

**05/10/2020**

**Business Recovery and Growth Board**

**India Trade and Investment Programme**

**Purpose of Report**

To update members of the board on the progress made on the work of the India Trade and Investment Programme

**Thematic Priority**

The priorities covered by this report are:

1. Facilitate and proactively support growth amongst existing firms.
2. Attract investment from other parts of the UK and overseas, and improve our brand.
3. Increase sales of SCR's goods and services to other parts of the UK and abroad.

**Freedom of Information and Schedule 12A of the Local Government Act 1972**

This paper will be available under the Freedom of Information Act

**Recommendations**

To acknowledge the progress made on the India Trade and Investment Programme.  
Support the continuation of the programme and further development.

**1. Introduction**

**1.1 Background**

- India represents an important, but under-exploited market of opportunity for South Yorkshire.
- In 2017, the Sheffield City Region (SCR) commissioned The UK India Business Council (UKIBC) to undertake detailed market research on India for boosting trade and investment opportunities. There were 5 clear recommendations from this report:
  - Focus on the Western Cluster, with Pune as the top target city and Maharashtra as the target region.
  - Focus on Advanced Engineering and Manufacturing, Healthcare and Digital which resonate with Sheffield's sectoral strength.
  - Establish a brand that resonates in India – 'Make in India: Design and Develop with the Sheffield City Region.'
  - Bringing SCR assets (namely AMRC and AWRC) together and projecting them in a coherent and mutually supportive way.
  - A strategic India Forum should be set up to oversee implementation and build support for the future.
  - Roll out an export growth programme to help firms to overcome barriers to entering the Indian market, which can often be perceived as challenging.

- The Executive Team have visited India twice since late 2018 to initiate the India strategy.
  - The first was a reconnaissance visit to Pune and Mumbai to meet a number of the stakeholders identified in the ‘Make in India: Design and Develop with the Sheffield City Region’ report and set the scene for a formal MCA visit afterwards. There has been significant engagement with senior government officials at the Mayor of Pune’s office and Chief Minister of Maharashtra’s office as well as University of Pune, IIT- Bombay, trade associations and several businesses in advanced engineering, automotive and aerospace sectors.
  - The second visit in November 2019 was led by Sir Nigel Knowles as the Mayors advisor on International Trade and Investment to meet and discuss investment and collaboration opportunities between Maharashtra and the MCA/LEP. Please find a summary of those discussions in Table 1 below. The MCA, AMRC and a number of private businesses attended this delegation which coincided with the Northern Powerhouse (NPH) visit to India.
  - We are working with the UK India Business Council to create a trade and investment strategy implementation roadmap (focusing on the next two financial years) in terms of building and showcasing South Yorkshire and our sectoral strengths to potential Indian investors, the implementation of which will be overseen by the proposed India Forum.
  - In keeping with the recommendation, in April 2020, we launched the MCA India Growth Champions Programme, aimed at increasing exports from the region. Please see an update on the programme below in Table 2.
  - The UK Government is increasing its engagement with India through a Joint Economic Trade Committee (JETCO). JETCO is led by DIT (facilitated by the UK India Business Council) and operates at Cabinet Minister level. At the July meeting, the UK’s Secretary of State for International Trade and India’s Commerce Minister announced an “Enhanced Trade Partnership, as part of a roadmap that could lead to an FTA”. (Trade Agreement)

**1.2 Summary of discussions in SCR’s Trade Mission to India in November 2019**  
(Table 1)

| AREA                         | OBJECTIVES   | ORGANISATIONS MET  | OPPORTUNITIES  |
|------------------------------|--|--|--|
| Trade & Investment           | Grow trade & investment by collaborating and fostering business-to-business collaborations | Maharashtra Industrial Development Corporation   | Promoting investment opportunities during the UK Magnetic Maharashtra Summit (tbc)   |
|                              |  | Roundtables and business dinners held with professional service firms, business intermediaries & support organisations | <ul style="list-style-type: none"> <li>• Sourcing investment opportunities</li> <li>• Supporting our India Growth Champions Scheme</li> <li>• Supporting with our Alumni Champions Scheme</li> </ul> |
| Research, skills & education | Create an education and skills ecosystem that gives young people the technical             | Bharat Forge   | Existing Tier 2 AMRC member<br><br>Collaboration opportunities around digital enabling   |

|                                     |  |  |   |
|-------------------------------------|--|--|---|
|                                     | and vocational skills needed to succeed  |  | equipment, talent recruitment & retention   |
|                                     | Creating a good and healthy place to live through improvements in air quality, traffic management, active/urban transport (future mobility), transition to a low carbon economy and water/waste/flood management | Pune College of Engineering                  | Development of industry-informed curriculums e.g. digital manufacturing, sustainability, e-mobility, circular economy   |
|                                     |  | Indian Institute of Technology Bombay        | Previously visited AMRC<br><br>Collaboration opportunities in relation to machine science, composites and additive manufacturing through student exchange programmes and application of research into AMRC industry setting                   |
|                                     |  | Automotive Research Association of India     | Collaborations around additive manufacturing processes e.g. affordable light weighting using sustainable materials for mass mobility purposes, developing alternative fuel systems e.g. hydrogen, electrification of public transport systems |
|                                     |  | ISME School of Management & Entrepreneurship | Student exchange programmes   |
|                                     |  |  |   |
| City to City Regions Collaborations | To build a knowledge, technology and trade corridor between two city regions.  | Divisional Commissioner Office, Pune         | Collaboration with Pune city region in 3 core areas:<br>i. Environment: Mainstream climate action, environmental planning and natural resource management<br>ii. Economy: Strengthen the diverse economy and workforce capabilities           |

|  |  |  |  |
|--|--|--|--|
|  |  |  | iii. Growth: Guide integrated and equitable urban growth |
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### 1.3 Growth Champions programme update

(Table 2)

| Growth Champions   | Sectors  | One-to-many support update  | One-to-one support update  |
|--|--|---|--|
| <b>1<sup>st</sup> cohort:</b><br>Macalloy Ltd,<br>Kycker/Kryptic<br>Media, Robson<br>Handling<br>Technology,<br>Donasonic<br>Automation<br><b>2<sup>nd</sup> cohort:</b><br>Zoo Digital, Lomas<br>Engineering,<br>Magnomatics Ltd,<br>Maher Ltd, King<br>Kraft Ltd | Engineering and manufacturing, healthcare and, digital | Conducted two workshops in May and September 2020 covering a range of general and a specific topic on economy, politics, government policies, tax structure and supply chain.<br>Live case studies on India entry were presented by the guest speakers. | Initial business diagnostic interviews have been conducted with all the nine Growth Champions by the UKIBC. Tailored support plans are being finalised with individual Growth Champions. Deliveries on market assessment have already begun with the first cohort. |

## 2. Proposal and justification

### 2.1 Key learnings from SCR's India visits:

#### Trade and Investment

- We learned from discussions with leading businesses, academic institutions, and trade associations that there is a demand in Pune and Mumbai for what the companies in South Yorkshire have to offer, specifically advanced technologies for manufacturing and healthcare. Almost all the advanced engineering, manufacturing and, healthcare companies we met, expressed desire to partner with South Yorkshire-based companies and universities to access better technology, R&D, and general trade.
- The larger conglomerates are keen to explore technology enablers focussing on industry 4.0, digital manufacturing, robotics, AI, and R&D collaborations (in lines with the Catapult Centres). Smaller businesses are interested in technical collaborations and exporting to/business opportunities with South Yorkshire.
- We learned that India are rapidly expanding sustainable fuel development with rapid role out to public transport planned - there were massive opportunities for partnering to look at this.
- They have a buoyant business network and we spoke about whether we could partner or locate a business advisor in their chamber equivalent and / or vice versa to actively promote investment and trade and business partnering as our programme develops.
- For inward investments, aspirational cash-rich Indian companies are ideally placed candidates. These are typically tier 1 or 2 suppliers who wish to transition from a volume to a value proposition. However, to get to the next levels of discussions, we need to showcase specific technical capabilities, our intent and, more importantly, the unique capabilities and assets of South Yorkshire.
- To achieve SCR's objective of increasing trade and investment with India, we need to build relationships at all levels over a period of time including civic, political, business and

academia. In order to set the foundation for a sustained engagement with India paving the way for developing future trade and investment relationships.

### Skills and Education

- Universities and academic institutions are keen on collaboration with Sheffield Universities to reform syllabi and research programmes and make them more industry ready. All curriculum is delivered in English and across a range of curriculum areas e.g. electrification of vehicles they have already developed business endorsed curriculum that they shared with us - we wanted to explore the potential for any educational establishment partnering that could lead to student and tutor exchanges and business placements.

### Government and business collaboration

- There is an appetite for government and business collaborations that fit into the regional (and city-level) objectives, such as clean energy/tech, sustainable development, waste reduction/reuse, traffic management, renewable energy solutions, and of course foreign direct investments.
- Both the regions have similar core areas of focus ranging from climate change to urban transport to waste management, though as experienced during the meeting with the Divisional Commissioner of Pune and his larger team, the solutions sought would have to be localised.
- Maharashtra Industrial Development Corporation is the go-to government body in the State for guidance and setting up business and/or R&D collaborations in the State.
- Government is open to support businesses in exploring local collaborations where applicable and within their ambit.

## **2.2 SCR's India opportunities**

The November 2019 visit was excellent with several collaboration opportunities (both longer-term and immediate) identified. The following points summarise the opportunities:

### Trade

We have started the India Growth Champions Programme and already in the process of delivering India market intelligence, hosting "Doing Business in India" workshops, identifying export opportunities, connecting to business partners in India, and finally taking them to India as part of a trade delegation to India in 2021. The cumulative export gain from the first cohort of Growth Champions is expected to be £1.3 million. Selected Growth Champions resonate with SCR's sectoral strengths in engineering, manufacturing, digital and healthcare.

### Investment

The AMRC and AWRC are ideal centres of excellence that will attract potential Indian companies to South Yorkshire. We need to showcase this to the best possible extent in India. For example, Bharat Forge, a multi-disciplinary India origin conglomerate, is already a Tier 2 member of the AMRC. A proactive approach to discuss Bharat Forge's interest areas, such as digital manufacturing, advanced materials, electric/non-fossil fuel-based technologies amongst others will encourage greater participation from the company and potentially future investments.

Engagements to facilitate inward investment is already underway. For example, Bharat Forge in 2018 through a £10million investment has a JV partnership with Tevva Motors. SCR are currently working with Tevva Motors who are looking to build a new manufacturing site in SCR for 7.5 tonnes electric trucks. They are looking for suitable 40-acre site with a total initial investment of £3 million to create 300 jobs. This would include electric truck manufacturing, battery and power management, testing and maintenance and supply chains together with other related value-added services.

Similarly, our discussion with other companies in India pointed to a general consensus on joint innovation and investment in R&D for technologies deemed important by these companies, such as advanced materials, emission/weight reduction technologies, digital manufacturing, robotics/automation, additive manufacturing, cost effective surgical tools, technology sharing for medical devices and others.

In our effort to drive technical and R&D collaborations, we are exploring an opportunity for AMRC to collaborate Indian Technical Textile Association (ITTA) for establishing a Composite Research Centre in India modelled on AMRC's research centres in Australia and South Korea.

#### Skills and Education

Pune and Mumbai based Universities we interacted with are keen on collaboration on R&D projects, improving syllabi to make them more industry-ready, and support in bridging the project-to-industry gap (commercialising research projects).

We are already in the process of forming a consortium involving the University of Sheffield and the Indian Institute of Technology – Bombay to bid for the UK Government's Innovation Challenge Fund 2020: Future Mobility in Maharashtra.

Furthermore, all Indian Universities we met have expressed interest in student and faculty exchange programmes. Specific collaborations between the two Universities in Sheffield and their Indian counterparts could open the inflow of Indian students into the region. Moreover, the Government of India recently announced that it will allow top 100 Universities from across the world to operate in India. This presents a significant opportunity for the University of Sheffield to offer joint degree programmes in India and further build the Sheffield brand in India.

#### Government and business collaborations

- State Government of Maharashtra is keen to explore knowledge and technology corridor opportunities along the lines of 'Make in India: Design and Develop with the Sheffield City Region.' With the current policy of 'Atmanirbhar Bharat' (self-reliant India), this fits in perfectly well with the theme.
- Government has come up with business-friendly policies which allow plug and play model for businesses to setup along with numerous incentives/tax benefits varying as per the industry.

#### Visitor Economy

By building the SCR profile in India and growing SCR-India trade, investment, and students to the city, we will see a benefit to the visitor economy.

### **2.3 Developing trade and investment relationship with India is a key priority**

There are several developments that support the need for us to sustain momentum in our engagement with India:

- Because of Brexit and PM Modi's goal of creating a "self-reliant India" now is the time to build foundations for potential long-lasting trade and investment ties with India, especially Maharashtra. The need to find new markets, changes thrust upon us by the COVID-19 pandemic, and the increasing appetite of Indian businesses for reliable partners and advanced technology, all create opportunities for the SCR's universities and businesses.
- The enhanced trade partnership between the UK and India announced at the Joint Economic and Trade Committee (JETCO) in late July 2020 is the first step towards a potential UK-India FTA. This is an important signal that both the UK and India are committed to deepening an already strong partnership.
- We have already made substantial headway in terms of trade through our "SCR India Growth Champions Programme." We have recruited nine companies across the advanced engineering and manufacturing, digital and healthcare sectors. These companies want to grow their exports to India. We are helping them identify

opportunities, providing customised business intelligence, identifying business partners, and conducting interactive workshops on “Doing Business in India”. With a view to achieving our objective of 10% growth in trade from SCR to India by 2025, we may consider continuing with the Growth Champion programme by incrementally increasing the number of Growth Champions every year based on the learnings from the first cohort. We have set a target of doing combined trade worth £1.3 million for the first cohort of Growth Champions.

We have also successfully formed a consortium including Sheffield and India based Universities, businesses, and NGOs to participate in the Foreign and Commonwealth Office’s UK India Innovation Challenge Fund 2020: Future Mobility in Maharashtra. This Innovation Challenge Fund is a £2 million fund to be awarded among 4-10 consortia.

## **2.4 Next Steps**

### **Virtual delegation to Pune in autumn 2020**

As next steps in developing the relationship and the synergy between the two regions, it has been recommended that the Mayor leads the proposed programme to build on previous meetings. This virtual interaction will be held in the backdrop of the autumn 2020 session of the Joint Economic Trade Committee (JETCO) between the UK and Indian governments.

- A virtual meeting with the Mayor of Pune, his senior team, and top officials from the Maharashtra State Government’s Industries Department to discuss the synergies between the two regions and way forward to working together.
- A virtual roundtable involving the Mayor, the SCR Growth Champions, Maharashtra based businesses, and the UK Trade Commissioner for South Asia to showcase opportunities for trade and investment between the SCR and Pune.

Mayoral interview with an Indian journalist in a written Q&A format on topic (s) agreed in advance.

## **3. Consideration of alternative approaches**

### **3.1 N/A**

## **4. Implications**

### **4.1 Financial**

The continuation of the India Trade and Investment programme has Financial implications for futures years budgets.

### **4.2 Legal**

There may develop a need for a signed collaboration document between the MCA and the Mayor of Pune in future years.

### **4.3 Risk Management**

There is a reputational risk at not continuing with the India Trade and Investment Programme.

### **4.4 Equality, Diversity and Social Inclusion**

N/A

## **5. Communications**

- ### **5.1**
- There will be other opportunities arising from the UK-India Business is Great and JETCO activity that will create press and comms opportunities.

The visit programme would include a series of engagements that will require communications and marketing support either pre or post event, including engagement with national and regional media outlets in India.

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references: