiary educator and communications consultant in government, corporate, IT and economic development sectors.*



# MONDIALE



## NZ, India logistics majors now INZBC strategic partners

*Mondiale and Jeena are two formidable names in global logistics, each being the largest in their respective countries – New Zealand and India. Mondiale and Jeena have been in a partnership serving clients from both countries that is a decade old and both companies have just signed up to become strategic partners of the India New Zealand Business Council. Kia Ora India Editor **Dev Nadkarni** speaks to Mondiale's Ray Meade and Jeena's Zubin Davar.*

"The decision for both companies to join the INZBC should demonstrate to the members and wider industry of the importance and desire we place on supporting trade between our two countries," Ray Meade, Mondiale's CEO-New Zealand & Australia told Kia Ora India.

The two companies are well matched in their infrastructure, reach, systems and technology. Speaking of commonalities and synergies, Mr Meade said, "Both companies are privately owned and with a proven history and a proven history which over time has allowed both companies to be industry leaders in each country."

The NZ\$576 million Mondiale employs 600 people across 19 locations moving 227,000 20-foot container equivalent units of freight

each year. Some 20 per cent of Ports of Auckland freight comes through Mondiale, which has a six hectare, 36,000 sqm warehousing facility. The company is NZ's largest in sea logistics and also leads in air logistics, contract logistics and road transport.

In India, Jeena is the largest air-forwarding company with 28 office locations and 1000 employees – and a formidable network of agents across the length and breadth of the country. The 119-year-old company is in the fourth generation of family ownership and management. With its robust information technology systems, Jeena is trusted by Fedex to work as its back office in India.

"Given the experience of both companies, and the fact that we

have experienced staff who have spent time in both countries has led to a greater level of understanding of the requirements in both India and New Zealand," Mr Meade said.

"This is also supported by longstanding relationships with the regulatory authorities in India and New Zealand which can offer our clients the comfort that they are with specialists in this market."

In recent years, Jeena has developed expertise in time- and mission-critical logistics such as transportation of live human organs under its Jeena Criticare Logistics service, where at times temperatures of up to -300 degrees need to be maintained throughout the supply chain.

Jeena's Australia-based Director Zubin Davar and Mr Meade delivered a brief presentation about their tie-up and services at the INZBC event for the delegates of Pharmexcil (Pharmaceuticals Export promotion Council of India) who were visiting NZ in July. The partnership's specialised critical logistics services would be an extremely important component in the growing pharmaceutical trade between the two countries.

"On a technology perspective both Jeena and Mondiale have identical set ups with in-house developers and their own systems which allow for a high degree of integration offering our clients a greater level of visibility, which has sometimes been difficult in the past within India from a logistics perspective," Mr Meade told Kia Ora India.

In an email interview, Mr Davar said, "Both Jeena and Mondiale understand the need for technology and innovation for the freight forwarding industry. We embrace, develop and adopt new and emerging technologies and continuously explore how we can transform, lead and adapt our offering to our partners and customers."

Mr Meade said there was a perceptible shift of manufacturing activity from China to India. "India as a country with high growth rates and with the government encouraging initiatives around investment and manufacturing, it is a country that will become increasingly a larger trading partner for New Zealand. It is difficult to predict the growth as considerable importance is on a lot of factors that have an impact such as free trade agreements and the US/China trading relationship which both will have a significant upside for the trade around import and export," he added.

Mr Meade said Mondiale and Jeena were "Very excited with the relationship with the INZBC and being in a



position to assist members to maximise their potential in their particular supply chains when dealing to or from India.

"Jeena's investment in having a dedicated person based in Australasia is something very new and allows for an in-depth knowledge of the particular requirements to minimise disruption and offers a high degree of communication to our clients not to mention between our two entities."



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## Au revoir, High Commissioner Kohli

*India New Zealand Business Council hosted a formal farewell to Sanjiv Kohli, outgoing High Commissioner of India to New Zealand, in Wellington on May 6.*

Former New Zealand Governor General Sir Anand Satyanand was the chief guest at the event that took place at Whitireia and Weltec Te Auaha NZ Institute of Creativity's new facility in the capital.

Sir Anand Satyanand praised Mr Kohli's three-year leadership at the helm of High Commission. The Indian population had risen to nearly 200,000 today from about 2000 in the early 1950s, Sir Anand said. He commended Kiwi-Indians' contribution to the professions, business, academia and public life.

In fifty years of the Indian High Commission in New Zealand, the two countries' relationship had grown and the leadership of successive High Commissioners played a great role in developing these close bonds, he said.

In forming strong linkages with the community and helping out in difficult times, the former Governor General and former chair of the Commonwealth Foundation said he would remember Mr Kohli's "wonderful contribution" to the office of the High Commissioner.

Ministry of Foreign Affairs and Trade (MFAT)'s Divisional Manager for South/South East Asia Andrew Needs praised Mr Kohli's clarity and strength with which he dealt with the demands of his office. He praised Mr Kohli and his wife's contribution describing them as a "great team."

Mr Needs said one of Mr Kohli's most abiding contributions would be "finding a new permanent home for the Indian High Commission in Wellington," through the new building that is under way and congratulated him on the establishment of the consulate in Auckland, a long standing demand of the Indian diaspora in Auckland.

MFAT Principal Adviser for Asia and Americas, Grahame Morton, said Mr Kohli was successful in achieving "all five Cs" of Community, Consular leadership, Communication, Country representation and Commercial and political leadership. Mr Morton was previously NZ High Commissioner to India.

He said he was impressed by the trust the community had reposed in Mr Kohli and the "support you so quickly earned."

He praised Mr Kohli's personal qualities like humility, honesty and his "straight shooting," which earned him great respect. He recalled Mr Kohli's deft handling of the Indian student crisis.

Mr Kohli responded in his characteristic informal extempore style, peppering his brief speech with an anecdote here and a joke there.

He said that he was impressed by the NZ foreign ministry's people and their style of work and said there was much to learn from it.

The second issue of INZBC's quarterly India-NZ trade magazine Kia Ora India was also launched at the occasion.

Earlier, Whitireia and Weltec Chief Executive Chris Gosling addressed the gathering and INZBC Chair Sameer Handa gave the welcome address. Honorary Consul of India for Auckland and Northland Bhav Dhillon delivered the vote of thanks, once again commending the outgoing High Commissioner for his memorable stint in New Zealand.

Moira Hagenson, Weltec and Whitireia's General Manager International was the Master of Ceremonies.



## Kiwis share India business experience

*Kiwi companies must see India as a country to do things with rather than a country to sell to, said Jane Cunliffe, former Trade Commissioner to India, addressing INZBC members and other invited guests at the council's India Unplugged series event in Auckland.*

**M**s Cunliffe who has returned to New Zealand after her stint in India has had a ringside view of the fast-growing Indian economy over recent years. She is impressed by the progress the country has been making over the past few years and has penned a separate article in this issue of *Kia Ora India*.

The INZBC featured the former New Zealand Trade & Enterprise (NZTE) trade commissioner to India along with Fonterra's Global Stakeholders Director Simon Tucker the May 23 event.

She encouraged companies trying to make a foray into India to consider examples set by other kiwi companies like Glidepath which had been "smart about setting up in India". With such an approach they have successfully leveraged their expertise along with India's human capacity and scalability to sell globally, she said.

India has some 53 cities with populations of more than a million people, which opens doors to multiple opportunities in manufacturing, agribusiness and food processing sectors, she said. New Zealand apple industry's collaboration with the northern Indian state of Himachal Pradesh to help them improve techniques of growing apples was a case in point.

Developing deeper all-round relationships were central to establishing long term business relationships, Ms Cunliffe said, stressing on the importance of developing relationships with Indian business partners going beyond just the business-to-business relationship.

E-commerce technology and platforms for buying goods and the sector were becoming mainstream rapidly and Kiwi companies entering India needed to plan carefully for the long term, she said.

In this event that was hosted months before Fonterra formally announced its launch of a line of products in India with an Indian partner, Mr Tucker said the was poised to reenter the Indian market shortly with its collaboration with the retail giant Future Retail Group.

He detailed the stark differences between the dairy environment in India and New Zealand and explained briefly what Fonterra was planning to offer the Indian consumer.

He said Fonterra's previous foray into the Indian market might have been a little premature but with a growing highly aspirational and mobile middle class, the consumer scenario is different now and tastes have widened and there is a growing demand for niche products.

He said he was hopeful that bilateral agreements and the impending Regional Closer Economic Partnership (RCEP) trade agreement would play a role in building the New Zealand-India dairy relationship. Indian dairy consumption is tipped to grow seven times that of China over the next few years and is currently the biggest and the fastest growing dairy market he said.

India New Zealand Council member and dairy industry doyen Earl Rattray was the Master of Ceremonies and conducted a brief panel discussion with the two speakers and Quality NZ CEO and Director Geoff Allott, who has also been working with Indian markets for several years.

A lively question and answer session followed the speeches and panel discussion, the event concluding with networking over light snacks.



Geoff Allott (Group CEO, co-founder QualityNZ), Joanna Kempkers (NZ High Commissioner, New Delhi), Stephen Fleming (QualityNZ shareholder/ambassador), Divye Kalra (GM India, Director Indian subsidiary company)

## Cricket legends help bowl India over with sought-after Kiwi quality

*Some eight years ago, when Geoff Allott was working for NZ Cricket, his role included travel to countries prior to each tour to negotiate the terms of the tour and for pre-tour inspections. On one trip to India Geoff noticed that there were no New Zealand food or beverages available. "That trip planted the seed for what would become QualityNZ – and the appeal of the opportunity is as strong now as it was when it first began," Mr Allott told KiaOra India.*

Mr Allott discussed the concept, after some initial due-diligence, with close friend Geoff Thin who had a background as a senior manager in sales for some large NZ businesses. He instantly understood the opportunity, and both then spent many late nights and weekends devising a plan of how to go about setting up a model to conquer the Indian market.

Former New Zealand cricket captain and Chennai Super Kings coach Stephen Fleming, a mutual friend, was also brought into the conversation and with his experience in India as player and coach, he saw the enormous potential that this opportunity offered – and was soon a shareholder in the business.

Likewise, former skippers Brendon McCullum and Dan Vettori, who are well respected in India, too were keen to commit to the business opportunity.

And QualityNZ was born!

Today, QualityNZ is a niche supplier of New Zealand's finest quality products and services to the fast-growing Indian market, with a focus on the food and beverage, tourism, and education sectors. Thanks to QNZ,

premium quality Kiwi food and beverages are found across top hospitality establishments across India and are slowly finding their way into premium consumer stores.

Geoff Allott told the QualityNZ (QNZ) success story to Kia Ora Editor **Dev Nadkarni** in an extensive interview:

### *How did you go about setting up QNZ?*

Geoff Thin and I spent over eight months completing due diligence and travelling to India a number of times to fully appreciate the market so that we could determine the best model and develop a comprehensive business plan. We were determined to think big, but at the same time we appreciated straight away that India was going to take time – quite a long period of time!

After considering all the necessary factors such as political stability, economic progress, future potential, and of course the risks that we had determined through the comprehensive due-diligence process, we set about building a unique business model.

Ultimately, we determined to operate successfully without any free trade agreement (FTA) and to mitigate some of the risks that India presented, we'd need to commit to establishing the business in India, something that no other NZ food and beverage operator had successfully achieved.

It took us 12 months to work through the necessary process to register in India and successfully apply for the necessary permits and licences to operate. Today we have offices in Mumbai, Bangalore, and New Delhi.

For the past two years I've run the business as global CEO and Divye Kalra has run the Indian business as General Manager, India. Geoff Thin remains a shareholder, director, and consultant to the business. We now have 17 staff and the business continues to grow.

### *What was the first suite of products introduced?*

With beef being illegal to import into India, we chose to enter the market with lamb for the five-star hotel channel and we have worked on expanding that range over the past three years. We developed a strong and exclusive relationship with the Alliance Group to supply meat products to the market and we now offer over 10 cuts of Alliance's 'Pure South' sheep meat range, as well as a range of fish products, mussels, and some dairy products as well.

The market clearance process currently only allows for frozen products, but India's systems are improving all the time and ultimately, we'll move into an extensive range of chilled and ambient products. We're currently in negotiations with a few large NZ companies to expand our product offering and we will continue to look for different product opportunities as time goes on.

### *How critical was the mutual love of cricket between India and NZ in paving the way for QNZ in India?*

Cricket played a very big part in the establishment of the business. Having Fleming, McCullum, Vettori,

and then Sir Richard Hadlee as a shareholder and Patron of QualityNZ meant that the business was treated with respect and it opened many doors for management. The level of respect that each of those cricketers have built up over years of being in the Indian market meant that business people and contacts from India were prepared to help the business become established.

*Without doubt, cricket has been a major influence on the business in a positive sense. Many of our biggest customers are cricket fans and it gave us commonality and respect from the outset. To be successful in India, relationships are critical – and what better way to begin a relationship than through the game of cricket that we both love?*

It's not just cricket, though. We shouldn't forget that Indians have been migrating to NZ since the 1890s and of course the Indian troops that joined the Anzacs in Gallipoli in 1915. Then there is the great Sir Edmund Hillary, who achieved huge respect from Indians after being the first to conquer Mt Everest. Sir Ed would also later become NZ's High Commissioner to India.

These moments of history are very relevant because the significance of history and respect is very real in Indian culture. New Zealand and India share a common thread about their modesty and cultural importance, and of course – bigger than anything they share the love of cricket which has enabled Indians to 'get to know' NZ over the decades of watch cricketing matches.



*'Pure South' lamb Rack produced by Chef Guto Souza*

### *QNZ began at the top, premium layer of the Indian market – was associating with big hospitality brands enough, or did you have to create 'pull' at the consumer level – did you have to have ad/ promo campaigns about QNZ products in Indian mass media?*

It was an intentional strategy to target the highly regarded hotel brands in the first instance. We have now successfully grown the number of five-star hotel customers to over 300 across 25 cities and we have plans to now target the 5,000 three, four-star hotel market. In addition to the food service sector, we are also active in supplying product to the organised retail sector and will soon be servicing the e-commerce channel as well.

Our initial strategy was to become respected for product and service quality in the hotel sector before moving into organised retail and e-commerce channels. This has proven successful with the endorsement of the highly respected hotel chains adding significant weight to successfully be accepted by leading organised retail and e-commerce customers.

Although our cricketering shareholders/ambassadors are hugely valuable, we are only just beginning to leverage their association from a product marketing perspective. We've developed caricatures for the cricketering ambassadors and our social media campaigns now involve a number of different initiatives including our cooking shows. These shows include our ambassadors and well-regarded Indian chefs and focus on showcasing different QualityNZ products. Our ambassadors have been amazingly generous of their time and the amount of publicity we have received has been significant. We see their involvement continually growing in the future.

#### ***What is QNZ's operational set-up in India like?***

We have offices now in Mumbai, New Delhi, Bangalore, and Kolkata and we have 17 staff based in India. We will be appointing new staff in India shortly due to our



*QualityNZ shareholder and ambassador Brendon McCullum at a product launch at the NZ High Commission, Delhi*

business growth. We effectively import the product through our Indian subsidiary company who control the customs clearance process. We hold the necessary permits for each product category. The Mumbai office runs the logistics and cool storage process and we have territory sale managers who directly interact with our customers. Our model is unique in that we remain in control of the product from when it leaves the port in New Zealand to when we deliver the product direct to our customers door. This allows us to offer the most cost-effective system in India and it also allows us to tell 'the NZ story' including the key attributes which helps market the product.

#### ***What is QNZ's strategy to service a rapidly growing market that is the burgeoning Indian upper middle class?***

Offering an extended range of 'quality' products and providing quality service is paramount to our success. We will continue to align with key NZ producers to develop a range of products appropriate for the Indian market. We're only interested in developing long-standing relationships with supply companies that are prepared to commit to the market and are prepared to work in a collaborative manner to maximise the potential that exists. We'll be expanding our operation in the near future and we expect to announce soon more supply relationships that have committed to a long-term relationship.

#### ***How could NZ's favourable image in India be better leveraged by Kiwi companies?***

There is no doubt that educated Indians understand that NZ is a beautiful country, blessed with natural resources. We are well respected for our core qualities of animal welfare, traceability, and largely our controls around food safety.

NZTE and the NZ High Commission have done a wonderful job in reiterating the key benefits of NZ products and services in market, but it is the lack of story-telling, due largely to the fact that there are so few NZ businesses trading in India, that has resulted in a lack of understanding of the opportunity that India represents.

I do believe that having more of our decision makers visit the country and seeing for themselves the level of opportunity that exists in the market, the quicker our attention would turn to finding a way how to exploit it.

I had the privilege of joining a trade delegation to India, led by then PM Sir John Key. For business between the two countries to prosper, we need to build political and business relationships and making a conscious effort to understand the potential market better. A better understanding of the market and closer relations with India's key decision makers will undoubtedly lead to better trade negotiations.

Since that trade delegation a few years ago, very few politicians have spent time in the Indian market promoting NZ products and services, and we'd certainly encourage them to come and understand the size of the opportunity.

***New Zealand is already highly dependent on China as a trade destination. Directors who sit on company boards involved with the primary sector must surely be having conversations (if not already engaging more drastic approaches) about their level of exposure to the Chinese market. For that reason alone, why wouldn't NZ seek to better understand one of the fastest growing market opportunities that could one day develop into a market just as big as China?***



QualityNZ representatives at the Westpac Business awards (1st from left - Geoff Allott, Group CEO & co founder; centre - Nettles Lamont, QualityNZ Chair; 2nd from right - Geoff Thin, Director & co-founder)

### *Why has QNZ so far not introduced much-prized NZ dairy products in the Indian market?*

We do currently have import permits for dairy products and have been selling a limited range of dairy products for six months now. There is no doubt that dairy is a product that requires some caution because of the political and economic significance the dairy industry plays in India. India is the largest dairy producing nation in the world and therefore supply into India can be seen as a threat to local industry. With some significant increases in consumption forecast over the next decade, it is highly likely that the local industry will actually see significant uplift in demand and international product will also be required in the market to satisfy a growing demand for high quality and value add product.

### *What are your thoughts of Fonterra's re-entry into India?*

QualityNZ is delighted to see Fonterra re-entering the Indian market under their joint venture arrangement. We've known Fonterra representatives who have managed India for a while now and it is great to see their hard efforts pay off with their re-entry strategy. Fonterra's CEO Miles Hurrell and Chairman John Monaghan have both taken the time to visit India on a number of occasions and they understand the market opportunity. The size of Fonterra will hopefully encourage a number of government officials to follow suit and take an interest in the market.

### *Any final comments?*

Late last year we won the 2018 Westpac Business awards 'Emerging Exporter' category. This award was judged by an independent panel of experts and for us it was a reflection of the effort that was required to establish a successful model in India. It also represented the incredible work our team in India are doing and their amazing commitment to growing our business model and presenting our fabulous New Zealand product range.

It's important for us to recognise the proactive support we have received from NZTE staff both here in NZ and in India. They, along with the NZ Trade commissioner and NZ High Commissioner, Joanna Kempfers, play a very important role for NZ businesses in India and they are passionate about NZ products and services growing bigger better and faster in the Indian market.

Our penetration has undoubtedly improved because of the support we have received from the NZTE 'International growth fund' (IGF) and the input from our customer managers. We are also very grateful to have recently been awarded a second round of funding assistance from NZTE's IGF funding pool which will allow us to grow bigger, better, faster.

# Upcoming trade events in India

## 5th Global Exhibition on Services 2019 18-20 September 2019: Bengaluru, Karnataka

Confederation of Indian Industry (CII) in partnership with the Department of Commerce, Ministry of Commerce & Industry, Government of India and Services Export Promotion Council (SEPC) is organizing the 5th edition of Global Exhibition on Services from 18-20 September 2019 at the Palace Grounds, Bengaluru, Karnataka .

GES 2019 proposes to focus on Services sector excellence to expand its global footprint and provide an ideal platform for showcasing services sector opportunities to Indian as well as Global counterparts.

## Himachal Pradesh Global Investors' Meet 2019

07th-08th November, 2019 at Dharamshala, District Kangra (Himachal Pradesh)

The "Himachal Pradesh Global Investors' Meet" by the Government of Himachal Pradesh, will be organized on 07th-08th November, 2019 at Dharamshala, District Kangra (Himachal Pradesh). The two day mega event will showcase investment opportunities and the enabling framework created by the State Government to facilitate investors and investments. Sectoral sessions based on the competitive advantages of the State and Business to Government (B2G), Government to Government (G2G) & Business to Business (B2B) meetings will also be organized as a part of the main event. The Meet will be attended by Ministers and senior officers of the Union of India, captains of Indian Industry, diplomatic missions bases at New Delhi, delegates from abroad and other invitees.

## Smart and Sustainable Cities: Municipalika 2019, 28-30 November, 2019, Bengaluru

The Ministry of Housing and Urban Affairs and several other Ministries and Departments at the Central, State and City levels are continuing their support in a big way for Municipalika 2019. States like Rajasthan, Maharashtra, Gujarat, Tamil Nadu, Andhra Pradesh, Telangana, Kerala, Goa, Assam etc have also already committed early support, and many more are expected to confirm soon, ensuring an assured audience of city leaders looking for technologies and solutions..

### Alongside Municipalika are co-located shows :

CAPEX – focused on Innovative Building Materials & Technologies, and IIPM – India's first B2B show on real estate, together constituting Future Cities – a 360 degree

event on city development.

Over 1500 delegates (including Ministers, Secretaries to Govt, Mayors and Municipal Commissioners, Officials from Municipal Administration, Urban Development and Housing Departments of states, Urban local bodies, Builders, Real Estate Developers, national and international urban stakeholders, investors), and 10,000 professional visitors, from over 300 Indian cities and towns are expected to attend Municipalika + CAPEX + IIPM 2019.

As in the past editions, Municipalika + CAPEX + IIPM 2019 will focus on urban reforms, water and wastewater, sanitation & sewerage, solid waste management, green buildings, urban mobility, pollution control, affordable housing, energy efficiency, safety & security, ITC , e-governance, building materials and technologies, construction of built environment, real estate etc.

### What's New:

Among the exciting new segments at Municipalika 2019 will be those covering Electric Mobility, Pollution Control, Housing Technologies, Blockchain in Urbanisation etc.

## Indus Food Tech 2010

08-10 January, 2020

India Exposition Mart, Greater Noida, Delhi NCR

### Source the latest in F&B processing & packaging technology

Organized annually, Indus food tech is a global platform to showcase food & drink technology and equipment to the food processing companies in India and the world. India having a population base of 1.3 billion offers a large demand driven market. The total consumption of the food and beverage segment domestically is expected to reach to US\$1.142 trillion by 2025.

### Government Policies helping the F&B Sector:

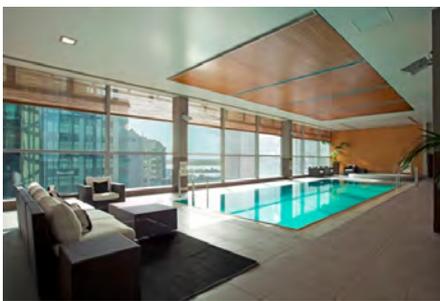
- Attractive Fiscal Incentives for processed food and machinery
- Service Tax exempt on several food industry services
- In Union Budget 2017-18, the Government of India has set up a dairy processing infra fund worth Rs 8,000 crore (US\$ 1.2 billion)
- Relaxed foreign direct investment (FDI) norms, allowing up to 100 per cent FDI in food product e-commerce through automatic route
- 42 sanctioned mega food parks in the country are likely to become operational by 2018
- India is the 6th largest growing market in the world

**INZBC is taking a delegation to this expo, and we have special discounts for our members. Please contact our office at: [secretariat@inzbc.org](mailto:secretariat@inzbc.org)**

# Stamford Plaza “Exceptional in Every Sense”

Stamford Plaza Auckland located in the Heart of Auckland, prides itself on creating events with a difference. Focusing on the highest level of service and detail, Stamford Plaza Auckland can cater for conferences and events up to 400 guests.

Eight conference rooms are available from 23m<sup>2</sup> to 324m<sup>2</sup> with seating capacity for up to 320 people. The function spaces can accommodate any event including multi day conferences, meetings, gala dinners, product launches and weddings. The hotel offers an unparalleled selection of Auckland conference venues in sizes to suit virtually every need, with timeless decor, lighting, cuisine and elegant furnishings to create the perfect atmosphere.



  
**STAMFORD**  
*Plaza*  
Auckland

- Located in the Heart of Auckland
- 8 flexible function rooms
- 286 luxury accommodation rooms and suites
- Onsite and offsite catering available
- Award winning KOA Restaurant
- New Zealand's best Japanese Teppanyaki Restaurant, Kabuki
- Delegate packages available





## Zespri considering next steps for red kiwifruit

*Zespri makes up about a third of the worldwide trade in kiwifruit and is world's largest marketer of the fruit, selling in more than 50 countries. The India New Zealand Business Council is proud to welcome Zespri Limited as a member. In response to Kia Ora's request to share some insight into some of its latest activities, Zespri sent us a piece for its plans for red kiwifruit:*

The world's leading marketer of kiwifruit, Zespri, expects to provide an update on its next steps around potentially commercialising a red kiwifruit by the end of the year.

Partnering with New Zealand Crown Research Institute Plant & Food Research to run the world-leading kiwifruit research and development programme, Zespri invests \$20 million each year in the longest-running new varieties programme in the world, exploring different types of kiwifruit using natural breeding techniques.

The red kiwifruit variety has been something of a generational discussion, with Zespri being well underway on developing the variety several years ago before its first generation of red cultivars was badly affected by a kiwifruit bacterial disease called *Pseudomonas syringae* pv. *Actinidiae* (Psa).

Work on a second generation that is more resistant to Psa has been ongoing since November 2010 and earlier this year Zespri offered a limited release of 30,000 trays of the variety across New Zealand with consumer trials also undertaken in Singapore.

Feedback from the release has been overwhelmingly positive with plenty of consumers sharing their excitement about the fruit's flavour which is sweet with a berry twist, and vibrant red flesh.

Zespri Cultivar Innovation Manager Bryan Parkes says that while the early signs remain positive, it was important that Zespri reviewed all its data before making any decision about whether it commercialised the variety.



"We've been really pleased with the feedback we've had and it's clear that there's a lot of excitement about a red kiwifruit.

"There are however some known challenges that need to be managed – a red kiwifruit is more susceptible to Psa, fruit size can be quite small and generally red kiwifruit don't have the same storage life as a green or gold kiwifruit."

While there's been good progress made in addressing these issues through the natural breeding programme Zespri leads in partnership with Plant & Food Research, Bryan says Zespri would be considering whether a new

red variety would work for growers, maintain its quality throughout the supply chain, and be a product that consumers would pay for.

This was something that tended to differentiate the methodology of Zespri's new variety breeding programme from those undertaken in other industries which often focussed on bringing something to market as quickly as possible without considering the commercial impacts.

"We adopt a cautious and long-term approach when considering these decisions", Bryan says, noting that bringing any new variety to

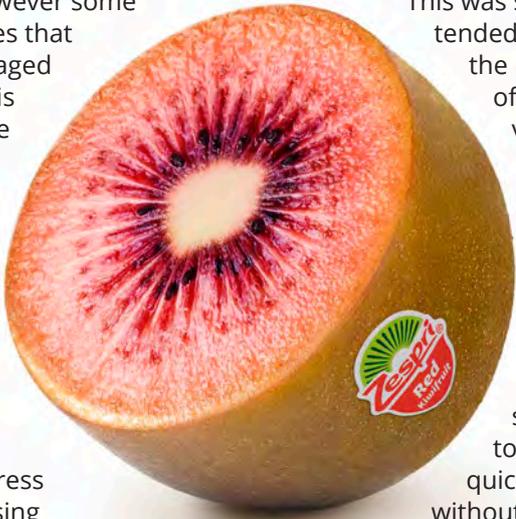
market is often a 10-15 year cycle.

"Our consumers know that when they see a Zespri Kiwifruit, they're getting that premium-quality and premium-tasting fruit."

"If we go to market with a red and don't quite get it right, then we disappoint consumers and hurt our brand and growers."

"That's not something we're prepared to risk and it's why we're making sure we're reviewing all the data we have. We need to make sure that if we choose to commercialise, we have the confidence that we can deliver an outstanding eating experience to our consumers."

While no specific timeframes can be put on when consumers could see a red kiwifruit variety in their local supermarkets, Zespri was expecting to make a decision around what the next steps are by the end of the year.



A vibrant advertisement for Zespri Kiwifruit. The background is a mix of green and yellow. On the left, a slice of kiwifruit is shown with juice splashing. In the center, large, bold, white text reads "SCORE 100% OF YOUR DAILY VITAMIN C". On the right, there is a circular Zespri Kiwifruit logo. At the bottom right, a silver spoon is shown scooping up a slice of kiwifruit from a bowl of juice.



“India is a country to do things with, rather than to sell things to”

JANE

*Jane Cunliffe, returned to New Zealand after her role as New Zealand Trade and Enterprise Trade Commissioner for India in New Delhi in February this year. In May, she addressed INZBC members in Auckland as part of the Council's India Unplugged series (see accompanying piece on page #). Ms Cunliffe and her husband Ken spent nearly four years in India, making many enduring business relationships and enjoying exploring the country, “Which is Incredible India,” she says. She acknowledges the important role that INZBC plays in fostering and promoting the India New Zealand relationship, in particular the business and trade relationship. Here, she shares her insights and her experiences in India with Kia Ora India readers and companies planning to do business with India.*

With India opening up to foreign direct investment, desirous of attracting world class technology and transforming its manufacturing sector, it's a country ripe for exploring win-win partnerships.

The Make-in-India campaign – widely successful as a PR exercise – has also seen the ease of doing business metrics for India improve; and programmes associated with it like Smart Cities providing strong platforms for infrastructure development.

Specialised manufacturing is a key target sector for NZ companies doing business in India. Choosing the right business model to leverage scale is an important part of getting the strategy for India right.

Many New Zealand companies are now recognising the benefits of partnerships and increasingly we see companies establishing in-market manufacturing or part- manufacturing operations, joint ventures, arrangements for manufacturing under license or contract manufacturing arrangements. India is all about scale. It's also important to be able to meet demand with competitive pricing.

Companies like Glidepath who have been active in India over several years are setting up manufacturing there to be able to scale up for the size of the market while remaining competitive, as India's own manufacturing sector becomes more sophisticated.

Future Products Group's relationship with Antarctica

is a good example of a successful manufacture-under-license arrangement: Future Products Group sharing it's know-how in lean manufacturing and modern management techniques for a win-win “partnership” with Delhi based manufacturing company Antarctica to service the rapidly rising fast food and café sector across key cities in India.

Another important area attracting attention from New Zealand companies is infrastructure – companies chasing opportunities in the metro projects in Mumbai and Jaipur, and in innovative and cost-effective engineering and building.

There's also plenty of scope for “doing things with” India in the agriculture-based sectors.

Take food processing technology for example: Indian companies and Indian Government officials understand NZ's leading expertise around food production and processing and our world class standards of quality, sustainability and traceability. They are keen to leverage this and we've seen NZ companies set up recently in India to take advantage of the growing appetite for modernisation and efficiencies in the food processing sector.

There are examples at the grassroots as well. A NZ consortium won a World Bank funded project with the Government of Himachal Pradesh a few years back, to assist in the modernisation of their local apple industry.

### Lucrative top-end consumer segment

The top-end consumer market is potentially lucrative but tackling it requires a customised India-centric approach.

India has a rapidly growing middle class and top-end consumer – a segment of people who travel the world, experiment with international cuisine and wine, and who understand about health and wellness of today. They return to India and demand to find these products. There is opportunity for New Zealand companies who have niche products which address the needs of this modern consumer, and that niche is growing very rapidly.

Approaching this market segment calls for customisation, addressing specific packaging requirements and adapting for local tastes.

Local packaging rules are comprehensive and reasonably complex. And packing preferences typically call for smaller pack sizes especially when introducing new products, known by some as the 'sachet culture'.

There are local flavours and tastes, that even vary around the country.

In approaching the India market it is necessary to put a fine lens on market segmentation. With 53 cities with over one million inhabitants, understanding market segment and location within that is essential for success: the values and customs vary enormously across India so tailoring the product or service correctly is essential for a successful strategy.

With the phenomenal shift in consumer behaviour in India, as online purchasing is becoming a new norm, opportunities to reach consumers through this channel are sharpening too. We are seeing e-commerce revenue move from about US\$39bn to expected level of US\$120bn by 2020. The business model for selling through e-commerce in India differs from other markets and while the opportunity is big it is important to research and understand the best way to set up to service this channel.

### Holistic relationships and partnerships

When it comes to business one of the challenges NZ companies have is in dedicating the time required to maintain good solid relationships with their in-market partners. It takes a number of frequent visits, and regular contact, with companies spending time in India with their partners and where that does not happen misunderstandings can occur, and things can go wrong.

I've seen some wonderful business relationships blossom during my time



*Images supplied*

there, including the strong friendship between the Future Products Group and Antarctica principals; and the mutually productive bond between one New Zealand farmer and his three Indian partners who set up a sizeable farm – Binsar farms – on the outskirts of New Delhi to supply fresh quality milk to Delhi consumers.

Apart from the business learning, tech transfer and efficiencies that get exchanged in these relationships, for us kiwis we gain a rich cultural immersion and experience through these connections. Getting invited to family weddings and other festivals through business contacts is something that's

recommended for NZ companies to embrace whilst growing their business in India.

Business Chambers like the INZBC in New Zealand and FICCI, CII, Assocham and Phd Chamber in India are invaluable fora for helping make the business matching and connections happen.

### Keep a longer term framework in mind

While there are many compatibilities with India through our shared Commonwealth heritage, especially having English a well-spoken business language, a democratic Government system, and familiar legal system, India is a reasonably complex market.

There are many regulatory matters to deal with and things can take a lot longer than one might expect. Without persistence and patience and a view to the long term, it can seem a daunting prospect to turn hard work into profits.

But as a market of massive scale and opportunity, with huge population growth, impressive infrastructure development, burgeoning middle class and rapidly changing consumer habits, it's certainly not a market to

overlook lightly. As long as companies invest the time to understand the market and how it functions, to build good relationships, execute with the right business models, and are prepared for the long haul it's bound to pay off.

With a population of 1.3bn and a middle class of 350m, India is a dynamic market of huge scale. It's a market which will reward the tenacious and the adventurous.

## Jane's key elements to success:

- Understand which business model is best for your business
- Understanding transport and logistics
- Build and support your local network
- Take time to find the right partner
- Get good regulatory advice
- Plan for the long-term
- Understanding direct and indirect tax
- Review local conditions and be prepared to adapt
- Understanding resource and environmental concerns

## Maharashtra Pollution Control Board delegates visit NZ

A delegation of the Maharashtra State Pollution Control Board visited New Zealand and Australia on a study tour. INZBC helped coordinate the New Zealand leg of the event. The delegates visited a dairy farm in the Waikato, where they studied how NZ dairy farms deal with effluents. They also visited Watercare in Auckland and were hosted there by Watercare CEO Raveen Jaduram. INZBC hosted a dinner for the delegates at the Stamford Plaza which Members of Parliament Kanwaljit Bakshi and Priyanca Radhakrishnan attended. Honorary Consul of India Bhav Dhillon was also present and all dignitaries spoke on the occasion. Leader of the delegation

Sudhirkumar Jainarayan Shrivastava, Chairman of the MPC Board thanked INZBC in his address. Others in the delegation were Elumalai Ravendiran, Member Secretary, MPCB; Girijashankar Raghunath Popalghat, Private Secretary, Minister of Environment; Vidyanand Motghare, Joint Director (APC); Yeshwant Babarao Sontakke, Joint Director (WPC); Suryakant Kisan Nikam, Deputy Secretary, Environment Dept; Sanjay Kaware, Officer on Special Duty to Environment Minister; Hemanth Chaudhari, Circular Economy Alliance Australia; Bhagyashree Devi, Project Head, Theistic Business Consultants





## NZ Airline Academy takes off with new India deal

*India New Zealand Business Council member company New Zealand Airline Academy has recently signed a training agreement with India-based airline Air Asia India.*

A new deal, signed in Bangalore by the Oamaru-based academy's director Jonathan Manuel, Harrison Omniview Consulting and AirAsia India, will bring in 50 trainee pilots to New Zealand in the first year, with 15 set to arrive as early as August.

Waitaki Mayor Gary Kircher was present at the signing as were New Zealand High Commission's Andrew Traveller and NZTE Trade Commissioner Ralph Hays.

The deal could pull in up to \$5million into the Oamaru and Waitaki economy. The flight training school will use the under-utilised Waitaki District Council-owned airport, something was an important component of the council's master plan for the airport. The school and the airport could also attract other airlines to send in trainees in the future.

Media quoted Mayor Kircher as saying, "This is a fantastic 'good news' story for the Waitaki district, for the region and for New Zealand as a whole. This AirAsia India contract may lead to further international airlines seeking out NZAA's world class services."

Air Asia India considered several potential training sites throughout the world with Melbourne and Oamaru being the final contenders. The airline picked Oamaru.

India is the second fastest growing aviation market in the world and it is estimated that the Indian civil aviation industry will need some 10,000 new pilots by 2030.



The first cadets passing out of the New Zealand Airline Academy are expected to begin flying in India by 2021.

AirAsia is the world's fastest-growing airline with fleets larger than 20 aircraft.

In a media release at the launch Mr Manuel said, "The Cadet Pilot Program is an 18-24 month long course. The candidates that suit the eligibility criteria will have to go through a rigorous screening process with our partners Harrison Omniview in order to be able to pursue the course."

Then, a four-month ground training programme in New Delhi will follow, before trainees are sent to New Zealand.

Anjali Chatterjee, Head of People and Culture at AirAsia India said, "The cadet pilot program is a streamlined, economical and a well-structured pathway to becoming a pilot, regardless of the fact that the candidate is fresh out of school or is looking for a career change."

Speaking of the future potential for training, Mr Manuel said, "[Air Asia India] has a 450+ per cent growth rate, measured in terms of existing fleet, and orders for new aircraft. The need for new pilots is immense, and our people can help deliver them."

AirAsia India currently has a fleet of 21 aircraft covering 19 interesting destinations across India.



## Fonterra back in India

### *Will this second foray be any sweeter?*

*Fonterra launched its second foray into India, the world's largest dairy market, tying up with the country's largest retail company, the Future Group, to form Fonterra Future Dairy Partners and launched a range of products with the new 'Dreamery' branding. Kia Ora India Editor **Dev Nadkarni** reports.*

**D**emand for dairy is tipped to grow from the present 170 billion litres annually to more than 250 billion litres in about seven years – seven times the forecast for China over the same period. Growth estimates for Indian dairy range from nine to 15 per cent in the period 2018-23.

India is a market that the world's big dairy businesses simply cannot afford to ignore. Fonterra's re-entry with a strong retail partner with a presence in 26 of 31 states couldn't have been more opportune.

"The partnership will be driven by growth through profitability. The initial stages of the partnership will focus on product development, and marketing with the right capital investment made during this period," Lukas Paravicini, Fonterra's Chief Operating Officer Global Consumer and Foodservice said in a news release.

Fonterra's earlier, 2001 foray into India partnering with well-known food brand Britannia was unsuccessful, with Fonterra pulling out some six years later.

Among the first suite of Dreamery products introduced in Mumbai and western India at the launch are yoghurt, flavoured milk shakes and UHT milk in tetra packs. They will also be available in Pune, Bangalore, Ahmedabad, Hyderabad and Surat shortly. The product

range will be progressively expanded over the next two years.

India, the world's largest producer of milk with an eight-thousand-year-old dairying culture, consumes nearly all the milk that it produces with no exports to speak of. While most milk is consumed as it is with minimal processing, milk products are restricted mainly to traditional sweets.

Processed milk products like cheese are rare but as the booming economy adds tens of millions to the increasingly mobile middle-class segment, the demand for western style dairy products like specialty cheeses, ice creams, flavoured milks and yoghurts is increasing.

That's where globally experienced companies like Fonterra come in to meet the needs of young, aspirational Indian consumers who are after high-quality and nutritious dairy products, their appetites whetted by their travels across the western world.

Future Group founder Kishore Biyani said working with Fonterra's expertise in product development to match Indian consumer tastes, preferences and habits was how the joint venture planned to create and market products for the India. "We are hopeful that the brand will win their trust and confidence," he added.

Dairying is highly politically sensitive in India and governments so far have always been circumspect in foreign collaborations in the sector. However, the Fonterra Future Dairy Partners collaboration plans to source almost all of the milk from which it will make products from local dairies, which would sit well with the strong domestic dairy lobby.

But the partnership will also target India's large and growing food service sector, which is where Fonterra's Anchor brand of cheeses and creams will be imported for distribution to the hospitality sector.

This sector is already being served in a small way by specialist food service companies that distribute New Zealand products like wine, meat and seafood, which also include New Zealand dairy products in their product mix. Quality New Zealand (featured elsewhere in this issue of Kia Ora India, being an example).

In terms of potential nationwide reach, Fonterra has found the best possible partner in Future Group. With its own retail stores and plans to add some 1100 branded upmarket retail outlets in the next twelve months, it also has a well-developed cold chain and logistics system suited to the dairy industry.

Fonterra has already some competition from International dairy majors on the ground in India, some partnering with successful dairy cooperatives: France's Lactalis has invested in Tirumala Milk Products and Anik Industries Ltd; Cargill Ventures in Dodla Dairy; KKR India, the local arm of the New York-based buyout entity KKR & Co. has invested in the manufacturer of the well-known Kwality brand of dairy products.

The country's best-known dairy company, Gujarat Milk Marketing Federation with its iconic Amul brand, is readying for this new chapter in India's dairy industry with repositioning of its age-old but hugely popular products and new promotional and distribution strategies for them. Last year it announced plans for a fee-based franchise model leasing its brand name to small businesses – a strategy to reach the rural grassroots, the very source of the bulk of the its milk.

Fonterra's second foray into India promises to be exciting over the next few years as it navigates India's vast geography establishing its quality products in the world's biggest dairy market, competing with the world's big players and India's own homegrown behemoths.





## Modi 2.0 augurs well for India-NZ ties

*A margin and vote share bigger than his first election win in 2014 has proved that India's voters have endorsed the policies and performance of Prime Minister Narendra Modi in the recent 2019 election, says Kia Ora India Editor **Dev Nadkarni**.*

Voters have given his Bharatiya Janata Party (BJP) the mandate to lead the country by way of a clear majority to form a government on its own, without having to rely on its National Democratic Alliance (NDA) coalition partners.

Mr Modi is today a leader with the democratic world's biggest mandate at the end of the world's biggest elections with 600 million votes cast during the five-week, multi-phase polling process. And the clear majority that the voter has given the BJP is a relatively rare occurrence in recent elections where coalitions have been the trend.

This unambiguous result has bestowed on Mr Modi both the Mana and the legislative numbers to implement the blueprint for his vision of a new, resurgent India with the "progress for all" credo at the core of it.

This strong result would also have undoubtedly bolstered his image on the world stage and India is bound to emerge a much stronger player in the geopolitical space than ever before. Most world leaders have alluded to this in their congratulatory messages – many of them uncharacteristically spontaneous – to Mr Modi, saying that they would look forward to working with his new government.

In his first innings, Mr Modi put in place his government's 'Look East' policy – a geopolitical strategy

to strengthen ties with the economic powerhouses of Southeast Asia and the vast Oceania region including New Zealand, Australia and the Pacific Islands region. It is safe to presume that this policy will be scaled up in this second term.

Consequently, bilateral trade in both goods and services between India and the greater Pacific region, especially New Zealand and Australia, could be much bigger than it currently is. As we all know, New Zealand and India have unsuccessfully pursued a Free Trade Agreement for a number of years and now both pin their hopes on the Regional Closer Economic Partnership (RCEP) deal for scaling up trade.

New Zealand-India negotiations on RCEP have slowed over the past year on the Indian side because of the run up to the elections. Pace is expected to pick up in the coming months with fresh rounds. RCEP also involves Australia and the ASEAN states that comprises a whopping one-third of the global GDP.

With Fonterra's recent launch in India with its Dreamery range of products (see accompanying story), New Zealand's presence will take a larger chunk of India's mindshare in the coming months and years.

New Zealand and Kiwis' favourable image in Indians' minds could serve well for other New Zealand products, services and investments to flow into India.

Already more than 50 joint ventures between Indian and New Zealand companies exist and these will only grow as RCEP negotiations gather steam with India's new dispensation in place.

The recent success of New Zealand companies that have set up plants in India to serve as manufacturing facilities not just for India but also for the global market will likely see other companies follow suit over the next few years.

For, in the recent Budget, India has set itself the target of increasing the share of manufacturing in the economy to 25 per cent by 2020 from about 15 per cent at present. Additionally, it also plans to invest \$1.4 trillion in infrastructure by 2024. This brings huge opportunities for New Zealand companies looking to invest in India specially to use it as a manufacturing base for the global market (read Jane Cunliffe's piece in this issue).

Any scaling up of the 'Look East' policy also means that the idea of the Indo-Pacific alliance will receive a shot in the arm. United States President Donald Trump is on record acknowledging India as an important partner in forging the Indo-Pacific alliance along with some Pacific Rim states and Australia and New Zealand to form a strong counter China's increasing presence and activities around the region.

One of the first public statements that Australian Prime Minister Scott Morrison made after he was elected was about working toward correcting what the western world and its allies increasingly perceive as the geopolitical imbalance in the greater Pacific region.

Two powerful freshly-mandated leaders in the Indo-Pacific alliance is bound to see some bold new initiatives in the Pacific geopolitical space over the next 12-18 months as the United States moves toward its own election next year. This is bound to positively impact business and trade between the region and India.

In its first term, the Modi government strengthened relations with the Pacific Islands region as also bilaterally with several island nations like Fiji, Samoa, Tonga, Papua New Guinea and Niue.

India has already hosted all the Pacific Islands Forum country leaders at summits in India after Mr Modi's meeting with them collectively when he visited Fiji in his first term.

India has also set up training initiatives for Pacific government officials in taxation, customs, financial planning and other areas. Pacific officials have been visiting India for training and Indian trainers have been using Fiji as a hub for training officials from neighbouring Pacific countries.

New Zealand, however, missed out on hosting Mr Modi during that visit which included Australia along with Fiji in November 2014, the first year of his first term.

Former Prime Minister Sir John Key led a delegation to India and met with Mr Modi but Prime Minister Jacinda Ardern has only met him on a couple of occasions on the margins of international summits.

It is not publicly known as yet when the first official meeting between the two leaders will take place, but sources indicate that it might happen in the first half of 2020, before New Zealand's election season kicks in.

Mr Modi's visit to New Zealand could possibly happen when the new Indian High Commission complex in Wellington is completed.



# Budget measures to power India to \$5 trillion economy by 2025

The new government's first Budget did well to stick to the path of fiscal prudence by targeting the fiscal deficit at 3.3 per cent of GDP for 2019-20. The adherence to fiscal consolidation while providing the necessary boost to consumption, investment and special emphasis on agriculture and rural sector are steps in the right direction to take the economy to US \$ 5 trillion mark.

The Government, through the Budget, has announced significant measures for upscaling investments to Rs 100 lakh crore over the five years in the infrastructure sector. It has also tried to rejuvenate the rural and urban economy, ease stress in the financial sector by addressing liquidity concerns, support start-ups in the country, among other initiatives, which are all expected to de-bottleneck the economy and create a healthy eco-system for revival of business sentiment. The Budget did well to bring all companies with turnover up to Rs 400 crores under the 25 per cent corporate tax rate from the erstwhile limit of 250 crores. This is a good beginning and is expected to provide a fillip to the corporate sector earnings, which could be ploughed back in investments.

Indian Industry welcomes the ease in tax compliance of personal income tax and the increase in threshold for personal tax for applicability of income tax. In addition, the budget presented an additional option of saving tax emerged in the form of a deduction of Rs 1.5 lakh on the purchase of electric vehicles. The applicability of income tax for incomes above 5 lakh and the increased exemptions for home loan servicing will aid consumption and create demand for affordable housing.

Attracting foreign investment is key to the Government's flagship Make-in-India programme, which is aimed at creating jobs and reducing unemployment. India has set a target of increasing the share of manufacturing in the economy to 25% by 2020 from about 15% at present. It also plans to invest \$1.4 trillion in infrastructure by 2024.

Indian industry is heartened by the fact that the budget has also announced host of measures to improve the availability of capital for investment purpose. Allowing 100 per cent FDI in insurance intermediaries is a good move as it will encourage global best practices in the Indian market. This along with the proposal to increase FDI limits in aviation, insurance and media will help improve the availability of foreign capital for these

sectors. The easing of local sourcing norms for single brand retail is a big positive as well.

The Budget announced measures such as strengthening of logistics infrastructure, stepping up efforts in rural housing are likely to provide a significant impetus to investment spending and consumption which apart from boosting growth in the near to medium term, will also help generate jobs in the economy.

In order to incentivise the manufacture of electric vehicles, the budget sharply reduced the GST from 12 per cent to 5 per cent, reduced customs duty on certain components for electric vehicles besides providing tax breaks for consumers financing purchase of electric vehicles through car loans, which in our view is likely to provide a fillip to the movement towards a green mobility. Among the other indirect tax measures, the budget measure to adopt a new Return format for GST, fully automated GST refund, usage of single cash & credit ledger are moves which will help further streamline GST.

Another striking feature of the Budget is the setting up of Credit Guarantee Enhancement Corporation in 2019-20 with a focus on long-term bonds with specific focus on infrastructure sector. This carries the potential of further deepening the markets and enabling the infrastructure companies to access long-term funds. The allocation of Rs 70,000 crores for public sector banks recapitalisation is also welcome move and will help banks increase their lending to industry.

Indian Industry welcomes the announcement of host of measures which carry the potential of giving a boost to rural consumption demand by improving rural connectivity through investment in rural roads, rural housing, zero-budget farming and announcing 100 new clusters for developing skills in rural areas, besides enhancing rural livelihoods and jobs.

The real estate sector which has been witnessing slow growth over the past few years now has been emboldened by measures such as announcing additional deduction of Rs 1.5 lakhs for loan taken for purchase of affordable housing. The budget has strengthened economic empowerment of women by ensuring access to finance which enables rural women to take centerstage as contributors to the Indian economy.

Overall, the Budget reflects a pragmatic approach and displays a vision to drive the economy back on to the track of growth.



**Chandrajit Banerjee**

Director General, CII

*Chandrajit Banerjee is the Director General of the Confederation of Indian Industry (CII). As Director General, he is responsible for overall operations of CII. Prior to his appointment as Director General, he held several senior positions in CII. Mr Banerjee has been responsible for key areas of work including all Sectoral Verticals - Manufacturing, Services, Agriculture and Life Sciences Sectors and the SMEs.*

# India Budget aims at growth with equity, fiscal consolidation

The Union Budget has been presented against the backdrop of macro-economic challenges relating to growth, investments as well as consumption. Hence, there was a widespread expectation that the new Finance Minister will deliver a growth-oriented budget. Continuing with the focus of budgets of previous years, this budget too has laid emphasis on growth with equity, and at the same time aimed at fiscal consolidation.

The continued focus on infrastructure development is welcome. The ambitious vision of establishing 'One Nation One Grid' for electricity and a similar plan for gas grids, water grids, i-ways can transform the economy significantly. The plan to invest over Rs 100 lakh crore in infrastructure over the next five years and involve the private sector in this development through the PPP model is a huge positive.

This will have a multiplier effect on accelerating investments, growth and job creation. Given that infra-financing has been a key bottleneck in implementing large scale infra projects, the budget aims to address the challenges by enhancing the sources of infrastructure financing through corporate debt markets, setting up of Credit Guarantee Enhancement Corporation and by permitting investments made by FIIs/ FPIs in debt securities issued by Infrastructure debt fund.

To revive investments, restoring health of the financial sector is a pre-requisite and the Budget has done just that. There is a strong emphasis on strengthening the availability of capital in the economy through specific interventions across a range of financial sources – be it banking, NBFC (Non-Banking Financial Companies), capital market or even foreign investment. Recapitalisation of public sector banks through infusion of Rs 70,000 crore will help address the capital adequacy requirement and with NPA (Non-Performing Assets) gradually on a decline, this would render greater availability of credit for economic expansion.

Likewise, measures like offering of partial guarantee to banks for asset purchases from NBFCs provides the much-needed respite to the NBFC sector and will help improve liquidity in the system. A slew of incentives proposed for deepening the corporate bond market are also positive for enhancing robustness of financial sector.

The intent of the government to examine further

liberalisation of foreign investments, especially in sectors like aviation, insurance and media sends out positive signal and we look forward to government action on these proposals.

One of the major concerns of businesses in India has been the high cost of doing business and there has always been a demand for initiating factor market reforms. Finance Minister's budget speech indicated some strong actions in this regard, especially with respect to moving forward on labour law reforms as well as working with the States to address regulator issues in power sector. Combined with improved access to capital, these additional reforms should help industry in bringing down their costs.

Additionally, the extension of corporate tax reduction to companies with turnover of up to Rs 400 crore would also render such companies more competitive. We do hope that the government would soon extend this tax reduction to all companies. Given that a highly competitive tax regime has evolved globally, this is needed to attract and retain large scale investments.

The Budget continues the government's focus on enhancing ease of doing business, especially with respect to simplification of tax regime.

The proposals related to interchangeability of PAN and Aadhar for filing of tax returns, pre-filled tax returns, faceless tax assessments, fully automated GST refunds and electronic invoices system for GST are all welcome initiatives.

In addition to these, there has been a continued focus on existing mega programmes of the government such as PM-KISAN, Ayushman Bharat, Industrial corridors, Make-in-India, Start-up India, Swacchh Bharat Abhiyaan, Digital payments, etc. The plan to take some of these mega programmes to the next stage is encouraging and given the successful implementation of such programmes during last five years, the likelihood of achieving new targets over the next five years remains high.

The Prime Minister's vision of making India a five trillion dollar economy by 2024-25 requires a sustained growth of over eight per cent per year and with effective implementation of announced reforms and measures, reaching that target should not be difficult.



## Y K Modi

Past President, FICCI &  
Chairman and CEO, Great  
Eastern Energy Corporation Ltd

*Mr. Yogendra Modi is the founder of Great Eastern Energy Corporation and has been associated with it since its incorporation in 1992. He holds a bachelor's degree in textile engineering from the University of Punjab. He has collaborated with world leaders in technology and contributed to the economic development of India for nearly five decades. He was a member of the Dean's Council at the John F. Kennedy School of Government, Harvard University, USA.*



## INZBC hosts visiting Indian pharma industry representatives

*India New Zealand Business Council welcomed the first ever official pharmaceutical industry delegation from India in July. The 16-member delegates were members of the Pharmaceutical Export Promotion Council of India (Pharmexcil), which the Government of India's Ministry of Commerce & Industry set up in 2004. Officials of Pharmexcil were also part of the delegation.*

NZBC Treasurer Earl Rattray officially welcomed the delegation followed by an address by Honorary Consul of India in Auckland, Bhav Dhillon.

Pharmexcil Director General Ravi Uday Bhaskar said the delegation's visit to New Zealand and Australia was well-received and was supported by the respective Indian High Commissions in the two countries.

India's pharmaceutical industry has grown by leaps and bounds in the past couple of decades. Briefly tracing the history of India's pharmaceutical industry, Mr Uday Bhaskar said in the 1960s, India imported some 65 per cent of pharmaceutical drugs it needed. Today it is not only self-sufficient but is fast emerging as the pharmacy to the world, supplying medications for such ailments as HIV, malaria and tuberculosis.

"India is not just providing these life-saving drugs to the world. But it's doing so at extremely affordable prices," Mr Uday Bhaskar said. In an environment where government spending on healthcare is decreasing in many parts of the world, Indian pharma

has an increasingly important role to play, he added. "Pharmexcil is charged with taking Indian medicines to the world."

Pharma exports from India are worth about US\$19 billion in a global market that is worth some \$1.2 trillion. Eight Indian companies figure in the list of the world's top 20 pharma companies today.

Nearly 40 per cent of generic medications in the United States are imported from India. The Indian pharma industry is the main supplier for credible, affordable and efficacious drugs to dozens of nations in the African continent.

Earlier, Honorary Consul Mr Bhav Dhillon said though New Zealand's population is just 4.5 million compared to India's 1.3 billion, New Zealand's economy was one-tenth the size that of India, which is significant. And though the New Zealand market might seem small, it is worth noting that per capita spending on medication is considerable among Kiwis.



*Ravi Uday Bhaskar,  
Director General, Pharmexcil*



*Chandra Selvadurai,  
MD, Pharmaco NZ*



*Ray Meade, CEO, Mondiale*



*Steffan Crausaz,  
Chief Operating Officer, Tamaki Health*



*Zubin Davar, Director,  
Jeena Australia*



*Adriaan de Lange,  
Head of Marketing, Douglas Pharmaceuticals*



*Jay Changlani, INZBC Board member*



*Earl Ratray, Treasurer, INZBC*



*Bhav Dhillon,  
Hon Consul of India in Auckland*

Mr. Dhillon urged New Zealand pharma companies to take up the new initiatives of the new government to partner with Indian companies and become part of the hub for pharma companies that India is emerging as.

New Zealand government agency Pharmac, which decides which medicines and related products are subsidised for use in the community and public hospitals, imports about \$1 billion worth of drugs from the international market every year. Imports from India

have been rising. Substantial volumes of paracetamol dispensed in New Zealand are sourced from India. Mr Dhillon said the India pharma industry must look beyond bulk generics and focus more on high value, specialty drugs in oncology and cancer treatment.

Pharmaco Managing Director Chandra Selvadurai also addressed the main session of the daylong conference at the Crowne Plaza Hotel in Auckland.

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