



Economic Diplomacy & States Division
Ministry of External Affairs

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DECOAN DIALOGUE

CONFERENCE ON
**ECONOMIC
DIPLOMACY FOR
DEVELOPMENT**

May 06, 2018 | ISB, Hyderabad Campus

PROCEEDINGS



PREFACE

The Conference on ‘Economic Diplomacy for Development’, a joint initiative of the Indian School of Business (ISB) and the Economic Diplomacy and States Division, Ministry of External Affairs, Government of India, was held on May 6, 2018 at ISB, Hyderabad Campus under the Deccan Dialogue banner. It was inaugurated by Gen (Dr) V K Singh (Retd), Hon’ble Minister of State for External Affairs, Government of India, in the presence of Shri K T Rama Rao, Minister for Industries and Commerce, IT&C, Government of Telangana.

Deccan Dialogue aims to promote multi-stakeholder conversations at the sub-national level on various aspects of economic diplomacy, decentralised cooperation, development partnerships and India’s external engagement.

The maiden edition of the Dialogue received a tremendous response with more than 500 participants from Government, Industry, Civil Society, Academia, Media and the Diplomatic Community, including representatives of Canada, Germany, Iran, Lesotho, Republic of Korea, Russian Federation, Turkey, USA and UK, attending the day long event. Deccan Dialogue is now envisaged to be an annual feature, on the lines of ‘Raisina’ and ‘Gateway’ Dialogues, with its main focus on emerging facets of economic diplomacy.

This report presents a brief summary of the Conference, which witnessed focussed conversations on four critical themes related to grass-root diplomacy, water diplomacy, youth diplomacy and sister-city diplomacy. Overall, 25 expert speakers addressed the Conference, that included inaugural and a valedictory session. Some major takeaways of the Conference are highlighted in the end, which merit further attention of all stakeholders.

INAUGURAL SESSION

The inaugural session set the conference rolling with crucial directives from the Union and the State governments talking about the importance of making use of economic diplomacy to enhance economic growth and employment generation.



General (Dr) V K Singh (Retd), Hon'ble Minister of State for External Affairs, Government of India inaugurated the Deccan Dialogue and delivered the keynote address. He stated that through economic diplomacy instruments we must take advantage of India's demographic dividend and enable global movement of people, which will cater to the workforce needs of the countries with ageing population. "The global labour mobility was in the country's interest, and there was a need to look at the subject from a bilateral perspective." He noted that Economic Diplomacy is not just about trade and tariffs and that we need to work on win-win agreements for securing resources and maximising opportunities. He called for greater coordination among Ministry of Commerce and Ministry of External Affairs

as well as State governments so that the strengths and requirements of the latter could be projected well. He said that the government believes in competitive cooperative federalism and that his Ministry is ready to support States in every possible manner in facilitating their external engagement.

The Minister also highlighted that India's economy is growing at a steady pace and is now in a position to attract huge foreign direct investments; India can build on their strong attributes. Talking about the conference, the Minister mentioned that initiatives like the Deccan Dialogue play an important role in shaping the economic agenda of a country. He concluded by saying "I expect the Deccan Dialogue to make a difference."



Shri K T Rama Rao, Hon'ble Minister for Industries & Commerce, IT&C, MA&UD, Government of Telangana, spoke about the need for economic diplomacy to create more jobs. "Economics and diplomacy are inseparable. The only diplomacy that the world wants and understands is job creation. That is the biggest challenge that the governments face across the world." He urged MEA to undertake a 'Resource Mapping Exercise', tapping the strengths of various states.

Highlighting the diversity and complexity of India, he appealed to diplomats and business leaders to stop looking at India from the perspective of a world bank report or from a consultant point of view.

Talking about Telangana, KTR opined that states like Telangana have broken several stereotypes, brought in many reforms, ushered in new policies, which has made it one of the most competitive entities, not just in the country but the entire world. Talking about the importance of Hyderabad in strengthening economic diplomacy, he opined that it is a place where north meets south. "We are that veritable melting pot of confluence where different cultures, religions, languages, regions - everything kind of meets here. I think it is only natural that Deccan Dialogue had to happen here. But I would request you to make this an annual or a bi-annual event for more interactions with stakeholders across the world."

Professor Rajendra Srivastava, Dean, Indian School of Business, emphasised that India is in a leadership position in global data management. The e-governance systems in India

leapfrogged multifold and had helped the digital development to be more democratic. "Data is the new oil and driver of the economy. India should take the lead in that space." Talking about digital initiatives with specific reference to Aadhaar, Professor Srivastava opined that apart from privacy issues raised about Aadhaar, it has been effectively used for implementing the Public Distribution System (PDS) of rations at subsidised rates and also used extensively by the private sector.

In his address, **Srini Raju**, Member, Executive Board, ISB and Chairman, iLabs, cautioned against the possibility of trade imbalances if corrective measures are not taken. He opined that many countries had signed Free Trade Agreements without realising the long-term implications on their economies. "India has a very vibrant software industry but unfortunately a weak electronic industry segment. It is like whatever we earn from America we give it to China. We are facing a trade imbalance scenario and it is important to have strategic thinking and planning to address this."



DIALOGUE I

Taking Economic Diplomacy to the Grassroots for Strengthening Development Partnerships

The first dialogue was on the importance of strengthening grassroot multi-stakeholder involvement which is very critical for the success of economic diplomacy. In this new form of cooperative federalism, local governments of different democratic federal nations come together for win-win engagements to promote trade and investments. Industry and business leaders are essential

stakeholders in this process. The panelists spoke about India's changing policy which emphasised on partnership-led development at the global level. The match between the growing technologies at global level and India's deep market is an important trend leading to positive outcomes for India.

Rajendra Srivastava, Dean, ISB opined that the economic centre of gravity is drifting towards the east, not because of technology, but because of the market.

India's strength is its market and if we could have access to global technologies through economic diplomacy, India's development objectives could be met faster. ISB, being a research-focused management school, could play an important role in bringing together technologies and the market.

Vinod K Jacob, IFS, Joint Secretary, Economic Diplomacy and States Division, MEA, mentioned that the renewed thrust on economic diplomacy led the Ministry to explore development partnerships especially in new basket areas like artificial intelligence, big data, internet of things, e-commerce, renewable energy, smart cities, among others.

At the same time, the Joint Secretary also opined that the development partnerships are not exclusive to the Government and it involves multiple stakeholders. "There is a limit to what Delhi can do. State Governments and industry are important stakeholders in economic diplomacy. The diplomatic community is better informed about opportunities abroad, and hence there has to be a coordinated approach between the stakeholders to have better results."

Ambassador T P Sreenivasan, former permanent representative of India to the UN, compared the Nehruvian foreign policy based on global geopolitics and Modi's transactional foreign policy. The latter one is focused more towards creating a global identity based on the current needs of the country. He felt that the current age diplomats have the responsibility to understand the strengths and the needs of the country and bridge the gaps through economic diplomacy tools.

Jennifer Daubeny, Consul General, South India, Canada, talked about collaborative partnerships to attract investments and talent at various levels including country, state, city, private sector and associations.

"Though a healthy competition among the sub-national entities is welcome, it will be difficult to market themselves abroad in a competitive way, and hence a collaborative approach is more impactful."

J Krishna Kishore, IRS, CEO, Andhra Pradesh Economic Development Board, expressed that India is establishing its foreign relations as an equal partner and not as a seeker, which is evident from the various international tours of Prime Minister Modi and Chief Minister Chandrababu Naidu of Andhra Pradesh. The Government of Andhra Pradesh successfully demonstrated partnerships with China, Japan, Singapore, Switzerland, UK, and many other countries to strengthen grassroot economic diplomacy.

S Sivakumar, Head, Agri & IT Business, ITC Ltd., emphasised the need to use economic diplomacy tools to strategically focus on 'agriculture', which engages half of India's workforce. The world collectively needs to produce as much food in the next forty years to feed the global population, as we had produced in the last eight thousand years in aggregate. It calls for global food security strategies worked out through economic and diplomatic partnerships.



DIALOGUE II

Dialogue on Water Diplomacy: Challenges and Opportunities in Regional Cooperation

Dialogue II discussed the challenges and opportunities in regional cooperation from the perspective of water diplomacy. Water management and fair distribution of water is an issue of growing significance on the international agenda. Water problems are complicated because they cross physical, disciplinary and jurisdictional boundaries. Water cuts across all of today's challenges worldwide: population, demographic growth, urbanisation, pollution, climate

change, and environmental and financial crisis. The panel discussed international cooperation over shared water resources and water diplomacy as an approach to conflict transformation, peace-building and regional cooperation. The panelists emphasised on the need to encourage technologies for sustainable use of water as well as the use of ocean water for generating power, which could strengthen the relations between countries.

Vice Admiral Pradeep Chauhan (Retd), Director, National Maritime Foundation, pointed out that in the developing countries, a relatively small climatic shift can trigger food shortages, water scarcity, destructive weather events, and spread of diseases, human migration and natural resource competition. He mentioned that 54% of India faces high to extremely high water stress due to climate changes. "The climate change certainties amplify

existing stresses on weaker nations and generate geopolitical instability in already vulnerable regions." He also urged the need for salinity modelling at various regions, for example Bangladesh.

Adnan Altay Altinors, Consul General, Consulate General of Turkey, Hyderabad felt that the world collectively has all the required technologies to manage water demand and supply. The cross-border water issues is not always an area of

conflict. Instead, on the contrary, it is a source of cooperation and sharing of benefits through initiation of joint projects. "There are technical solutions available to solve cross border water issues and what is required is the political will. This calls for following international law which urges for accountable and reasonable allocation of trans-border water with no significant harm to the riparian state and by sharing data and information."

Shanthie Mariet D'Souza, Founder and President, Mantraya, chaired the session and opined that water is a cross-cutting issue, which required multi-stakeholder dialogue and negotiated solutions to specific problems. "Water diplomacy focuses on establishing novel solutions that are established on a scientific basis, and sensitive to societal problems associated with water sharing."



DIALOGUE III

Young Leaders as Drivers of Innovation and Brand Ambassadors of Economic Diplomacy

Dialogue III touched upon youth diplomacy, focussing on young leaders as the drivers of innovation and brand ambassadors of economic diplomacy. Young and bright minds, fresh from college, with great ideas and full of aspirations are the real drivers of innovation and change. With their entrepreneurial zeal, they can create significant opportunities for global collaboration and advance economic relations. In fact, they are potential

brand ambassadors of economic diplomacy. India has created a very useful ecosystem for supporting innovation and entrepreneurship through initiatives like Start-up India and Stand-up India, where young minds are encouraged to pursue their game-changing ideas. With more decentralised technologies coming up and with the country's demographic dividend, the young population in India is equipped for a proactive role in strengthening economic diplomacy.

Jayesh Ranjan, IAS, Principal Secretary, Department of Industries & Commerce, IT&C, Government of Telangana, moderated the session. He emphasised that most of the current solutions are coming from start-ups, and the young population of the country does the real transformative work. It is imperative to support their entrepreneurial aspirations, their innovations and innovative ideas for which the Government of Telangana has institutionalised an incubator called

T-Hub. Telangana has as many as 36 co-working incubators, offering excellent quality infrastructure for young innovative entrepreneurs.

Katherine B Hadda, Consul General, US Consulate General, Hyderabad elaborated that US and India have a strong partnership when it comes to supporting new entrepreneurship, which is more decentralised technologically. More importantly, there is a renewed thrust on social entrepreneurship, which came out very strongly during the Global Entrepreneurship Summit, held last year in Hyderabad. Good ideas know no boundaries, but it requires partnerships and agreements between countries at the level of economic diplomacy.

Anuj Kothari, National Chairman - CII Young Indians, opined that we are currently enjoying a period of peace after a very long history of unrest and wars, which can make the youth realise their purpose of life through gainful employment and meaningful existence. Such a scenario is making people more innovative, which can be sustained through robust institutional arrangements and partnerships among nations through a renewed focus on economic diplomacy. However, harmonisation of taxes and making international travel easy will go a long way to strengthen the involvement of youth in global economic development. As innovation needs an ecosystem to flourish, the CII Young Indians are working on identifying the areas of intervention

which are required to create a supportive ecosystems in as many as 40 Indian cities.

Shobhit Mathur, Executive Director, Vision India Foundation and an alumnus of the PGP class of 2012, talked about barriers for the youth to participate in diplomacy and put forward few innovative roadmaps and suggestions for the policymakers to ponder. Shobhit spoke about few interventions which could take us a step ahead in economic diplomacy - A joint policy hackathon to encourage young participants from different countries; A Economic Forum, which leverages various strong points of the Indian diaspora towards India's development. He also advocated for provisions allowing lateral entry into the Indian Foreign Service

Shreya Juneja, President, Public Policy Club, ISB, PGP Class of 2018, opined that it is vital for young leaders to have favourable policies to sustain their ideas and innovations. As India is one of the youngest countries in the world with a large youth population, the current policies will impact them for a very long period. Hence it is essential to have platforms where the youth can express, and contribute effectively to policy making.



DIALOGUE IV Smart Cities and Sister-City Engagement

Dialogue IV dealt with how the Smart Cities and Sister-City Engagement could become a useful tool in promoting economic diplomacy. The objective of such tie-ups is to work together in select areas that would lead to not only strengthening trade and business but also jointly address developmental issues such as quality education, health, environment, sanitation, urban development, sustainable cities, skill development, etc. Indian cities have

already signed around 50 sister-city agreements with local administrations of many developed countries. Sister-city cooperation assumes further importance in the context of smart cities. The panelists suggested that the diaspora play a vital role in the success of the sister-city agreements, where the concerned cities must have shared values. For smart cities to succeed in India, there is a need to develop integrated models with step-by-step execution.

Deepa Mani, Associate Professor of Information Systems and Executive Director, Srinu Raju Centre for IT and the Networked Economy, ISB, while moderating the session, expressed the need for creating inclusive and integrated smart cities which is possible through a vibrant economic diplomacy. She initiated the dialogue with an understanding that many of the sister-city agreements are not very effective tools of cooperation and that there is a need to look into best practices, which could be replicated further.

Andrew Fleming, Deputy High Commissioner, British Deputy High Commission, Hyderabad, cited the example of Delhi-London sister-city agreement, which has shown some tangible results in urban governance. Similarly, the Leicester and Rajkot cities enjoy good partnership on aspects relating to the environment. However he felt that the results will be positive if there is historical or cultural connect between cities.

B V Papa Rao, IAS (Retd.), Advisor, Policy & Institutional Development, Government of Telangana, felt that the sister-city agreements would work only in the context of cultural exchange and may not be so for economic development concerns. However,

economic agreements between provincial governments in India and Mayors of Europe could work better. For example, the Mayor of Bordeaux Metropolis, France and the Chief Secretary of the Government of Telangana signed a framework agreement in the area of technology.

B V R Mohan Reddy, Executive Chairman, Cyient and Honorary Consul General of Germany, Hyderabad, opined that the economic cooperation through sister-city agreements is still feasible. The important thing is to create the right kind of synergy between the two cities and benefit both the parties. He finds synergy between many sister-city agreements across the world. For example, Tel Aviv and Hyderabad could develop a good

synergy as Tel Aviv is strong in developing deep technologies but lacks the market, while on the other hand, Hyderabad has a good market and has thrust on developing technologies through a start-up ecosystem but is lacking in deep technologies.

Lee Hai Kwang, Minister, Embassy of the Republic of Korea, New Delhi, urged to focus on the basic needs of the cities including housing, drinking water and sewage, among others. Long term planning is critical for the development of any city. "Korea will be keen to partner with Indian counterparts to help build Indian smart cities." Korea has eight sister city agreements with India.

V K Yadav, General Manager, South Central Railway highlighted that infrastructure is one of the core issues in smart mobility. He cited the example of Delhi Metro, which was a successful project but could not reduce traffic in New Delhi. The primary reason for this was the lack of integration of various modes of transportation. The multi-model logistics can integrate logistics through information and communication technology. Talking about smart cities, Yadav proposed to look into a cluster model of development, which is useful for technology transfers and market development but would require an umbrella organisation to manage the model.



VALEDICTORY SESSION



The Conference concluded with a valedictory keynote address by Shobana Kamineni, Executive Vice Chairperson, Apollo Hospitals Group. She spoke about the 'Role of Business in Economic Diplomacy' and emphasised that globally industry plays an important role in the country's economic development. India's 85% of GDP comes from industry, which is globally linked and well-connected. In this context, most of the strategic decisions are based on the economy.

Shobana talked about the importance of having a strong neighbourhood, and also noted that it is business which moves first to strengthen economic relations with neighbours. It is also essential to understand India's needs from its international relations, which could be addressed through a vibrant economic diplomacy. The creation of eight million new jobs, skill development, inclusiveness and women empowerment are some of the areas which need global perspectives and resources and could be addressed

through diplomatic engagements with firm intentions of economic growth.

Shobana also pointed out that with a large market and with 80% of multi-national companies having their research base here, India is seen as a credible alternative to many of the global issues and innovations if routed adequately through economic diplomacy instruments. She ended her speech by highlighting "when countries are creating barriers, India is creating bridges."

HIGHLIGHTS

The highly engaging conference ended with a vote of thanks by DNV Kumara Guru, Director, External Relations, ISB, where he thanked the MEA officials for partnering with ISB to kick-start Deccan Dialogue, which will now be an annual event.

The key highlights and takeaways from the conference are:

- India is blessed with a deep domestic market, strong demographic dividend, rich cultural diversity, entrepreneurial mindset, vibrant diaspora and has come up with attractive government policies. Economic diplomacy instruments can be very useful to make best use of these strengths and add to the overall objective of economic development
- India is seen as the solution to many of the developed countries' with ageing population

- Connecting technologies and markets is best possible through economic diplomacy
- Resource Mapping Exercise to showcase strengths of various federal states could be useful for enhancing India's brand image
- There is a need for global food security strategies through diplomatic partnerships
- There is a need to develop a roadmap for making best use of the technologies to solve transnational water sharing concerns
- The Indian youth has undertaken transformational changes through start-up ventures and decentralised technologies, and hence it is important to create an ecosystem to sustain the start-up movement in India
- It is necessary to incorporate the voice of the young Indians into policy making

- It would be required to create a roadmap for engaging the diaspora to make the sister-city agreements successful
- Integrated transport system is key for the growth of cities
- India's growing R&D infrastructure is a useful tool for economic diplomacy
- Medical Diplomacy is an effective tool for economic diplomacy and can deliver win-win results for all.

The feedback from the delegates about the quality of the sessions and speakers was highly positive.

Many agreed to work with relevant stakeholders to carry forward some of the interesting ideas that emerged out of the dialogue.





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