

SUMMARY OF THE UKIBC ROUNDTABLE WITH MR RV DESHPANDE, MINISTER FOR LARGE AND MEDIUM INDUSTRIES AND TOURISM

DATE: 4TH NOVEMBER 2016

THE MINISTER HIGHLIGHTED THE KEY STRENGTHS OF KARNATAKA:

Karnataka is an investor friendly state which has been open for business for a long time. Key thrust areas of the Karnataka State Government include infrastructure, aviation, defence, manufacturing, IT, financial services, smart cities and tourism all of which offer huge potential for foreign investment. The UK has expertise in all these sectors and British businesses should look to explore these opportunities in Karnataka. In addition, Karnataka offers the following advantages to British businesses:

- Progressive policies across several sectors such as aviation, IT, tourism, defence and agribusiness to name a few.
- Fair competition and an improved industrial climate - Karnataka was the first state to tackle the 'Ease of Doing Business' issue which is now being replicated by the GoI.
- A commitment to maintain transparency in all processes and issue early approvals to foreign investors.
- A good relationship with the Federal Government

THE GROUP DISCUSSED AREAS OF COLLABORATION BETWEEN THE UK AND KARNATAKA:

- Strengthening the connectivity between high tech start-ups in Karnataka and the UK to facilitate knowledge exchange and build networks. Given that IT and IT enabled services is Karnataka's main USP, while the UK has a vibrant technology startup ecosystem, a bilateral partnership in this space would deliver mutually beneficial rewards.
- Skills and HR is another area which has emerged as a top priority for the Karnataka Government as it is one of the biggest challenges the state faces. Bangalore is a shining example of how businesses drove skills development where previously there was none, to transform the Indian IT sector into the global outsourcing hub it is today.
- Infrastructure and in particular the focus on creating Smart Cities is another area which offers tremendous potential for UK and India to work together.
- Renewable energy and energy from waste was also highlighted since Karnataka produces 4000 tonnes of waste and is looking to explore innovative methods to convert this waste into energy.

UK COMPANIES OPERATING IN INDIA PUT FORWARD THEIR ISSUES:

- Clear ownership of land is needed so that it can be bought and sold more easily.

- Removing the barriers around profit repatriation and restoring confidence amongst foreign investors – the Minister responded by clarifying that profit repatriation is in fact a central government issue and not under the control of States.
- Cyber security and defence are a major concern but also a major opportunity.
- Online approvals and licenses often don't get translated on ground. Merely moving existing regulatory systems online is not the solution to significantly improving the policy environment – the entire machinery behind it needs to be scrutinised and upgraded. Difficulty in clearing imports through customs. The Minister recognises this problem and has made active efforts to supplement online clearances with a person who can actually execute the requests.

STEPS BEING TAKEN BY THE KARNATAKA GOVERNMENT TO IMPROVE THE OPERATING ENVIRONMENT:

- A new plan to set up country and sector desks each manned by country and sector managers to be the go-to point of contact for all relevant enquires.
- A recently amended and simplified Land Reforms Act under Section 107 which allows companies to acquire land directly from the farmers
- A major global investor summit in February 2016 (3rd – 5th Feb) to encourage more foreign investment.