



**Report of the Canadian Parliamentary Delegation
on the Bilateral Visit to India**

**Canadian Branch of the
Commonwealth Parliamentary Association (CPA)**

**New Delhi, Amritsar, Mumbai and Chennai, India
February 17–26, 2012**

Report

A delegation of the Canadian Branch of the Commonwealth Parliamentary Association visited India from February 17–26, 2012. Mr. Russ Hiebert, M.P., Chair of the Canadian Branch of the Commonwealth Parliamentary Association, led the delegation composed of Hon. Nancy Ruth, Senator, Hon. Terry Mercer, Senator, Mr. Larry Miller, M.P., Mr. Merv Tweed, M.P., Mr. Chris Charlton, M.P., and Mr. Peter Stoffer, M.P. The delegation was assisted by Ms. Elizabeth Kingston, Executive Secretary of the Federal Branch.

The CPA constitution encourages visits between member countries with the objective of giving parliamentarians the opportunity to discuss matters of common interest in bilateral relations and issues within the international Commonwealth organization. The objective of the visit to India was unique for bilateral visits usually undertaken by the Commonwealth Parliamentary Association as it was entirely trade focussed. Building on the June 2010 joint statement by Prime Ministers Singh and Harper, the visit served to highlight the development of stronger economic, diplomatic, educational, scientific and cultural linkages between the two countries as the key to building a more effective and beneficial partnership. Most importantly, it sought to reinforce the mutual commitment by both Prime Ministers to triple annual bilateral trade and investment to 15\$ billion by 2015 as both countries work to complete an Economic Partnership Agreement (EPA).

India, a union of states, is a Sovereign, Secular, Democratic Republic with a Parliamentary system of Government. The Indian Polity is governed in terms of the Constitution, which was adopted by the Constituent Assembly on 26 November 1949 and came into force on 26 November 1950.

The President is the constitutional head of Executive of the Union. Real executive power vests in a Council of Ministers with the Prime Minister as head Article 74(1) of the Constitution provides for a Council of Ministers headed by the Prime Minister to aid and advise the President who shall, in exercise of his functions, act in accordance with such advice. The Council of Ministers is collectively responsible to the Lok Sabha, the House of the People.

In the States, the Governor, as the representative of the President, is the head of Executive, but real executive power rests with the Chief Minister who heads the Council of Ministers. The Council of Ministers of a state is collectively responsible to the elected legislative assembly of the state.

The Constitution governs the sharing of legislative power between Parliament and the State Legislatures, and provides for the vesting of residual powers in Parliament. The power to amend the Constitution also rests with Parliament.

The Union Executive consists of the President, the Vice President and Council of Ministers with the Prime Minister at the head to aid and advise the President.

The Rajya Sabha, or Upper House, consists of 245 members. Of these, 233 represent states and union territories and 12 members are nominated by the President. Elections to the Rajya Sabha are indirect; members are elected by the elected members of Legislative Assemblies of the concerned states. The Rajya Sabha is not subject to dissolution, one third of its members retire every second year.

The Lok Sabha or Lower House is composed of representatives of the people chosen by direct election on the basis of universal adult suffrage and consisting of 545 members with 2 members appointed by the President to represent the Anglo-Indian Community. Unless dissolved under unusual circumstances, the term of the Lok Sabha is five years.

The system of government in states closely resembles that of the Union. There are 25 states and seven Union territories in the country.

The last national elections were held in April – May 2009, with the Congress party-led United Progressive Alliance (UPA) returning to power. The Bharatiya Janata Party (BJP) remained the main opposition party, heading the National Democratic (NDA) coalition. The next elections are due in May 2014.

Meetings in New Delhi

The delegation had the opportunity to meet with representatives of the Federation of Indian Chambers of Commerce and Industry (FICCI), particularly, Peter Hassan, a prominent FICCI advisor on strategy and planning. Established in 1927, the FICCI is considered one of the largest and oldest business organizations in India. The organization plays a leading role in policy debates that are in the forefront of social, economic and political change within the country. While its history is closely tied to India's struggle for independence, its industrialization and its emergence as one of the world's fastest growing global economies, its membership is derived from the corporate sector, both public and private. It serves as a platform for sector specific consensus building and networking and is the primary link for Indian industry in all sectors with the international business community. Its work clearly demonstrates the role it plays as the voice for policy change and implementation and a thought leader for all Indian industry sectors. Its mission is defined as such:

To carry forward initiatives in support of rapid, inclusive and sustainable growth encompassing health, education, livelihood, governance and skill development.

To enhance efficiency and global competitiveness of Indian industry and to expand business opportunities both in domestic and foreign markets through a range of specialized services and global linkages.

While in New Delhi, delegation members had the opportunity to visit the Delhi War Cemetery. Created in 1951, this War Cemetery encompasses many graves from Northern India as they were moved to the site to ensure their permanent maintenance. There are

now 1,022 Commonwealth casualties of the Second World War buried or commemorated by special memorial in this cemetery along with a number of war graves of other nationalities, mostly Dutch.

The delegation had the opportunity to visit the Regional Office for South Asia and China of the International Development Research Centre (IDRC) under the directorship of Stephen McGurk while in New Delhi. Since 1970, the IDRC has invested more than \$100 million for research in India, supporting advancements in agriculture, health, economic reform, natural resource management, information technology, and governance. Notwithstanding the rapid growth experienced by India and its resulting expanding global influence, there exists an increasingly large gap between those who have the opportunity to benefit from economic development and those 300 million Indians living in desperate hunger and poverty. This same gap results in tensions that threaten the country's very stability. IDRC has been working to assist in the renewal of India's institutional structure and in creating a new generation of institutions to support India's tremendous growth by enshrining a vision of longer term solutions to problems confronted by the country. In essence, they look to support the work of the best people trying to support the best efforts of others trying to make the fractious democracy a better society.

Much of the discussion with IDRC focussed on India's missing daughters, the perceived lack of gender equity and the nature of son preference evidenced in Indian society. Many observers have pointed to the illegal practice of sex-selective abortions and the denial of equal access to nutrition and health care for girls and women. IDRC has been working to redress the preference for sons through measures that increase the economic worth of women, such as improved employment opportunities, education, and family planning initiatives. India accounts for approximately 15% of the world's women yet gender inequality remains one of the most persistent disparities in India, with women more likely to suffer from malnutrition, lack of education, mistreatment and fewer economic empowerment initiatives.

Another issue raised was Canada's selling of asbestos to India. The point was made that while asbestos has been proven to cause severe health hazards, its continued export to India brought into question by several delegates, Canada's sense of social responsibility in doing so. Other projects discussed were the use of technology in allowing for improved water quality, promoting food security, improving vaccination rates and greater access to the knowledge economy through the use of mobile phones and the internet, especially in rural communities across India.

Following meetings in New Delhi, the delegation travelled to Amritsar, Punjab. Upon arrival the delegation received a comprehensive briefing by Scott Slessor, the Consul General in Chandigarh.

Meetings in Amritsar

The delegation had the opportunity to travel to the Golden Temple in Amritsar, Punjab. Amritsar, the original name of first the ancient lake, the temple complex, and later the surrounding city, means "pool of ambrosial nectar." It is the holiest shrine in the Sikh religion. Completed in 1601, the temple's architecture draws on both Hindu and Moslem artistic styles and represents a unique co-evolution of the two. It was an honour to have had the opportunity to tour this most sacred site for the Sikhs, particularly in light of the significant Sikh diaspora residing in Canada, numbering around 500,000. The delegation was greeted by Mr. Dalmegh Singh, Secretary of the Golden Temple and Mr. Gurbachan Singh, Information Officer. The Head of the delegation, Mr. Russ Hiebert noted that one of the largest Sikh populations in Canada reside in the city of Surrey, a portion of which he represents in Parliament. Moreover, the House of Commons presently includes 13 members of Parliament from the Punjab.

While in Amritsar, the delegation had the opportunity to meet with representatives from the Confederation of Indian Industry (CII), a non-government, non-profit, industry led and managed organization. It closely works both with government and industries on policy issues, enhancing efficiency, competitiveness and expanding business opportunities for Indian and foreign business communities. It offers specialized services, global linkages and provides a common platform for consensus building and networking. It plays a proactive role in India's development process. Founded over 117 years ago, it boasts a direct membership of over 7,000 organizations from private as well as public small and medium enterprises and multi-national corporations, and an indirect membership of over 90,000 companies from 250 national and regional sector associations. One principal emphasis of its work rests on the projection of a positive image of business, assisting industry to identify and execute corporate citizenship programmes. Partnerships with over 120 non-governmental organizations across the country allow for the development of initiatives including health, education, livelihood, diversity management and skills development. CII serves as a reference point for Indian industry and the international business community.

The delegation met with those representing a broad range of business interests, including real estate, hospitality, education, logistics, renewable energy, and re-cycled products including textiles and paper.

Mr. Hiebert addressed the group, citing the agreement reached by Prime Ministers Harper and Singh as outlined in the Comprehensive Economic Partnership Agreement (CEPA) with its intention of increasing bilateral trade from 2 billion to 15 billion dollars by 2015 and the strong bilateral relationship between the two countries, based on strong people-to-people ties and mutually cherished values of democracy, tolerance, human rights, pluralism, freedom of religion and the rule of law. He noted the bond between Canada and the Punjab since the 19th century, and the strong impact this community in particular has had on the strengthening of the economic situation in the Canadian marketplace, most notably in its

contribution to the wide array of small and medium enterprises and its positive effect on the overall economy in Canada. There is great scope to work towards optimizing this already strong business and cultural relationship. In this regard two particular areas were highlighted: the agricultural sector, recognizing the imperative for the ever growing demand for food and food security in India and the tourism sector acknowledging the already vibrant travel routes between Canada and the Punjab.

Meetings in Mumbai

Mumbai, the capital city of the state of Maharashtra, is the most populous city in India with a population of over 20.5 million people. Known for its industrial, rural and cultural diversity, it is also considered the wealthiest city in India and has the highest GDP of any city in South, West or Central Asia, generating over 5% of India's entire GDP. Its remarkable growth rates have been compared to that of Guandong Province in China. India's growth rate, while 8 – 10% in the past, is now around 7%. In comparison, Maharashtra has experienced a growth rate of 10 – 12%. There is a tremendous contract between the rich and poor, and 25% of the population is under 25 years of age.

The potential for Canadian trade and investment is enormous. It is expected that by 2013, India will become the third largest superpower. While China is expected to peak in its demographic capacity by 2015, India will reach its maximum population potential by 2035. India has already proven itself as a primary supplier of Information technology services, and is working to develop its manufacturing base.

The delegation received a full briefing by the Acting Consul General Nicolas Lepage and staff at the Consulate in Mumbai prior to holding a series of comprehensive meetings with McKinsey and Company, the Indo-Canadian Business Chamber, as well as senior executives of both the Reserve Bank of India and Tata Consultancy Services (TCS).

McKinsey and Company is listed in the top 10 on *Fortune* magazine's World's Best Companies for Leaders. A global management consulting firm, they are the trusted advisor to the world's leading business, governments and institutions across the private, public and social sectors. They apply a solid understanding of market and industry forces to develop long-term macroeconomic perspectives and work to convene the most influential thinkers to debate issues of worldwide scope and importance. Their studies are published in journals such as the *McKinsey Quarterly*.

The presentation stressed the rise of India as an economic powerhouse, and the shift from a services-based economy, now representing 50% of GDP to a predominantly manufacturing- based one, which now only represents 15% of the economy. India can be described as a rather noisy democracy, with over 600 newspapers and fifteen 24 hour news channels. Its population is 60 – 70% rural, 30 – 40% urban. India is also home to a third of the world's poor with over 300 million people live below the poverty line.

The prospect for India is such that an annual expected GDP of 8% per year would bring with it jobs for its young workers, a growing middle class and thereby an expanded consumer economy. In essence, India represents the best market in the world from a consumer standpoint. The challenge however lies in the fact that the structure of employment presently in India is different from that in most East and South-East Asian economies. With agriculture employing at least half of all working Indians, it is fundamental to the economic growth of the country that farmers do well financially. Greater economic empowerment translates into a rising middle class and higher consumer demands.

McKinsey suggests that with the following six long term fundamentals in place, India is poised for long term growth:

- 1) **GDP growth** – economic growth at an inflection point; 4th largest economy by 2025, young working population growth to continue until 2035;
- 2) **Increase in consumption** – increased consumer spending driven by increasing earnings, rising disposable income, reduced incentives to save and availability of consumer finance; large young population with 70% of people below 35 years of age; estimated to become the fifth largest consumer market by 2025;
- 3) **Favourable Government Policies** – rationalization of taxes and duties; 100% FDI (foreign direct investment) allowed in most key sectors, stability across key macroeconomic parameters;
- 4) **Infrastructure Growth** – US 800\$ billion to be invested in infrastructure development in the next 5 years across roads, ports airports, power, communication, urban and rural development;
- 5) **Stable Banking Sector** - despite the economic crisis, the banking sector has been stable;
- 6) **Emergence of strong corporate India** – several industries have drastically transformed in short time spans, domestic and foreign businesses are scaling up investments

The delegation then met with representatives of the Indo-Canadian Business Chamber, the only exclusive bilateral organization dedicated to the promotion of Indo-Canadian economic and bilateral relations. Established in the year 1994, it is incorporated as a non-profit company in Delhi and has played a significant role both in India and Canada. Over the years, ICBC has had the privilege of hosting Canadian Cabinet Ministers, Planners, Chairmen of Multinationals, Presidents of Universities and various high level delegations. Its broad industry representation includes education, energy and the environment, infrastructure, agriculture and agri-food and financial services. It has been instrumental in enhancing trans-border relationships and business opportunities in all of these sectors.

The meeting with the Reserve Bank of India was well received by delegation members. Delegation members met with the Deputy Governor, Anand Singh. The Reserve Bank of

India is the central bank in India which formulates and monitors the monetary policy in India. The Bank has been entrusted with the responsibility of maintaining price stability and ensuring adequate flow of credit to productive sectors of the economy. The Bank has formulated a two-phase formulation for the presence of foreign banks in India. Phase one (2005- 2009) allowed for foreign banks to purchase stakes in identified Indian private banks that required restructuring. In phase two, these banks would then be given greater freedom in taking over these same private banks as of April 2009.

The banking system in India is very stable, yet only 48% of the population have bank accounts. Moreover, there exist 73,000 villages in India with no access to banks. As a result, the Bank has initiated a program of financial literacy and has appointed banking agents who can act on behalf of banks within a 30 mile radius of these villages. New products and services have been introduced, including a so-called no frills account with a goal of encouraging every household to set up a bank account, and efforts have been made to educate citizens on the importance of savings and credit. In this regard, a process of feminization of credit has been introduced, as it has been proven that by providing credit to women in turns benefits the entire family. At present, the average household income in India is only 1000.00\$, household debt is very low and the average savings rate is 11% of overall income. In addition, there is a very high demand for gold in the country, with an ever increasing demand on gold for investment purposes. Savings accounts have an average rate of 30%.

While in Mumbai, the delegation also met with the Tata Consultancy Service (TCS) Group. TCS has been in the forefront of the IT boom in India, and has successfully expanded and scaled its operations worldwide, while consistently providing leadership to drive transformation and partnering for success. It has been in business for over 43 years, and its revenue in 2011 topped out at \$8.2 billion US. It employs over 225,000 people, and operates in over 55 countries. It has a broad depth of industry success, including banking, telecommunications, aerospace, media, manufacturing, automotive, life sciences and healthcare, transportation, energy and resources, government and insurance. Its Canadian operations are based in Toronto and Peterborough, Ontario. Innovation is a cornerstone of TCS which established a co-innovation network to engage the entire innovation community — from customers and partners to academics and start-ups — bringing them together to share best practices, develop and implement innovative business solutions.

Prior to departing Mumbai, the delegation had the opportunity to visit Dharavi, one of Asia's and the world's biggest slums. An area located right in the centre of Mumbai, it occupies a square mile location that makes it very expensive real estate in Mumbai, and as such, Dharavi serves as a window not only on the future of India's burgeoning cities, but on urban space everywhere. Dharavi has a large number of thriving small-scale industries that produce embroidered garments, export quality leather goods, pottery and plastic. Most of these products are made in tiny manufacturing units spread across the slum and are sold in domestic as well as international markets. The annual turnover of business here is

estimated to be more than \$650m a year. The state government has plans to redevelop Dharavi and transform it into a modern township, complete with proper housing and shopping complexes, hospitals and schools.

Meetings in Chennai

The delegation had the opportunity of visiting the Husky Injection Molding Manufacturing facility, located in the Mahindra World City Business Park in Chennai. Mahindra World City is a business eco-system, operating in a special economic duty free zone, all linked and integrated to function with efficiency. The City has been planned to provide a holistic environment to integrate business and living. The Husky plant represents a significant new investment in its global network with its presence in Chennai, India. The facility houses sales, customer support, manufacturing and sourcing teams. The location also supports Husky's growing hot runner business in the region by providing local hot runner and mold refurbishing to reduce lead times. It presently employs 79, and expected to rise to over 100 employees by the end of 2012.

The Chennai region has great potential for future growth and investment and allows for Husky to better meet the local needs of current and future customers. It offers an international airport as well as a seaport and is close to customers such as Nokia and Dell.

When in Chennai, the delegation had the opportunity to meet with representatives of the Confederation of Indian Industry (CII), as they had in Amritsar. Russ Hiebert, M.P., leader of the delegation addressed the group prior to taking questions. As stated earlier the CII is dedicated to work closely both with government and industries on policy issues, enhancing efficiency, competitiveness and expanding business opportunities for Indian and foreign business communities. This group of CII representatives represented the automotive, clean technology, life sciences and information and communications technology sectors.

In essence, the message was to stress the tremendous potential for trade and business with Canada, including the notion that Canada may be used as a gateway for doing business throughout North America. The theme of the Economic Partnership Agreement was highlighted with the expectation that trade between Canada and India is expected to reach 15\$ billion by 2015. It is incumbent on industries in a multitude of sectors to partake in this wealth and productivity growth and especially within the realm of the Commonwealth, where principles of democracy, human rights and the rule of law are paramount to the constitutional make-up of all member countries.

As with the Mahindra Business Park, the CII highlighted the creation of Sri City, located 55 km. from Chennai and designed as a world-class Integrated Business City. Sri City meets all the standards of a world-class city from its physical infrastructure to its social, educational and recreational facilities, and use of alternative sources of energy. In this regard, Sri City aims to become a carbon neutral city. The creation of such centres, combining the best in infrastructure and economic benefits has become the key to attracting

the most favourable business opportunities for companies worldwide within the Indian context.

In closing, the delegation would also like to express its appreciation to the High Commissioner Stewart Beck and dedicated staff at the Canadian High Commission in New Delhi. We also express our thanks to the Consulates in Chandigarh, Mumbai and Chennai, headed by Scott Slessor, Nicolas Lepage and Shaun Wedick respectively, for their valuable advice and assistance in arranging the meetings throughout the visit. These meetings served to enhance an understanding of the unique political and economic environment that is India as it faces challenges in its transformation to a world economic powerhouse, shifting from a services-based economy to the substantial broadening of its manufacturing base.

Respectfully submitted,

Mr. Russ Hiebert, M.P., Chair
Canadian Branch of the
Commonwealth Parliamentary Association (CPA)

Travel Costs

ASSOCIATION	Canadian Branch of the Commonwealth Parliamentary Association (CPA)
ACTIVITY	Bilateral visit to India
DESTINATION	New Delhi, Amritsar, Mumbai and Chennai, India
DATES	February 17–26, 2012
DELEGATION	
SENATE	Senator Nancy Ruth, Senator Terry Mercer
HOUSE OF COMMONS	Mr. Russ Hiebert, M.P., Mr. Larry Miller, M.P., Mr. Merv Tweed, M.P., Mr. Chris Charlton, M.P., Mr. Peter Stoffer, M.P.
STAFF	Ms. Elizabeth Kingston, Executive Secretary
TRANSPORTATION	\$67,993.09
ACCOMMODATION	\$12,343.07
HOSPITALITY	\$969.00
PER DIEMS	\$4,516.42
OFFICIAL GIFTS	\$1,035.68
MISCELLANEOUS / REGISTRATION FEES	\$442.38
TOTAL	\$87,299.64