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6th National Forum 2019

Developing Partnerships, Engaging Stakeholders

September 19 - 20, 2019

New Delhi

Public Affairs Forum of India (PAFI) is the only platform for corporate public affairs professionals in the country. PAFI (www.pafi.in) has representation from large and medium-sized transnational Indian and foreign companies. Its objective is to redefine perceptions of how business entities should engage with stakeholders, from Government to Media to Civil Society and Academia. PAFI is dedicated to raise and maintain standards in Public Affairs, Public Policy & Advocacy and to enable the industry to attain recognition and credibility. PAFI has completed 10 years of service in fields of Advocacy, Public Policy and Public Affairs.

The theme for PAFI's **6th National Forum 2019** is "**Developing Partnerships, Engaging Stakeholders**". The Forum will set the agenda for PAFI's engagement with Governments and the strategies corporates need to adopt for an effective public policy & public affairs programme. As always, Forum will bring together various stakeholders to deliberate and understand perspectives and views.

Mr Hardeep Singh Puri, Minister of State (Independent Charge), Ministry of Housing & Urban Affairs, Ministry of Civil Aviation and Minister of State in the Ministry of Commerce & Industry is the **Chief Guest** and will inaugurate the National Forum 2019. **Dr Ravi Kumar**, Vice Chairman, Niti Aayog is the Chief Guest at the closing session on 20th September, 2019.

PAFI's 6th National Forum is a day long programme, on Friday, 20th September 2019, and is designed to have **discussions, debates & dialogues**. There is an inaugural networking dinner on Thursday, 19th September 2019. **Mr Amitabh Kant**, CEO, Niti Aayog is the Chief Guest for Inaugural Dinner. Some of the topics of discussion at the 6th Forum are: Building Trust; Building an Open Society: Role of Business & Government; Growth in the Time of Global Turmoil; Friend or Foe: Regulating Technology; Building Partnership with Legislators & Political Parties.

Participation for PAFI Members - by registration. For others - by invitation.

Discussion Paper

Developing Partnerships, Engaging Stakeholders PAFI National Forum 2019

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Many countries around the globe are in turmoil. India is going through a difficult phase of economic growth. Trust among countries is eroding and new challenges to governance are emerging across continents. Corporates are bearing the brunt of this period of turbulence and are looking to engage stakeholders and develop partnerships to make business more viable.

As governments and corporates look to weather emerging challenges, it may be important for both to continue working closely with the public affairs professionals to strengthen engagements that help find remedies to build growth in an interlinked but diverse world market.

The PAFI National Forum 2019 provides a platform for stakeholders to discuss and chart a way forward to building trust and stimulate an inclusive economic growth strategy.

This background paper for the PAFI National Forum 2019 is in three parts:

- >> Part I deals with the current state of play around the globe and India along with the challenges of regulation and looks at how public affairs professionals could play a significant role in building effective partnerships.
- >> Part II deals with issues around technology and global data flows.
- >> Part III deals with the debate around trust.

Part I

Global Turmoil

The International Monetary Fund (IMF) in its growth forecast for July 2019 clearly stated that

global growth remains “subdued”. IMF was of the view that, global supply chains were threatened by the prospect of US sanctions even as Brexit-related uncertainty continued to impact Europe, and rising geopolitical tensions roiled energy prices. Against this backdrop, the IMF report said, global growth forecast is at 3.2 per cent in 2019, picking up to 3.5 per cent in 2020 (0.1 percentage point lower than in the April projections for both years).

On investment and demand for consumer durables, the IMF said that the sentiment was subdued across advanced and emerging market economies as firms and households continue to hold back on long-range spending. Accordingly, global trade, which is intensive in machinery and consumer durables, remains sluggish. The projected growth pick-up in 2020 is precarious; presuming stabilization in currently stressed emerging market and developing economies and progress toward resolving trade policy differences, the IMF opined.

Global Trade

Multilateral and national policy actions are vital to place global growth on a stronger footing. The pressing needs, according to IMF, include reducing trade and technology tensions and expeditiously resolving uncer-

tainty around trade agreements (including between the United Kingdom and the European Union and the free trade area encompassing Canada, Mexico, and the United States). Specifically, countries should not use tariffs to target bilateral trade balances or as a substitute for dialogue to pressure others for reforms, the IMF concluded.

The World Economic Forum (WEF) in its report “Real Threats To The World Economy in 2019” stated that the global economy is undergoing a major transition, owing to the rise of emerging economies, especially in Asia, and the digital transformation of business models and global supply chains.

Services, WEF said, constitute a growing share of global trade, and the search is on for new sources of comparative advantage. The location of final markets and the configuration of supply chains are in flux, or being upended entirely.

And while it is obvious that global-governance structures and rules need an overhaul, existing international institutions lack the power to push through such changes on their own and the governments of the world’s leading economic powers do not seem up to the task, said WEF. Turbulence is clearly witnessed across global markets.

Regulatory Compliance

An EY “Insights” report of some years back had noted that regulatory compliance risks were increasing for US companies and they must remain vigilant to assess the magnitude of these risks. In 2018, EY noted, that the regulatory and enforcement agencies around the world have gained more powerful enforcement tools and are becoming more prescriptive in their compliance programmes.

Further, new legislations are being enacted placing burdensome new constraints and compliance requirements on companies across sectors. While the EY report was advising US companies, the statement holds good for any company, across sectors, around the globe.

Engaging Governments On Regulation

Norm Champ of the Harvard Law School in a blog post of 2015 on “Building Effective Relationship With Regulators” argued that for industry “engaging often and well with your regulators is the best path to complying with your regulatory burdens while running a profitable business.” He advocated the use of a “Compliance Calculus” that any firm in a regulated business must undertake in deciding what resources to devote to its compliance effort.

Where is The World headed?

The global economy is in a state of confusion due to growing push towards protectionism by most countries. Trade agreements that helped open markets in the past are no longer in vogue and the multilateral system under the World Trade Organization (WTO) faces several challenges to remain relevant. The US has been moving towards making the WTO dysfunctional by making the powerful dispute settlement mechanism within the Geneva-based multilateral body weak.

Given this backdrop the challenges for the governments across the world will be many as they face an aggressive China that is trying to bring countries under its influence under the One Belt One Road (OBOR) initiative.

An Inclusive Growth Agenda For a US\$5 Trillion Economy in India

The BJP-led NDA government in India, in its second term, is committed to building a US\$5 trillion economy by 2024. The current level of the economy is at US\$2.8 trillion. The government has expressed its intention to make growth inclusive by addressing the interests of all stakeholders-rural, urban, consumers, NGOs, academics, MSMEs and large businesses, among others. An inclusive growth agenda will require several steps.

Maintaining A Double Digit Growth Rate

Analysts are of the view that for India to reach the US\$5 trillion target there is a need for the economy to grow at 11.5 % annually over the next five years. However, given the current fall in growth rates it seems difficult for the government to achieve that rate of growth in the current year.

Reports show that the Indian economy advanced 5% year-on-year in the second quarter of 2019, slowing from a 5.8 % expansion in the prior period and missing market consensus of 5.7 %. It was the weakest growth rate since the first quarter of 2013, amid a slowdown in manufacturing and construction sectors. GDP Annual Growth Rate in India averaged 6.20 per cent from 1951 until 2019, reaching an all time high of 11.40 per cent in the first quarter of 2010 and a record low of -5.20 per cent in the fourth quarter of 1979.¹

However, the government is taking steps to boost growth and has already taken several steps in the recent weeks. The recent stimulus announced by Finance Minister Nirmala Sitharaman included dropping the surcharge on foreign portfolio investors (FPIs) that was introduced in the Union Budget, doing away with the angel tax on start-ups and an

immediate Rs 70,000 crore capital infusion into banks to kick start credit flow. Further, the government has merged several banks to make the nationalised banks stronger.

The question that several analysts are asking is whether the stimulus will work. To get the economy back on track the government may have to work on some specific issues, say analysts. The first will be to bring investment into the country back on track.

According to the Economic Survey 2019, private Investment is the key driver of growth, jobs, exports and demand. The government expects investment rate to pick up in the financial year of 2019-20 on higher credit growth and improved demand rebound in investment cycle. Growth in investment, which had slowed in many years, has bottomed out and has started to recover since 2017-18. Growth in fixed investments picked up from 8.3 per cent in 2016-17 to 9.3 per cent in 2017-18 and further 10 per cent in 2018-19, the survey said.

To bring back confidence in the private sector to begin investing, the government needs to stick to a transparent policy making process that is based on extensive consultations across the stakeholder universe.

Policy Making In An Open World

Over the years, governments, too, have re-

1 <https://tradingeconomics.com/india/gdp-growth-annual>

alised that the burden of engagement and partnerships does not lie with the corporates alone. Healthy governance requires greater partnerships and engagements with stakeholders across the spectrum.

The draft OECD document “Best Practice Principles on Stakeholder Engagement in Regulatory Policy” of 2017 stated that the central objective of regulatory policy – ensuring that regulations are designed and implemented in the public interest – could only be achieved with help from those concerned by regulations – the “stakeholders”. The inclusion of stakeholders in the policy making process is also one of the dimensions of Open Government and of Open and inclusive policy making, as defined by the OECD, the document said.

“Open and inclusive policy making”, the OECD states, “is a culture of governance that builds upon the idea of opening up policy-making processes to stakeholders beyond the public administration to better design policies by broadening the evidence base.”

The Role of Public Affairs

The role of public affairs function in a company is to primarily bridge the information gap between the stakeholders, which includes the government and the company/sector.

Given the current challenges in boosting

economic growth, it will be important for the government and industry to work closely and bring policies that will help bring back confidence to investors. The government needs to engage with the public affairs teams in the companies and industry associations to build meaningful linkages that help revive important sectors thereby moving the economy in the right direction.

Public affairs professionals can help in bringing to the governments notice issues ranging from cost of capital to regulations that would hurt a sector. Public affairs teams could work closely with all stakeholders and help create a clear way forward to build confidence in the economy.

Technology and innovation will remain a very important component in building linkages and helping industry improve productivity and quality.

Part II

Technology For Growth

The tech industry has been an important contributor to growth for economies around the globe in the last few decades. It is widely believed that the competitiveness of economies depends on their ability to leverage new technologies.

The ICT industry for long has played a significant part in providing employment and building competitiveness for several sectors. A WEF report states that the findings from various countries confirm the positive effect of ICT on growth. For example, a 10 per cent increase in broadband penetration is associated with a 1.4 per cent increase in GDP growth in emerging markets. In China, this number can reach 2.5 per cent.

The doubling of mobile data use, due to an increase in 3G connections boosts GDP per capita growth rate by 0.5 per cent globally, the report said. The Internet accounts for 3.4 per cent of overall GDP in some economies. Most of this effect is driven by e-commerce – people advertising and selling goods online, the report concluded.

The WEF report further states that in OECD countries, more than 95 per cent of businesses have an online presence. The Internet provides them with new ways of reaching out to customers and competing for market share.

Over the past few years, social media has established itself as a powerful marketing tool. ICT tools employed within companies help to streamline business processes and improve efficiency. The unprecedented explosion of connected devices throughout the world has

created new ways for businesses to serve their customers.

Will Technology Take Away Jobs

Narendra Jadhav in a recent book titled “New Age Technology and Industrial Revolution 4.0” quotes studies done by Oxford Martin School that suggests that 69 per cent of the jobs in India and 77 per cent of the jobs in China are at high risk of automation, which is way above the OECD at 57 per cent. Jadhav, however, goes on to state that while automation will destroy some existing jobs, the emerging technological revolution will also create new jobs. He states that this can happen through three channels:

- >> Improved productivity-led new jobs
- >> New jobs for the New Technology
- >> New jobs through creative destruction of conventional jobs.

In a technologically connected world it will be important for government and industry to work together to ensure that regulations and policy decisions do not hurt emerging business. An important aspect of this will be the global data flows and their regulation. This is because data flows today are a critical component for emerging businesses that will account for major part of the GDP in the coming years.

The Debate Around Global Data Flows

In a world dominated by the nexus between Big Data Analytics and Artificial Intelligence, data is becoming an important commodity and needs careful understanding.

Studies and articles point out that 2.5 exabytes of data is produced every day (1 exabyte is 1 billion gigabytes or 2 million personal computers), which is so large that any regulation covering this sector will need much greater understanding.

The big data and data analytics industry is estimated to be over US\$250 billion. An UNCTAD report states that in 2014 US\$ 30 trillion of goods, services and finance were traded across borders. 12% of that was traded on large e-commerce sites.

This brings us to the question as to what role should government play in trying to regulate the flow of data between businesses. This requires serious debate and discussion that is based on facts and not just perception. Public affairs professionals in technology companies can play a very important role in ensuring that a win-win situation is built for governments and new age companies through a dialogue and discussion that is based on serious research.

Technology clearly is an economic growth driver in the coming years and governments and corporates need to build sustainable partnerships and platforms for regular dialogue. PAFI would look forward to working with the government towards creating such platforms that brings together all stakeholders in this sector for serious dialogue and debate.

Part II

Building Trust

UN Secretary General, Antonio Guterres in December 2018 said, “international cooperation is under fire. This is the ultimate paradox in today’s world...I believe behind this paradox there is a huge deficit of trust...our world is suffering from the bad case of trust deficit disorder. It is a deficit at many levels; trust between people and political institutions, trust among countries, trust in international organizations, namely the United Nations itself.”

The lack of trust among countries at multilateral and regional forums on trade has also been a very important contributor to the diminishing growth prospects for international trade.

The recent elections in India were an indicator of people reposing faith and trust in the Narendra Modi government. The trust, analysts say was primarily built as some critical promises made by the NDA were fulfilled in the first term of the government.

Importantly, analysts point to the fact that the government reached out to the vulnerable sections of the society and assisted in improving their living conditions. Providing gas connections to the poor households in the rural sector is a clear example of this outreach by the NDA government in its first term that helped build trust among voters that the BJP and its allies will work towards an inclusive agenda.

Given the commitment of the NDA to focus on growth and improve the living standards of a large young population, it will be critical for the government to work closely with corporates to ensure some of the key schemes on the ground are fully supported by industry. Partnering with the private sector will help build scale to the schemes and will also

bring in serious private sector expertise in implementing the schemes.

The Government may consider teaming up with PAFI on some critical schemes to bring in corporates to support the larger social schemes.

Conclusion

In a world dominated by uncertainties there is always comfort in numbers. Building partnerships and engaging with stakeholders help build large teams that can help find solutions to complex problems. Given the current ambiguities across the world, it would be important for the various stakeholders to engage and work towards building an atmosphere of trust that will help achieve the goal of inclusive growth.

Corporates can be reliable partners for the government and other stakeholders in ensuring that the discussions on critical subjects is supported by public affairs professionals who have a deep understanding on issues that cut across sectors.

** This paper does not necessarily presents the view of PAFI or its members.*

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PAFI Overview

The Public Affairs Forum of India (PAFI) is the only organised Forum in the country with representation from Heads of the Public Affairs/Corporate Affairs functions of leading companies, industry associations and select government bodies.

PAFI is dedicated to raise and maintain standards of practice in Public Affairs and to enable the Industry to attain recognition and credibility.

The Public Affairs Forum of India (PAFI) is registered under Societies Registration Act XXI of 1860 and is the only organised forum in the country with representatives from large & medium-sized transnational Indian & foreign companies in the field of Public Affairs. PAFI's objective is to redefine perceptions of how business entities should engage with various stakeholders from Government & Media to Civil Society and Academics.

An informal Forum for Public Affairs Professionals India was formed in 2008 with the intent to advance and develop the field of public affairs. The informal Forum has more than 110 members by invitation, with representation from heads of the Public Affairs/Corporate Affairs functions of leading companies, industry associations and select government bodies.

PAFI serves as a professional resource for the Public Affairs and Corporate Affairs profes-

sionals and provides members with the platform and opportunity to exchange information, share their knowledge and experiences in engaging with external stakeholders like the government, media, industry associations, multilateral agencies and think tanks. It enables them to advance and develop the field of public affairs and provides tools and resources that enable members to achieve their business and professional goals in an ethical manner.

Since its inception, the Forum has been actively promoting public affairs as a profession and providing regular interactions and opportunities to exchange views and share experience. It is the belief of Public Affairs Forum of India (PAFI), that public affairs will play an increasingly significant role in organizations as well as the development of India's economy.

The Public Affairs Forum of India (PAFI) is a non-partisan Forum comprising of organizations and individuals working in the field of Public & Corporate Affairs. PAFI is dedicated to raise and maintain standards of practice in public affairs and to enable the Industry to attain recognition and credibility.

Membership Benefits



Networking

The Forum offers a number of opportunities for members to regularly network with fellow public affairs professionals from leading corporations, associations and consulting firms.



Collaboration

Apart from the networking activities, the Forum provides a platform for firms facing similar challenges to collaborate, exchange information, ideas and best practices for achieving desired results.



Training & Development

Sharing of expertise and domain knowledge during regular meetings on policy making procedures. Equip our members with tools to engage with their stakeholders better.



Research & Publications

The Forum provides members and parent organization with insights into and analysis of policy developments/changes across sectors.



Consultancy

Members have a pool of knowledge to access which spans across sectors and helps the organization/individual in their respective stakeholder engagements.

Mission & Objectives of PAFI

- a)** Enable the industry attain recognition and credibility
- b)** Set up, promote, protect and enforce ethical standards of business conduct and practice for Members
- c)** To help inform the news media, educational institutions, government institutions, political organisations and the general public about the value of public policy consultation and its contribution to the strengthening of democratic process and economic development of India
- d)** Provide and develop opportunities of communication between the Members and all persons engaged or interested in public affairs in order to promote co-operation and exchange of information, ideas and best practices
- e)** Create opportunities for professional development through training, guidance and mentorship
- f)** Attract and nurture young talent towards the Public Affairs profession by highlighting the role that PA professionals can play in strengthening the policy making process

PAFI's Code of Ethics

Our work as public affairs professionals contributes to a healthy democratic process, acting as a link between the world of business, civil society and Indian policy-makers. The objective of PAFI and its members is to provide knowledge and context to aid an informed decision-making on policy. By signing this Code of Ethics, the signatories are committed to abide by it and act in an honest, responsible and courteous manner at all times and seek to apply the highest professional standards.

PAFI members are expected to practice the highest standards of honesty, accuracy, integrity and truth and shall not knowingly disseminate false or misleading information to the government and the civil society. Members shall not engage in professional or personal conduct that will bring discredit to their firms, the society or the practice of public affairs.

In their dealings with the Government of India, departments and agencies, the public affairs practitioners shall:

- >> Identify themselves by name and by company on whose behalf the government department and agencies are approached.
- >> Be transparent in disclosing the interest they represent when dealing with the Government of India and its agencies.
- >> NOT intentionally misrepresent their status or the nature of their inquiries to officials of the Government of India or create any false impression in relation thereto.
- >> NOT directly or indirectly misrepresent links with the Government of India.
- >> At all times honour confidential information they receive from other members of PAFI and government offices and agencies.
- >> Practice the highest standards of honesty, accuracy, integrity and truth, and shall not knowingly disseminate false or misleading information.
- >> NOT sell for profit to third parties copies of documents obtained from the Government of India or any public office or agency.
- >> NOT obtain information from the Government of India by dishonest means and will take care to avoid any professional conflicts of interest.
- >> Neither directly nor indirectly, offer nor give any financial inducement to any government official, elected members and their staff.

- >> Protect the confidences of present, former and prospective government officials and agencies they deal with.
 - >> NOT intentionally damage the reputation of agencies they work with and shall understand, respect and abide by the ethical codes of the government departments and agencies and fellow PAFI Members with whom they may interact from time to time.
 - >> PAFI Members will only employ government personnel subject to the rules and confidentiality requirements of the Government of India.
- I agree that I and all employees of “name of the company” dealing with present, former and prospective government officials and agencies, will adhere to the above Code of Ethics, and be subject to the disciplinary rules of PAFI (as set out in the Memorandum of Association) in case of breach of the Code of Ethics.

To be signed by all PAFI Member companies

Managing Committee & Founding Members

Raman Sidhu



President & Founding Member, PAFI
Chairman of EBG Federation

Ishteyaque Amjad



Vice President, PAFI
Vice President, Public Affairs & Communications (PAC) at Coca-Cola India and South West Asia.

Subho Ray



Secretary, PAFI
President, Internet and Mobile Association of India

Ankhi Das



Treasurer, PAFI
Director of Public Policy for Facebook in India and South & Central Asia

K.C. Ravi



Past President and Co-Founder, PAFI
Chief Sustainability Officer, Syngenta Pvt. Ltd

Harish Krishnan



Past President & Co-Founder, PAFI
Managing Director, Public Affairs & Strategic Engagements, Cisco, India & SAARC

Rahul Sharma



Past President &
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T. S. Vishwanath



Past President &
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Rajeev Batra



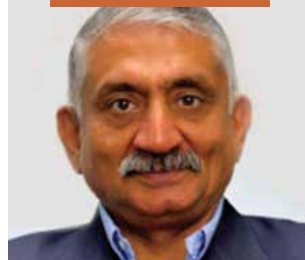
Past President & Founding Member, PAFI
 Formerly, group head of the Corporate
 Affairs function at Hindustan Unilever
 Limited

Prema Sagar



Founding President, PAFI
 Chief Executive Officer and Founder,
 Genesis bcw

Ajay Khanna



Co-Founder, PAFI
 Chief - Strategic & Public Affairs of
 Jubilant Bhartia Group

Medha Girotra



PAFI Managing Committee Member

Sanjay Singh



PAFI Managing Committee Member
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