

Foreign Affairs Committee

Oral evidence: [Global Britain and India, HC 1465](#)

Tuesday 20 Nov 2018

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Watch the meeting

Members present: Tom Tugendhat (Chair); Ian Austin; Chris Bryant; Ian Murray; Priti Patel; Mr Bob Seely; Royston Smith.

Questions 87-143

Witnesses

I: Shishir Bajoria, Chairman, Bajoria Group; Lord Bilimoria CBE DL, Founder and Chairman, Cobra Beer; Dan Mobley, Global Corporate Relations Director, Diageo; and Devie Mohan, Co-founder and CEO, Burnmark.

Written evidence from witnesses:

[Lord Bilimoria](#)

Examination of witnesses

Witnesses: Shishir Bajoria, Lord Bilimoria, Dan Mobley and Devie Mohan.

Q87 **Chair:** Welcome to this afternoon's sitting. Thank you all very much indeed for coming. If I may, I will kick straight off, and then various questions will come.

As there are four of you, I hope you do not mind my saying that if somebody else has already given an answer that you agree with, please do not feel the need to repeat it—as is, sadly, so often the case in the Chamber. First, how important is the UK to India as a trade and investment partner?

Shishir Bajoria: Without going into the old connections—cricket, curry and all that—the UK's importance, from a business and trade point of view, stems to a great extent from the similar legal systems that we have.

I will give you a small example. Until 2005, my group was completely Indian. It exported, but everything else was in India. We had an opportunity to acquire some manufacturers in the US, China, Taiwan and Brazil, headquartered in the UK, in Doncaster. The moment that we saw that, we had the courage to participate in the tender, which we won. I wonder what we would have done if the headquarters had been anywhere else. That is just to underscore the importance. However, there are of course issues in this relationship. Do you want me to touch on those now?

Chair: I would be interested, yes.

Shishir Bajoria: I must clarify my disclaimer: that whatever I say is as an individual businessman with interests here. It has nothing to do with the political party I belong to.

Right now, as we speak, there is a lot of uncertainty in India because of what will happen here—Brexit. That clouds things. It is not new for you to hear that a lot of investments in this country have come from India. Keeping an eye on Europe, what will happen to those? For example, there will be no impact on our company, but there will be on some companies. That is an issue.

You must have heard about visas, which keep coming up. Who you grant a visa to, what you do and the law is your sovereign authority. We cannot tell you what to do. However, there are certain issues that I would like to highlight. First is the speed at which you give visas. Back in India, the feeling is that it is rather slow. Secondly, you have a fast track for visas, but the cost for it is a multiple of the visa fee, and for the super-fast track it is equivalent to the air fare, more or less. We faced a case when an official told me he could not get a visa, because it is not possible for that person or organisation to justify 100,000 rupees for the super-fast track.

Moving away from that, there are the student visas. That particularly interests me because of another hat I wear. I chair a B-school, the Indian



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Institute of Management Shillong. It used to be two years' work experience, which is now down to, I believe, four months. Sitting next to me is Lord Bilimoria, whose APPG recommended two years, but you could restrict it to an area of work connected to the study, rather than allowing work experience anywhere. On the positives, I feel that the UKIBC does a lot of good work. I could go on, but I will stop there.

- Q88 **Mr Seely:** We hear this with such regularity. There is an emotional response behind this; this isn't just a practical issue about visas. Is it to do with the way India feels it is being treated by the UK? There is something else behind this issue. Is it just an issue of practicalities, or is it one of how India is being treated by the United Kingdom?

Shishir Bajoria: The treatment issue is very subjective.

- Q89 **Mr Seely:** It is quite an emotional issue, isn't it?

Shishir Bajoria: Yes.

- Q90 **Mr Seely:** Explain that. We hear this from lots of people, and I think it goes beyond just—

Shishir Bajoria: I have heard this a lot about how you treat applicants from India and China. I was told that there is a justification for looking at Chinese visas in a more relaxed frame of mind because the Government of China ensures that the person comes back. That is not apples to apples. After all, you are a democracy, like we are.

Lord Bilimoria: Let me answer your initial question about how important the relationship is. I do not know whether we will build on all these other issues in more detail later—

- Q91 **Chair:** We will.

Lord Bilimoria: Okay. I have a lot to say about those issues later, but to answer your specific question first, go back to 1991, when India liberalised. We were a country that was first off the blocks. Michael Heseltine, when he was President of the Board of Trade, took Concorde out there, Britannia was sailed out there and we formed the Indo-British Partnership, with a UK co-chair and an Indian co-chair. That was in 1993, so we were literally straight off the blocks.

India's growth rate really started to pick up from 2002—it started to hit 8%, 9% and almost 10%. In 2003, I was appointed as the UK chair of the Indo-British Partnership, with the task of reviving bilateral trade, which had reached £5 billion. That was scratching the surface. That led to my founding the UK-India Business Council. I was founding chair of that. It was founded in 2007 to 2008, with the backing of UK Trade & Investment. I was glad to hear what you said about UKIBC, which has done great work.

What has trade come to now? It should be so much higher. We are not even touching £20 billion. I was looking at the CII submission, which says that India's total trade with the UK declined by 10.33% from 2011 to



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2017. We are the second largest exporter of services. India has the fastest growing service sector, with a growth rate of 9% a year. The bilateral trade in services between the UK and India declined by £6 billion to £3 billion between 2011 and 2016.

Bilateral investment has been very encouraging. I have seen that myself with JCB and Vodafone going into India. My own company, Cobra Beer—Molson Coors—has invested in three breweries in India. Diageo has a huge investment in India. That applies the other way around as well. If we look at bilateral investment, we rank second in terms of investment into India among the G20 countries, we account for 7% of all FDI into India, and India retains the position of third largest investor in the UK. We invest more in the UK than the rest of the EU put together. When we come to talk about Brexit, I have quite a few things to say on that.

Q92 **Chair:** We invest more into India than the rest of the EU put together?

Lord Bilimoria: No, India invests more in the UK than in the rest of the EU put together.

Chair: Sorry; you used the word “we”, so I was just checking.

Lord Bilimoria: India.

Chair: Thank you.

Chris Bryant: Sorry; can I just check that? You said it differently that last time. India invests more in the UK—

Lord Bilimoria: India invests more in the UK than in the rest of the EU put together.

Chris Bryant: Right. Your original version was, “India invests more in the UK than the rest of the EU does.”

Lord Bilimoria: I meant to say, “than in the rest of the EU put together.”

Chris Bryant: Okay.

Chair: I think we have clarified that.

Lord Bilimoria: There is a report that Grant Thornton produces every year, in conjunction with CII, which shows that there are 800 Indian companies operating in the UK and they are doing well. The biggest, Jaguar Land Rover, is the one we all hear about, but they have a combined turnover of £46 billion and generate over £2 billion in profit, so they are doing very well. On the bilateral investment side, it is encouraging but we could do a lot more. I think that we are still scratching the surface.

Q93 **Priti Patel:** May I come in there? It would be interesting to hear from the other witnesses as well. On the bilateral trade relationship, it is pretty obvious that we are scratching the surface. It is good and constructive, and we have endless Government forums, from JETCOs and EFDs—

Lord Bilimoria: And the CEO forum.



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Priti Patel: Absolutely; they are all there. Lovely though those are—they grant titles and make people feel very important, and throw a nice event into the mix—from your experience, Lord Bilimoria, starting out at the beginning, from a Government-to-Government perspective, is that the right way forward? Because we are hearing so much in this inquiry about changing India, whether in relation to foreign policy or to international institutions, and about who its strategic friends are, not just its allies. Are we even in the mix for serious consideration in some of these important transactional aspects? We dominate trade and investment, but are we really a player?

Lord Bilimoria: A lot of those initiatives have good intentions, and the UK India Business Council is separate from the ones you have mentioned. The CEO forum, for instance, meets once or twice a year. There was another initiative that has been disbanded—I don't want to bring this up at this stage—called the UK-India roundtable, of which I was a member. It was a phenomenal organisation that met once a year, alternating between the UK and India, with Indian and UK co-chairs—the last co-chair was Chris Patten. No other forum brings together people from every area, whereas it had journalists, academics, scientists, university leaders and business people. Both High Commissioners were there, reporting to both Foreign Ministers and, in effect, to the Prime Ministers of both countries.

The initiatives that came out of the UK-India roundtable include UKIERI—the UK-India education research initiative—which is now in its third phase. That is a fantastic initiative, and the sort of thing that we should be doing more of. I initiated the two-year post-graduation work visa in Parliament after a UK-India roundtable meeting, when I brought it up in the House of Lords. That led in 2007-08 to the two-year post-graduation work visa for all students, not just Indians. Lots has come out of it, including Teach for India, backed by Goldman Sachs. The roundtable has been disbanded, so I recommend that it should be reformed, because nothing else brings everyone together around the table.

We are competing with the rest of the world. We have this wonderful relationship with India, going back 400 years, and it is special. I used to say that Britain has a special relationship with the United States and with India, but that is no longer the case. Our relationship at the moment is at the lowest I have seen it in the 15 years I have been dealing with UK-India initiatives.

Q94 **Chair:** Why?

Lord Bilimoria: We are competing with the rest of the world, for a start. Other countries are making far more of an effort than we are. We have ministerial delegations going to India regularly, but if you saw the way President Macron was received in India just now, and the positive attitude with which he went and the red carpet being rolled out to him, compared with our Prime Minister's visit—it is chalk and cheese.

Q95 **Mr Seely:** But there is no colonial baggage with the French.

Lord Bilimoria: We are beyond the colonial baggage now. India has moved well beyond that. That is not an issue any more.

Q96 **Royston Smith:** So why did India not roll out the red carpet for the British Prime Minister?

Lord Bilimoria: I think that one of the key sensitive issues on that particular visit, from the British point of view, was immigration. I have accompanied Tony Blair, Gordon Brown and David Cameron twice to India, and every one of those visits was outstandingly successful, built on the relationship, and it came out with positive outcomes. That recent visit came out with negative outcomes; it was not a successful visit at all. Britain saying, "We want India to take back overstaying Indians" is not a good way to go about it.

Q97 **Royston Smith:** You say that the relationship is at the lowest level you can remember, but is it now getting worse? Is the direction of travel still downward?

Lord Bilimoria: There hasn't been another serious visit since then, so at the moment the relationship is at its lowest ebb. One of the most sensitive issues is immigration. Just to put this into perspective, how important is India for us as a country? Our total trade with the Commonwealth—India makes up half the population of the Commonwealth—is 9%. That just puts it into perspective. India is within that 9%, so there is huge growth opportunity.

Q98 **Chair:** Can I perhaps look to the other two witnesses? You have heard Lord Bilimoria talking about the UK's potential investment and importance as a connection. In fact, we have also had a comparison to Europe, which I found very interesting as well. Can we perhaps move this on? If you specifically disagree with Lord Bilimoria about something, please do say. But I am more interested in what we can do to make it better. Lord Bilimoria mentioned the roundtable. Ms Mohan, do you want to start?

Devie Mohan: I am going to come in from the view of the entrepreneurship and technology community, especially from India, wanting to move to the UK and vice versa.

One of the biggest changes that has happened in the last 10 years—to your question—is that India has raised a mobile-savvy and internet-savvy generation. We are looking at 400 million mobile phones in the country and people using apps on their phones. From the point of view of fintech and technology today, India is one of the largest markets in the world by sheer numbers. For example, the largest digital bank in the UK has about 100,000 customers, but the largest digital bank in India has 53 million customers. That is the difference in scale between the UK and India that we are talking about. What is happening because of that, with the relationship, is that India is looking inward domestically for finding investment, funding and growth, and investing more and more in industries that India is capable of building itself.



The second big change is that the UK has traditionally been a window to the European Union for India, and now they are looking outside the UK, because of the uncertainty with Brexit. They are looking at countries such as Sweden, which has a strong fintech ecosystem. They are also looking at Germany and Israel and, traditionally, their relationships with Singapore and Hong Kong. Those are the two main reasons why the trade equation has changed a bit, because India is a much bigger market for technology than the UK itself.

Dan Mobley: First, on the scale and attractiveness, before I come on to the Government support. Diageo is both an exporter to India and a massive investor in India. We have accounted for about 15% of the total UK inbound FDI into India since we bought United Spirits, which was a very large local spirits manufacturer. That was a \$3.5 billion transaction we made in 2013.

At the moment, we are the single largest corporate bilateral investor. We are also a major manufacturer in India, as a result of that transaction. It is our second largest market globally already. Only the USA is more important to us in terms of sales. It accounts for 8% of our global sales—almost £1 billion of sales after tax and we pay a lot of tax on top of that domestically. It is growing rapidly. It is about half of our global volumes in total.

It is about not just Diageo, but the Scotch whisky industry as a whole and Scottish exports as a whole. Some 90% of the food and drink that the UK exports to India is Scotch whisky. India, in many ways, is the holy-grail market for Scotch producers, because very unusually compared to most countries, the majority of the alcohol consumed in India is whisky and other spirits—predominantly whisky. However, almost all of that—99%—is produced domestically.

There is one simple reason for that: India has huge tariffs in imported whisky—a 150% tariff. That limits the ability of ordinary Indian consumers: only the very wealthy can afford a Johnnie Walker or a similar brand. We sell about 30 bottles of whisky a second, every second of the day, in India. It is a huge business. We employ 10,000 people, which is a third of our global staff. The attraction to the market is very clear.

The challenge is that it is one of the most complicated and difficult places on the planet to make and sell alcohol. There are very significant regulatory burdens and tax burdens. We can go into some of the details through the discussion, I am sure. The main point I would make is about this huge external tariff. The only other country that is that protectionist towards spirits is Indonesia—a much smaller market at the moment. In other emerging markets, for example, Kenya is at 25% and Brazil is at 20%, not 150%. If there is one thing the Government can help us with—they are trying to help us with this—is to liberalise that tariff arrangement over time.

Q99 **Chair:** Can I please come back to Ms Mohan and the innovation you spoke about in financial services and telecoms? How is the connection between



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the UK there? How does it compare? How does the relationship between the UK and India in that area compare to the United States or Israel or other European nations?

Devie Mohan: There are two ways to look at it. One is the relationship between India in the UK and the other way around. India coming into the UK to launch start-ups has traditionally been quite strong, pre-2012 and pre-visa changes. People like me have come and set up our own business here in the UK and there are several people who are my peers who have done the same in the technology space.

Unfortunately with the changes in the visa—I won't go into it, I promise—we see many fewer people in the UK who are of Indian origin starting up. Also, we see much less investment coming into the UK from Indians who want to be in the fintech space. That has happened in the last two to three years.

However, London has a unique advantage—I mean London, not the UK—in that it is considered to be the largest fintech hub in the world. It is a unique position to be in. Being the largest fintech hub means the most investment, the most number of start-ups, the biggest market available in terms of banks. That is attractive to Indians. It is attractive to investors who want to invest in digital banks in the UK. For example, there is a bank called OakNorth, started by an Indian with full investment from an Indian-based investment company, and based in London. There are several cases like that, in terms of Indians investing in the UK fintech scene.

In terms of the other way round, the UK investing in Indian fintech, there has not been any movement at all that I have seen—not at all. There are many other countries that have done that better. For example, Singapore MAS, the monetary authority of Singapore, or Israel, with Tel Aviv as a hub, has invited a lot of entrepreneurs to come to their hubs for skills transfer and has also sent investment back to India. The UK has been lagging behind in terms of that channel of investment and skills coming from the UK back to India for innovation and fintech.

Q100 **Chair:** That is very interesting. Mr Bajoria, your firm covers many areas. I wonder if you could talk about where you see areas of improvement and how we could deepen the relationship. You have spoken about visas; I don't want to go over that again.

Shishir Bajoria: Lord Bilimoria mentioned the various forums. I feel that these forums—he mentioned the roundtable—are very beneficial. There is a lot that can be learned on both sides, but at the end of the day, the forums can only recommend. It is up to the two Governments to take it forward. I feel that in the last few years there is definitely a slowing down of investments. I do not know why, but there is.

Just as an aside on what Dan said about whisky and 30 bottles a second—India is a very spiritual country. *[Laughter.]* That should be taken in the spirit in which I meant it. On a serious note, why has the slowdown happened? I don't have an answer, but this is something that the two country groups should sit down and discuss, with the private sector.



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One area where I feel that the UK has lost out is because of the rapid reduction in your steel production. This country used to be a leading powerhouse of steel production. There is not much that anyone can do about it, but the fact is that that has reduced substantially. One thing that I can tell you about Indian investments in this country is that it is very rare that an Indian invests here to take the factory back to India. Some countries do that, but I can only talk about India. It is, again, very rare that we flood the factory with Indian managers and workers. For example, in Doncaster we have just two Indians in a workforce of 100. You have the Tatas, who are very big. I am not talking about the software side, because that is a totally different ball game. This is something that should be looked at far more seriously.

Q101 **Ian Murray:** This is just a quick question to Dan about the 150% tariff on Scotch whisky. What is the comparable tariff into the EU, or do they not export this?

Dan Mobley: The EU is 0% on spirits.

Q102 **Ian Murray:** And is there a comparable good that has a tariff on it into the EU from India?

Dan Mobley: No, there is nothing that would be comparable. It is unusual even in India. Most other sectors progressively have seen tariff liberalisation. Since the 1990s, you have seen this wave of economic reform in India. Whisky and spirits have remained at that very high level, and other sectors have moved forward. For us, if there is one single achievement that could turbo-charge bits of the industry and really lead to India going from the 12th biggest market for Scotch to No. 1, it would be liberalising that tariff.

We have talked a lot about visas. One of the things we pick up from time to time from the Indian side is that they would be willing to talk Scotch long term and liberalisation if the UK were to become more liberal in its approach to visas.

Q103 **Ian Murray:** Is it a protectionist measure simply to protect their own domestic market?

Dan Mobley: It is a protectionist measure.

Lord Bilimoria: Fifteen years ago, when I used to go on trade missions, the Indian side would start off with the Cabinet Ministers by saying, "Please don't talk to us about Scotch whisky." It has been an issue for a long time. We brought it up time and again.

Shishir Bajoria: It is just not protection, I think. There is a social aspect, from an Indian point of view. If you talk to an Indian politician, he or she cannot forget that.

Q104 **Ian Murray:** A social aspect in what sense? About alcohol or about protecting your own industry?



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Shishir Bajoria: What happens, especially in the lower segment, is the poor people blow up their weekly, fortnightly or monthly wages in the first three or four days just boozing.

Dan Mobley: With respect, that is not imported products. That is very cheap, domestically produced products.

Shishir Bajoria: No, but that is a social aspect. Even with Scotch whisky, you go up the ladder. I agree with what you are saying, that that is more the so-called country-made liquors and spirits, but this issue is there from the Government point of view, in terms of dropping the duties. You have to face the social aspect. I do not know who will bell this cat.

Royston Smith: Can I move us on from Scotch whisky?

Chair: It is a great shame.

Q105 **Royston Smith:** Moving on to something that is obviously not anywhere near as important in the scheme of things, how do Indian businesses and political communities view Brexit?

Lord Bilimoria: I host Indian delegations regularly in Parliament, whether they are Chevening scholars, Indian civil servants on courses over here, or are at Cambridge or wherever. I have asked them at every meeting I have had since the referendum what their views are, and I ask for a show of hands—"How many of you think that the UK should remain in the European Union?" It is inevitably unanimous that they say that the UK should remain in the European Union. They say, "We think it's a really bad idea." In fact one of them actually said, "We feel sorry for you."

They do not see it in a good light at all. India sees the UK as the launch pad into the EU. That has always been the case—this is the gateway into the EU for India, and the headquarters.

Q106 **Royston Smith:** They feel sorry for themselves a bit as well then, obviously.

Lord Bilimoria: Well, they don't like the situation. They take pity on us for being in this situation.

Q107 **Royston Smith:** It sounds as if they take pity on themselves as well, because they think they might be losing this gateway into the EU.

Lord Bilimoria: They do not think it is a good move at all. In India, whenever I talk to Government, businesspeople or citizens, it is unanimous. It would be exceptional to find someone in India who says that Brexit is a great idea.

Q108 **Royston Smith:** Do you think that that will make a difference to our relationship?

Lord Bilimoria: I think India will work with whatever happens. We have to work with it, and it is still not a done deal. I would imagine that India is hoping for either no Brexit or a soft Brexit. I have heard from the very top—from the horse's mouth—that an EU-India free trade agreement,



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which they have been working on for 10 years now, is far more important for them than a UK-India agreement. Just in terms of the sheer scale—you have Germany, France, Italy and all the other countries—it is much more important.

Q109 **Chair:** Would you agree with that, Mr Bajoria?

Shishir Bajoria: I would agree. Most Indians would want Britain to stay, but what is happening right now is very confusing on the Indian side. The single largest advantage that we in India see is that Britain is a member of the single market. With the exit, that is gone. It is not our call, but Indians would definitely like to see Britain as part of the EU, as it is today. Sorry, what was the second point?

Q110 **Royston Smith:** That was it, but I do have a follow-up question. I understand what India's view and perspective is on Brexit, but what is its understanding of the UK's ambition for Global Britain? We have been asking Foreign Office Ministers and everyone what their take is on Global Britain, and we are trying to pin it down to something beyond a marketing slogan. Do Indian political communities and businesses have a view on what Global Britain means to them, or even to us?

Shishir Bajoria: From my point of view, I heard the expression "Global Britain" for the first time when I was being briefed about today's evidence session.

Devie Mohan: I have heard about it, but the general view is that the UK is doing nothing about the slogan. That is what Indians seem to think. Again, it is an emotional response to several things that have happened in the past, but it seems to me that you are not making enough PR or enough of a moment in India in terms of what the UK wants to do post Brexit. That is not clear to anybody there.

Q111 **Royston Smith:** I don't think you are alone in saying that. Does anyone else have a view on Global Britain? We have been trying to bottom it out with everyone, really.

Lord Bilimoria: The positive message is that India has always seen the UK as an open economy and as a global financial centre. The Indians have always appreciated that as a gateway into the EU, so their response to Global Britain is, "You have always been a global country—you have always had a global, outward-looking attitude and one of the most open economies in the world, and India has appreciated that." In fact, the view from India is that the Brexit move is Britain retreating and becoming more isolationist. That is the way they look at it.

Dan Mobley: I would also give a slightly more positive slant. It goes back to questions around working with the UK Governments. Trade liberalisation obviously takes time. If you look at the JETCO process and the joint trade review that has been agreed between the two Governments alongside JETCO, we have seen huge progress over the past 18 months. The two Governments have come together and asked industry to map out



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tariff and non-tariff barriers, identify them and begin a discussion to see where they could be progressively liberalised over time.

It could take many years for that to achieve fruition, but there may be areas short of reducing the overall tariff, such as domestic regulatory and excise reform in India, that could really help the economy and investors like us. India is not a single market at the moment; we face 36 separate regulatory and tax regimes—one for every state and every union territory—that are completely different in how they regulate and tax alcohol. While our biggest issue remains the tariffs, which could take some time to see liberalisation, there is a lot more that can be done domestically within each state to make it easier to invest and do business.

Q112 Ian Murray: I have just a very short question for Lord Bilimoria, if I may. You said that the EU-India trade deal has taken 10 years and has not yet come to a conclusion. Post Brexit, how long do you think a UK-India trade deal might take?

Lord Bilimoria: I think a UK-India trade deal, first, will take a long time, and secondly, will cover far more than tariffs. This is where the immigration aspect comes in again. When I say we are at the lowest ebb, one of the main drivers of that is, first, the hostile immigration policy, as perceived by India and regarding China, as Mr Bajoria touched on.

India is always very wary of how China is treated compared with India. In 2016, when President Xi came here, a bilateral Chinese tourist and business visa for two years was reduced from £350 to £85. For India, it was kept the same. When Prime Minister Modi came here, a lot of us recommended making the same gesture to India, because it would have really helped. Nothing happened. To this day, the Indian multiple-entry two-year business and tourist visa costs four times the Chinese. They do not like that.

Secondly, when it comes to IT workers coming over here, the threshold was put up by 50% the week before Theresa May went out to India. That did not go down well. There is a limited number. We may say that 60% of all tier 2 are Indian IT workers, but look at the absolute numbers. We need far more. The public sector needs more and our businesses need more.

There are also Indian chefs. In my own industry, with Cobra Beer, we supply 98.5% of the licenced Indian restaurants. There is a huge skills shortage in Indian restaurants of chefs from south Asia, because the minimum income threshold is £35,000. I was reading just now that Buckingham Palace advertised for a chef on a salary of £21,000. The average salary of a chef in the UK is around £21,000 or £22,000, but the minimum a curry restaurant would have to pay is £35,000. It is reduced to £29,000 if they do not offer a takeaway. Every Michelin-starred restaurant offers a takeaway, so how can they compete at £35,000? They cannot, so there is a skills shortage.



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On top of that are the visa restrictions for students. Eleven countries were just added to a preferred list for student visas. That list has always included the United States, Canada and Australia of this world. A couple of months ago, 11 countries were added. China was in that list and India was left out. That was a kick in the teeth for them. They took it as an insult.

Q113 Ian Murray: To conclude on that issue, the EU-India trade deal has taken 10 years, and may take much longer. Would the Government policy of cutting net migration to tens of thousands be completely incompatible with the UK even doing a deal with India, let alone a quick one?

Lord Bilimoria: Absolutely. That is what people do not realise. Also, for India to do a bilateral free trade deal, most people do not realise this—I do not know if anyone has put this point to you before—but do you know how many bilateral trade deals India has with any countries in the world? Nine, and not one with a western country. It is much more than tariffs; it includes immigration.

The next thing that we should not miss out is students. That is very important. The number of Indian students studying abroad is growing at 8% a year.

Q114 Chris Bryant: And we don't want them, apparently.

Lord Bilimoria: On the net migration target, we continue to include students and to treat them as immigrants. If you have a target to reduce net migration to below 100,000 and you say that there is no limit to the number of international students, but you include students as immigrants, it sends out a negative message. We have said time after time to take students out of the calculations, as other countries do. America and Australia both exclude international students from net migration target calculations, and we could do the same. The Government are not listening to us.

My next point is regarding the numbers. When the two-year postgraduate work visa, which I helped to spearhead, came in in 2008, the numbers went up. There were bogus colleges that needed to be shut down—no one is saying that there were not—but for the genuine universities the numbers went up a huge amount. The number of Indian students has halved after it was removed in 2012.

Now, if you look at the No. 1 reason why students from India and around the world do not choose the UK as their No. 1 destination—even though our universities are the best in the world, along with America—it is because of the lack of post-study work opportunities. Australia offers two to four years, Canada offers three years, Germany offers 18 months and Ireland offers 24 months. We say that they can stay, but the number of students who stay on and work is 6,000, because they need a company to sponsor them and there is a minimum threshold. We are losing out on students.



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Then, if you look at the growth rates of students from other countries, you see that in Australia the number of international students in 2012 to 2015 grew by 18%, in Canada by 27%, in Germany by 16%, in Ireland by 43%, in New Zealand by 39% and in the UK by 0.7%. That is how we are losing out on international students, who bring in £26 billion to this economy and enrich the experiences of our students.

Q115 Chair: We are losing out on more than that, of course, because we are losing out on a future relationship, on good will and on future investment.

Lord Bilimoria: Absolutely—the soft power of international students. We have more world leaders educated at British universities than in any other country in the world, including the United States of America. That is how powerful it is, and we are losing out on generation-long links.

Ian Murray: To coin a phrase, it sounds like the easiest trade deal in history.

Q116 Priti Patel: I think we have both been there, collectively, in terms of the representations to this Government—the British Government—over recent years. Why do you think they are not listening?

Lord Bilimoria: In my role as co-chair of the all-party parliamentary group on international students, we have just released our report on the sustainable future of international students and we have made 12 recommendations. No. 1 of those recommendations is: we do not have a specific target to increase the number of international students. Australia wants to go to 720,000 by 2025, Canada to 450,000 by 2022, to catch up with us—we are almost at 450,000—and Germany to 350,000 by 2020. Countries have targets, but we have no targets. I just cannot understand this. I call it economically illiterate, and we are losing out, as the Chair said, on the soft power and generation-long links that are so powerful. Dr Manmohan Singh was educated at both Oxford and Cambridge and I know how much he valued that.

Chair: Which did he prefer?

Lord Bilimoria: He said Cambridge made him.

Q117 Chair: Trade policy has traditionally been, funnily enough, written by western countries that are much more concerned about labour mobility than capital mobility and, therefore, most of us have written trade policy that supports the freedom of capital mobility but restrains labour mobility. Would I be right in thinking that with India's interests being labour high and capital low—or lower, proportionately—they may have a different interest when writing a trade policy? Mr Bajoria, would you agree?

Shishir Bajoria: You have to see India in today's perspective. India has changed a lot. If you look at the numbers, in GDP, it has moved from No. 7 to No. 5 in nominal exchange rate, and third in PPP. This is a big change, and here lies the total difference, when you say, "What could be India's outlook?" Today, India needs a lot of capital and technology for manufacturing in India. Our Prime Minister's slogan is "Make in India".



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That does not mean that he is closing the borders. It is "Make in India" because we have to generate jobs and keep this growth rate up. So India is not really looking at exporting people. As Lord Bilimoria said—he is not only British but a Member of the upper House—you have to decide where you position India. In short, that is what I have to say.

Devie Mohan: I think there is a big change in the labour movement from India to the UK that we haven't talked about, and it is very important. In the last five years, India has changed from a services economy to a product economy, and that is one of the biggest changes that we are seeing in terms of immigration. It is same thing with the US immigration policies. Traditionally, India has sent thousands of people to the UK on certain projects with the large IT services providers. Now that has stopped. That kind of business model, where people used to be sent to work on projects outside India, has completely gone.

Now the big shift is in terms of the product economy and innovation around products. A typical product company in the UK has about 20 to 25 employees. We are not talking about companies with thousands of people any more; we are talking about 1,000 companies with about 20 employees in them. I wish us to recognise that the nature of sending labour from India to the UK has changed, and to support the migration of workers focused on the product economy, STEM and innovation, rather than the services economy that used to be the way people came here in the past.

Q118 **Ian Murray:** Can I take us on to business support? Do the UK Government do enough to support businesses in India, and what could they be doing more of?

Lord Bilimoria: To be fair to the FCO, the India network is, if I am not mistaken, the largest of any Foreign Office presence in the world. It has almost 1,000 people with 10 offices, including of course the High Commission in Delhi, and huge trade support as well. The UK India Business Council has offices in India, in Gurgaon, Bangalore and Mumbai. There is a lot of support, and I don't think companies use that support enough. There is an opportunity to raise awareness among British business that there is help available with market research for entry, hand holding, opening doors, making introductions and launching your products, using the resources of the High Commission and the deputy High Commissions around the country. They do a great job, but the awareness is lacking at this end; companies do not use them enough.

Q119 **Ian Murray:** How would you improve that awareness?

Lord Bilimoria: This is a constant challenge. That is where the marketing of the FCO and what used to be UK Trade and Investment here in the UK is very important—going out into the regions, reaching out to businesses, working with organisations such as the CBI and British Chambers of Commerce and getting the message out that there is help. Again, if you look at how it has gone with flights, in 2003-04 there were 15 direct flights a week to India. There are now 115 direct flights to India, to several cities, so the communication and the travel are much better.



Dan Mobley: I would add to that. We are a big user of those services in India, and I could not sing the praises any more highly of the Foreign Office staff and the commercial attachés who support us, from the High Commissioner down. They are incredibly proactive in finding out the challenges we face. They regularly step in where we face a very unexpected change in regulation. Where a state does something we were not expecting they will often intermediate for us and help us to iron out any problems we are facing. There is a huge and very direct sales value to us from the support we get. I have mentioned the joint trade review; what I particularly like is that it feels very joined up between the frontline diplomats out in India, across the country, the Department for International Trade and the Foreign Office. They co-ordinate very well—much better, I would say, than the domestic Government Departments co-ordinate on domestic alcohol policy in the UK. It is far harder to have sensible conversations around some domestic policies here than it is to have conversations about exports and trade.

Q120 **Ian Murray:** Do we do enough outside the main centres of Delhi and Mumbai?

Dan Mobley: Absolutely. We face challenges in every state where we operate, and in most of those states we get coverage and good support from diplomatic attachés. Obviously, they are stronger in the larger states, but to be honest, that is where we want the focus to be. The top 10 states account for a significant chunk of our business, so it is right that they focus on those states first.

Lord Bilimoria: The deputy High Commissioners in Hyderabad, Bangalore, Ahmedabad and Chandigarh do great work.

Shishir Bajoria: And Chennai.

Lord Bilimoria: Absolutely. I have worked with all of them. They are very helpful and very proactive.

Q121 **Ian Murray:** I don't want to open up a conversation we have already had, or indeed a conversation we might have in future questions, but if we have the largest operation in India, if we have a good spread across the country in terms of support and if businesses have good support, as Dan has suggested, why does it appear that things are going backward?

Devie Mohan: I have a different view from what these gentlemen have said, and I don't know if this is the reason, but it could be. I come from a small tier 2 city or a large tier 3 city, whichever way you look at it. The largest number of start-ups and entrepreneurs coming out of India today are from tier 2 and tier 3 cities, not from Delhi or Mumbai. There are eight major cities in India with British relationships—the eight tier 1 cities, the ones with the British Councils and the DIT in place. The largest growth in new businesses and entrepreneurs is coming from outside those eight cities. To me that is a big worry from the point of view of the British-Indian relationship, because Britain does not seem to be there at all in terms of flights, investment or any kind of support whatsoever. It is completely missing out on the smaller cities, from Mysore and Trichy to

Vizag and Trivandrum. To give you an example, Singapore has started having direct flights with Vizag, which is probably one tenth the size of Bangalore. Hong Kong has started having direct flights with Tirupati, which probably has 100,000 people, compared with 12 million people in Mumbai.

We are talking about really small cities enjoying much better relationships with other countries. That is a real problem, at least in my space, in terms of start-ups. I have numbers for the start-ups being launched outside the big cities, if you want to see that. Clearly, the growth is coming from outside. To give you an example, Airbus has started a new research centre with 10,000 people in a tier 3 city, and GE and Intel have started new research centres. There are several companies coming to tier 2 and tier 3 cities, but there is still no logistical support from a UK, British Council and flights perspective.

Q122 **Ian Murray:** There is a significant footprint on the ground. Is your suggestion that the footprint needs to be larger?

Devie Mohan: That's where the growth is. We need to meet the growth, in terms of more investment and more companies looking to set up base in the smaller cities. My real concern is the fact that the UK has no infrastructure in these cities at all, so they are shutting down British Councils in tier 2 and tier 3 cities. In terms of students, scholarships and investment in hubs, the UK has no role today in those cities, whereas Singapore does. That is my concern.

Q123 **Mr Seely:** How many cities are we talking about?

Devie Mohan: There are 83 tier 2 cities, but not all of them are interesting from a business point of view. We are talking about 10 to 12 cities where the investment growth is very high.

Lord Billimoria: There are over 40 cities in India with a population of more than 1 million. If I were defending the FCO's position, I would say that if the regional deputy High Commission is in Chandigarh, it will cover the region. You cannot have an office in every single one of these 40 cities.

Q124 **Mr Seely:** What would that infrastructure provide? Okay, you have somebody on the ground, who is maybe part of DIT, rather than the FCO. His or her job is what? To find out the growth companies and highlight what they need?

Devie Mohan: It is the investment in hubs. The interesting thing is that a hub is a city, not a region. We can say that the UK isn't the fintech capital of the world, but London is. The MOUs being formed today are city to city. The attractiveness of investment is also by city, purely because of the working space available, the Government regulations, and so on. Looking at a region is an ineffective way of supporting business growth in tier 2 and tier 3 cities.

The infrastructure could be as simple as still having a British Council. We used to have a British Council in my city, but it shut shop 10 years ago. That reduced the number of scholarships and applications to UK



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universities. It also reduced any kind of investment that could come into the hub of that city, and the relationships that would have existed, in terms of finding knowledge and skills between the different cities. The regional approach—again, this is my personal view—seems not to be working in the new landscape of smaller businesses and start-ups.

Q125 Priti Patel: On the point about tier 2 and tier 3 cities, there is an irony, because the United Kingdom, as a Government and from a business perspective, constantly speaks about urbanisation, smart cities and things of that nature as great investment opportunities in India. There are obviously some British firms out there doing what they do, yet we have not actually thought, from a foreign policy perspective, about how we can ensure our foreign policy footprint is integrated. It seems to me that it is much more transactional, despite the fact that we have to deal with chief Ministers and state governments to facilitate some of those business arrangements. Do you think we should be not diluting but bringing in a different way of working in the light of the way the footprint is changing in India? There is more urbanisation and city development, and populations are moving to the urban centre.

My second question, which is sort of linked to this as well, is in regard to business and doing business. I appreciate that business is such a large spectrum. There are a huge range of businesses. Even the four of you around the table cover different sectors, industries, growth rates and so on. How are we, the United Kingdom, supporting British businesses? I do not wish to talk only about whisky tariffs. How are we supporting British businesses that struggle to deal with some of the complexities of the regulatory environment, the complex tax situation and some of the restrictions on foreign direct investment that persist across India?

Lord Bilimoria: In terms of India's priorities, India has a lot of initiatives, such as Make in India. India has a target of increasing manufacturing from 16% to 25% of GDP. We in the UK have no such target. I do not think India appreciates Britain's manufacturing capability enough. We are still one of the largest manufacturers in the world. We have the best quality manufacturing in the world. It is 10% of our GDP, which is not small, and there is far more potential to partner with India in the Make in India initiative. With smart cities, the amount of expertise that exists in the UK in terms of urban planning, our universities and our cities is phenomenal. There is much more scope to partner there. In terms of business support, it is there. The issue is whether businesses are making the most of it. The UK India Business Council has desk facilities for SMEs to go to India and operate from within an office and have all the help there, along with help from the local deputy High Commission or High Commission. The help is there, but there is a lack of awareness of that help.

Dan Mobley: I do not have much to add to what I have said. I do think that the Government are being quite clever in helping us identify non-tariff barriers. We talked about the challenge of getting tariff barriers down, but there are many, many non-tariff barriers across the states, including around permits and licences. If we want to move goods from one warehouse to another, in many states we will require a permit to do that.



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We may also have to pay for an excise escort to go with it. If we have to cross a state line, we will need another permit from the state that is exporting to the state that is importing and a permit for the receiving warehouse. The Government are doing a good job of working with us to identify all those hundreds and hundreds of different barriers and then taking that information to the Indian Government at the federal and state level and identifying ways that that can be harmonised or reduced over time. That is a valuable, but inevitably slow process.

Q126 Priti Patel: What about the whole area of the ease of doing business in India and the economic reforms that are clearly taking place there? There is a whole swathe of them. You will all be familiar with the current Government's economic reform and liberalisation processes and the changes they are making. Is there more openness in terms of the ability to do business? Has the environment improved for businesses of all levels? We have already heard about making the most of the utilities or equities that are there and put in place by the British Government, but when it comes to barriers to entry, is more progress being made at that level?

Dan Mobley: I think the ease of doing business is improving. I have talked about some of the complexities and challenges—there are lots of those—but we should give some credit. A number of states and the Union Government are trying to improve the ease of doing business. We have seen help through the formal ease of doing business process. We have seen states starting to compete to see who can rise up the ranks. There are 400 metrics that underpin how your score comes out. We are beginning to see things like the global investor meets, where some states are actively going out and saying, "We are making things better. Here is the improvement. Come into our state." We have not seen that before. It is a relatively new phenomenon.

Within that, the targeting of archaic laws is really powerful. This Government has removed 1,200 archaic laws from the statute book. Since independence, only another 1,300 have been removed. That is real progress, and that helps a business like ours. Where we would like to see ease of doing business go next is to focus on sectors and the value chain. If you improve seven out of 10 parts of a value chain, but three things are still broken, the chain is still broken. We think some sectors are benefiting from some of the improvements to ease of doing business, but other sectors are not. We would like to see more of a sectoral lens on those 400 metrics, with them grouped together to see what can be done to attract investment, but it has definitely improved in recent years.

Shishir Bajoria: On the ease of doing business, I have some objective numbers. As we all know, from 143 we came to 100, and now we are 77. The Prime Minister has put together a taskforce with the target of reaching No. 50. The focus in India is to make India an easy place to do business. We realise that we were difficult—I have no hesitation in admitting that—but to go to 77 from 143 in a matter of four years is a huge change. We still have a long way to go, and some issues will be there, but I will echo



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what you said: states are now competing fiercely, and these archaic laws are gone.

To take you to education and how things have changed, India has brought in a new Act for all the Indian institutes of management. Under the new Act, the Government have withdrawn from all the IMs, and now have no role to play. Each board of an IM is now independent, to run their institute and to compete with each other—there is no territorial security for any IM. Now we are even free to open shops abroad, if we want to—that is just another example of how this Government are changing life and making it easier.

Lord Bilimoria: There is still scope for more liberalisation. For example, first, foreign lawyers are still not allowed to practice in India, which is a huge thing to get around; people do so with these flying lawyers who go out to live in hotels to provide advice. India should open up on that.

Secondly, with universities—I am Chancellor of the University of Birmingham and I chair the Cambridge Judge Business School—the potential for collaboration with India is huge for universities, but what about foreign universities? The University of Birmingham has just opened up a campus in Dubai. Foreign universities still cannot open up in India. There is huge potential for India to have foreign universities from around the world not just collaborating but opening up campuses—many British universities would want to. So there is still lots of scope for further liberalisation.

Q127 **Priti Patel:** May I ask for your view on something that might sound a little spiky and controversial? We have had some evidence from others who have been involved in this inquiry, obviously, and one of the individuals from one organisation who gave evidence made a suggestion. I had just flagged up that in 2018-19 the British Government will spend £58 million in India through the bilateral aid programme—through DFID, effectively—in various forms of assistance for wider development, so not financial aid per se. It was suggested that resources of that nature are merely cosmetic and window-dressing and that we would be better off trying to provide our expertise across key sectors—for example, the legal sector, trying to get the economy to liberalise or open up key markets, or even for courts and arbitration. Do you have any thoughts or views on any of that?

Lord Bilimoria: All I can say is that whatever DFID work I have encountered, which tends to be at a state level—with projects in certain states—whenever I have spoken to the Indian Chief Minister of that particular state, they always appreciate the help. They do not see it as aid; they see it as helping them with their development initiatives. They tend, on the whole, to be initiatives that—for example, if they want an education initiative, or to train their teachers, and DFID helps out, they see it as partnership. That is the objective: to partner in development, and that is genuinely appreciated by the Indian states themselves. If that is the case, that we are helping a state, it is mutually beneficial.



Q128 Priti Patel: But what about our skills base, in terms of the wider point about liberalisation? We are an open market, quite frankly, we have been liberalised over many decades and we are pioneers in key sectors when it comes to services. Are we even trying to provide that support at the forefront, to demonstrate that we have that strong bilateral relationship, but adding value and additionality in a different way?

Lord Billimoria: Believe me, we try the whole time. There are certain barriers. For example, with legal services, you will get the law Ministers one after the other agreeing and wanting to do it, but the Indian National Bar Association will block it. It is a question of trying it. I remember going with Tony Blair to China in 2005 and the chairman of Lloyds of London was on the delegation. China allowed Lloyds of London in, within further reinsurance, months later. In India it is just happening. It has taken more than 10 years for it to happen, so it is a question of persisting; and I think the liberalisation will continue.

Devie Mohan: I agree. There is a slight problem with the fact that we provide the funding. It works really well in terms of the relationship and the states appreciating it, and I completely agree with that, but I think we could earmark some of those funds for certain sectors, which could be much more effective, to my mind, in terms of India and Britain working together in certain areas—for example, education. If certain parts of the fund is earmarked towards education, it is clear in terms of the forward strategy, the numbers they are expecting and satellite campuses opening up. It is quite clear in terms of planning for the future. It is the same in my field: if I know that the plan is for Britain to invest more into fintech and digital banking or financial services, there are people who can advise better, in terms of how to use those funds. There is an organisation in Delhi called NITI Aayog. They are the primary organisation in terms of doing policy around innovation. We work closely with them. Those are the kind of people you want to get involved when you provide funds for certain activities. I would say definitely a sector focus is needed. It is quite unclear at the moment where the funds are used. It would benefit everybody.

Q129 Ian Austin: I would like to ask Ms Mohan in particular, what opportunities do you think there are for the UK and India to collaborate on emerging sectors such as fintech?

Devie Mohan: As I said, London is the largest centre for fintech in the world today. That gives us a unique advantage to supply skills and mentorship and to apply investment into fast-growing Indian start-ups, both privately and from a Government point of view; and, lastly, in terms of bilateral relationships, in terms of working together and identifying competencies. To give you an example—I don't want to go deeper into the technology side—there are several sub-segments within fintech as well, with different expertise levels for each country. For example, Israel is famous for being strong in cybersecurity, so Israel has the cybersecurity and mobility skills. London has the regtech, the regulatory technology, and proptech, properly technologies and smart cities. Silicon Valley has certain other skills. Bangalore has cloud skills. So we know which city has what



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skills and what mentorship potential. With that in mind, if we do a very clear assessment of skills and where there are gaps, there is a clear opportunity for the UK to supply those skills to the missing parts of the Indian fintech ecosystem and vice versa. Like I said, India no longer looks at the UK as a one-way journey in terms of skills and investment. Indians are looking to invest in the UK as well, and Indians are supplying CEOs and skills to the outside world as well. It has to be a bilateral relationship where skills and investment can be transferred.

The other interesting factor that the Government have created, in terms of ease of doing business in the emerging space, is the Aadhaar Stack. The Aadhaar Stack is interesting, because the Government have made a very clear framework for all technology developments in the country. That is very unique and no other country has even attempted it. The Aadhaar Stack starts with the identity stack, which is a unique identifier given to every single person in India using biometrics. They have created an identity stack, and this is the largest database of its kind anywhere in the world. The second layer is an e-documentation layer, which they are currently building, where driving licences, mortgage documents and marriage certificates—everything is being electronified and stored in the e-document layer, which is about the identification layer. Then we have the cashless layer, which the Government have started doing now. Finally, the consent layer is all about data privacy and how much control you have on your own data. The Aadhaar Stack has been built for companies in the UK and for companies in other countries, to come and plug in to what the capability is today. There is no question anymore of working through the myriad regulations around technology collaboration; this is about plugging into the stack and then welcoming start-ups and companies from around the world to plug in to that stack. That another way in which the UK can contribute.

Ian Austin: That is very helpful.

Shishir Bajoria: If you can see, this is my Aadhaar card. This is a scanning one. In this day and age, where you need KYC for everything—very soon you will need it when you do your grocery shopping—and documentation, certified copies and the whole lot, in India, if you want KYC, the guy can come with this phone and a scanner sticking out. You put in your details and scan your thumb. It scans and matches, and all your KYC details are here. That is it. Just to add to what she said, 97% of the country is on Aadhaar.

Q130 **Ian Austin:** Lord Bilimoria, how important do you think the educational and cultural initiatives are in the bilateral relationship?

Lord Bilimoria: I would say if you take the cultural, for example, that it is hugely important. The Indian High Commission has its Nehru Centre over here, which has daily events, exhibitions, and performances of Indian culture, whether that is dance, theatre, books, or art. It is very good. Mahatma Gandhi's grandson, Gopal Gandhi, was the first director going back to 1990, 1991 and 1992. It has been very effective. The British Councils in India do a great job, and do a phenomenal job in promoting



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British culture and education. I have seen that on the ground and it is outstanding. More power to their elbow.

When it comes to universities, they are, as I have said, the research partnerships that exist through UKIERI. There are a lot of UKIERI partnerships. The Chevening scheme is one of the best things the British Government have done. It is 35 years old now and there are 50,000 Chevening alumni. I address the scheme regularly. World leaders have been generated through that scheme and India is probably No. 1 in terms of numbers of Chevening scholars from around the world. I think that is a great public diplomacy and soft power initiative that has worked very well.

Q131 **Mr Seely:** Are there enough of them? How would you improve the programme?

Lord Bilimoria: There are now 1,750 every year.

Q132 **Mr Seely:** In India?

Lord Bilimoria: No, from all over the world—140 countries. At any one time in the UK, there are 1,750 per year. That is a huge investment because we have paid for the main part of the Chevening programme, which is a one-year masters, where the student has the travel, living expenses and fees all paid for, for a masters of their choice at a university of their choice. Of course, one could have more but I think the fact that we have as many as we do—50,000 alumni—is very strong.

Q133 **Mr Seely:** Is there an argument for doing this with PhDs, higher degrees or with MAs? A one-year MA is nice and convenient and is not too expensive. PhDs tend to be a bit longer, but the level of expertise is considerably higher.

Lord Bilimoria: There is definitely scope to expand the scheme. Ideally, one would have it for undergraduates as well as for PhDs. Yes, there is scope to expand it, but it has got a standing now that is approaching the standing of a Rhodes, Gates, Fulbright or Marshall scholar. That is the level of a Chevening scholarship now. We have got that standing. One barrier to university collaboration is a lack of the ability to open up in India. The other is that lots of British universities have offices in India and recruit Indian students, but then we get back to the whole visa issue, which is a problem of perception. The potential to get more Indian students and academics here is huge, and that links into another area. I don't know if you are going to ask about non-resident Indians in the Indian diaspora. Is that something you want to ask?

Q134 **Mr Seely:** I was just about to ask. I have sadly got to go in about 11 minutes, but that was very serendipitous because I was going to ask you about the diaspora. What impact does it have on the UK's relationship with India, and how—in the nicest possible way—can the diaspora be utilised to be a greater and stronger bridge in terms of attracting investment in this hopefully expanding two-way relationship across culture, investment and all these other wonderful areas of human life?

Lord Bilimoria: In my view this area is still untapped, in that—

Q135 **Mr Seely:** Untapped, or not tapped enough?

Lord Bilimoria: From a British point of view, almost untapped. I will explain what I mean. The Indian diaspora here—Priti, I am sure you can speak about this as well—is now 1.5 million strong. It is the largest of the ethnic minority diasporas and, I would say, the most successful. It is now succeeding across the board in just about every field you can imagine, from Cabinet Ministers to the biggest companies in Britain to the arts to sport—you name it. It is succeeding in universities, too. I am the first Indian to be chancellor of a Russell Group university in Great Britain. The President of the Royal Society, Nobel laureate Sir Venki Ramakrishnan, is a fellow of Trinity College, Cambridge. President of the Royal Society is the most eminent position for a scientist.

Do we make the most of this diaspora over here in engaging with India and being that living bridge with India? I do not think we, the British Government, do as much as we could. Indians love Indians doing well abroad. The Indians within India absolutely love it. Do we make the most of it? I do not think so. The Indian High Commission regularly interacts with us over here—they celebrate it—but at the other end I think we could do much more with the Indian diaspora than we do at the moment. In 2003, the BJP Government under Prime Minister Vajpayee started the national Pravasi Bharatiya Divas initiative. That has continued under all the Governments since. India now engages with a 30 million-strong diaspora around the world.

Q136 **Mr Seely:** Where do we fit in the great scheme of things when it comes to Indian diasporas?

Lord Bilimoria: There are huge amounts working in the Middle East, for example. The profile of the diaspora there is different. Then, of course, there is the huge diaspora in the United States of America, Canada, and the UK. The UK would certainly be in the top five countries.

Q137 **Mr Seely:** When it comes to education, there is clearly a big difference between a labouring workforce in the UAE or Dubai, who send money back to their Indian families—

Lord Bilimoria: They have a different profile. By the way, India is one of the highest recipients of remittances.

Q138 **Mr Seely:** Yes, but that is a very different type of diaspora from the very well educated, established, top-end diaspora you have here. Indians are very influential in this country, as well as keeping a link—

Lord Bilimoria: India is looking outward and engaging with the diaspora. That was a very good move by India. They said, “We’re doing this to engage with you and to celebrate your success.” Earlier, the diaspora—people like me who went to study abroad—were looked upon as a brain drain. You were deserting your motherland. Now they say, “We celebrate you, we embrace you, and we want you to connect with India, invest in India, do business with India and visit India.” It has worked really well. There are big events, which the President, the Prime Minister and Cabinet

Ministers attend. Priti and I have attended them over the years. It is a great, proactive initiative.

Q139 Mr Seely: It is great that you use “we” to mean both you and India, and you and Britain. I am just trying to listen out for which “we” you are referring to, because you use the word to mean both. When you talk about “we in Britain” you say “we”, and when you talk about “we in India” you say “we” as well. You say “we” for both when you describe yourself as an Indian and yourself as a Brit.

Lord Bilimoria: This is the beauty of it.

Mr Seely: It is very impressive. I am following you quite closely, though.

Lord Bilimoria: We here in Britain are not making as much as we could of the diaspora here to engage more with India at every level, whether that is through entrepreneurs going out and partnering in India, through our universities or through scientists.

Q140 Mr Seely: Is that just a case of selling it more—of having information on the High Commission website highlighting the contribution of India and the Indian diaspora to the British way of life? That is obviously a start, but it is more than just that, isn’t it?

Lord Bilimoria: Much more. They could have initiatives. For example, the Prime Minister of India had a global advisory council, which the current Indian Government disbanded. There were four of us from the UK on that council and others from around the world—from the States and Singapore. It was really good quality, but Prime Minister Modi has decided not to go ahead with that advisory council. There is nothing to stop us having—

Mr Seely: Us India or us Britain?

Lord Bilimoria: Us here in the UK—having some sort of a people of Indian origin council that advises the British High Commissioner in India. There are various ways that we could use it.

Q141 Chair: On exactly the same question, can I turn to Mr Bajoria? I was going to ask you, Ms Mohan, as well. Mr Bajoria, you obviously maintain a strong link with India, because that is where you are based, but your family is very much UK-based. I was wondering how you see it.

Shishir Bajoria: My son is based here, but as far as I am concerned, I am based in India. Talking of the diaspora, Prime Minister Vajpayee started that, but today, in Prime Minister Modi’s period, he has taken the diaspora relationship to a real high. In most of his overseas visits, there is a diaspora event. It could be Wembley, or even what happened in April in the central hall in Westminster. By our standards, that was a small event because it was south of 2,000. I happened to be in the team that organised it, and our struggle was keeping the entries at less than 2,000, because less than 2,000 Indians does not work. It could be in Madison Square Gardens in the US, or in Abu Dhabi, Dubai and Singapore. It is clear, in Prime Minister Modi’s regime and in his Government, he is focusing more and more on the diaspora, and the present thinking of the



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Government is, "These are our ambassadors at large." What better than using the Indian diaspora in this country?

Q142 Priti Patel: I will come back to migration policy, just to be really controversial and end on a controversial note. We have heard succinctly from all of you about UK visas and things of that nature, but there are a couple of things that I think we should try to land as an inquiry, because we will be writing our own report as well.

First, it would be useful to us to get a sense of what impact those visa issues have on businesses with operations in the UK. Obviously, the cost of visas is one thing—we understand that and we know the cost—but the actual practicalities of them.

Also, it is a fact—I have been there myself in terms of UK visa operations in New Delhi—that we hear repeatedly that 90% of Indian nationals applying for a UK visa are successful. Is this—this sounds really "done that"—a comms issue? Is there much more that we can tease out about where you think the problem actually is? Be specific, if you will.

Shishir Bajoria: If you return a lot of applications as incomplete, the success rate could be 90%. I have heard that statement about 90% being made somewhere, but on the other side of the proverbial Suez canal, I do not think the optimism is nine out of 10. That is number one.

Number two is time. If you want it speeded up, as I mentioned in my opening remarks, it is the cost. When there is a cost of 100,000 rupees just to speed it up, people start thinking, is it a reputable source? I am sorry that I am being a bit candid about it. That is a deterrent—to answer your question, Madam.

Dan Mobley: I will go last. It does work both ways. As someone who has lived and worked in India, it is not an easy process to obtain a visa to go to live in India either. It was incredibly time-consuming and bureaucratic to try to get that maintained and renewed, even with the weight of a large company behind me. We have not experienced any direct problems moving skilled Indians into the UK, and we have a significant number working for us in our headquarters. That said, anything that makes the process shorter and simpler and would lower the cost would be attractive to us. In principle, the idea that if you have a firm job offer, a clean criminal record and you are earning above a certain threshold, that should be enough to accelerate the process, would be attractive to us, but it has not been a big front-of-mind issue. But we only employ 4,500 people in the UK and most are in manufacturing roles rather than in head office roles.

Devie Mohan: My issue is that in start-ups typically the average age of the founder is about 30 to 32 and the average age of an employee is 20 to 30. You know what I am going to say: the problem is that we don't have young people staying back in the UK to work in things like fintech, tech or any of the emerging industries because the students are not able to stay back after their education.



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There are different things that are happening now that are quite positive. There are some universities—I work closely with Greenwich University, for example—that have started two-year postgraduate programmes instead of the one-year postgraduate programmes they used to offer in the past. That is interesting because they have two years now to find a job or someone to sponsor them, or two years to launch a start-up themselves and get funding in time to stay in the UK. Converting a one-year postgrad programme to a two-year programme seems to be one way that universities are dealing with this. Students not being able to stay back in the country is a significant problem for the UK because we are missing out on really good tech talent that should be in the UK instead of in Canada or Australia, where they are going right now.

It is the overall future relationship that is being affected. If you look at the emerging economy space in India now, it is Silicon Valley that is supplying the largest number of ex-pat Indians coming back, not the UK. The CEO of Google, for example, is an Indian. The CEO of Oracle is an Indian. The CEO of Mastercard is an Indian. How many CEOs of Indian origin can we claim in the UK? A few, definitely not in the tech industries. There is definitely a problem in terms of attracting and keeping tech talent in the UK at the moment.

Q143 Chair: It is also one of the problems in tech, if an investor in tech companies is bringing over young people and paying them in equity when the visa requirement is £30,000-odd. Equity in a start-up is worthless—I mean, it is not, but it appears to be.

Lord Bilimoria: The student thing is a big barrier. We covered that earlier. I have had the Canadian High Commissioner to India and the Australian High Commissioner to India say to me, "Thank you for what you are doing with your immigration policy, because they are coming to us instead."

We have this perception of a hostile immigration policy and we have got to stop that. We are losing out. We are losing out on the graduates who are not allowed to stay on and work in an easy way. We are sending out negative perceptions. We have got to change that. Canada is now up to 100,000 Indian students and we are not even at 20,000. We are losing out. I think we are losing out big time over here on the expense issue, and the lack of parity with China. To get a five or 10-year visa can cost up to £1,000. It is hugely expensive. I think it is generally a hostile attitude that has got to change.

Shishir Bajoria: There is also a feeling that in processing applications the officers look for small tiny mistakes and reject it if there are any. That came to me from my son, by the way. It is not that he faced it, but some of his friends did. That is straight from the horse's mouth.

Chair: Thank you all very much. This has been an enormously informative session and I am hugely grateful for your time.