

Commercial Feature



AUSTRALIA

Special report on the visit of Australian Prime Minister Mr Malcolm Turnbull



India – Australia cooperation: Breaking new ground

Chandrajit Banerjee,
Director General, CII

The India – Australia bilateral relationship has been growing in stature ever since India embarked on its economic reforms process in the early nineties. Today, the relationship between the two countries is multifaceted and spans areas such as energy, mining, science & technology, information technology, education and defense among others.

Australia has also proved to be an attractive destination for Indian companies who have invested in sectors such as banking, IT, petroleum and other areas. While it is estimated that Indian companies have invested around US\$ 13.74 billion in Australia to date, the total Australian investment into India from April 2000 to December 2016 stood only at just US\$ 854.61 million. With its huge domestic market, India presents vast opportunities for trade and economic cooperation with Australia.

There is clearly much scope for Australia to step up their investments in India. A few specific areas of cooperation between Indian and Australian companies include:—

● **MANUFACTURING:** The launch of the “Make in India”



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campaign to promote India as a global manufacturing destination is expected to help create many opportunities for Australian companies to participate in this sector. The campaign is aimed to foster investments in manufacturing, particularly in key growth sectors such as auto & auto components, electrical engineering, textiles, chemicals, pharmaceuticals, railways, power, construction, oil & gas, etc.

In addition, the National Investment and Manufacturing Zones to be created alongside the Delhi-Mumbai Industrial Corridor are expected to change the manufacturing landscape through eight National Investment and Manufacturing Zones across

six States. India's FDI policy in manufacturing has also paved the way for foreign companies to invest in India. There is 100% FDI in almost all manufacturing sectors.

● **FOOD PROCESSING:** India is the world's largest producer of fruits and vegetables. Australia too is very strong in agriculture and one of the largest exporters of agri-products. This again is an area where the two countries could explore cooperation especially in the areas of cold chain technology, post-harvest management logistics, investment in R&D facilities, Mega Food Parks, among others.

● **SMART CITIES:** The Government of India has announced the setting up of 100 smart cities and Australia could consider choosing one of them for engagement & development.

● **CLEAN AND RENEWABLE ENERGY:** There is a tremendous thrust towards the adoption of renewable sources of energy in India. The government is expected to invest \$250 billion in renewable energy projects over the next 5 years alone. In light of Australia's strength in renewable energy, this presents a unique opportunity for Indian and

Australian companies to work together.

● **MINING EQUIPMENT AND RESOURCES:** where clearly Australia is a world leader and has much to offer India in terms of mining equipment and technology. In addition, the services sector also provides huge complementarities between the two countries. While Australia needs Indian professionals to fill the skill gaps in sectors like IT & ITES, banking & finance, education, and healthcare, India is a large consumer of education and tourism services.

Also, Australia is one of the most attractive destinations for young Indian students seeking higher education degrees. On the other hand, India's need for a skilled workforce and the need for a more modern vocational education framework is well known. Australia with its immense understanding and experience in this space could be a strong partner to India.

In conclusion, there exist several complementarities in different sectors of economy for the two countries. There are many Indian companies doing business in Australia and many more are eager to explore new opportunities in the days to come.