

Is Mexico Leveraging Its Close Affinities with India?

AN INTERVIEW WITH
JAGDISH NAINWAL

RAFAEL RAMÍREZ DE ALBA



Is there an opportunity for increased relationships between Mexico and India?

India has become an extraordinarily important player in the global economy. Still, few people in Latin America seem to be fully aware of India's relevance today and its potential. Emerging economies have natural affinities with each other, and Mexico and India are no exception. We must ask ourselves, then, whether we are truly leveraging the opportunities of a closer relationship between the two countries. We had a conversation with Jagdish Nainwal, the Regional Head of UPL in Latin America and the President of the newly created Trade and Commerce Council of India and Mexico (INDMEX), an effort aimed at providing a platform for businesses to connect, address sector-specific issues, and grow together.

UPL is an Indian multinational company that manufactures and markets agrochemicals, industrial chemicals, chemical intermediates, and specialty chemicals and whose mission is to make every single food product more sustainable. The Trade and Commerce Council of India and Mexico was recently created in December 2022 to bring the two countries together and assist businesses in forming networks and partnerships with corporate majors and institutions in both India and Mexico.

INDMEX can always support Mexican business people with whatever they want to know about India. India is having a record 115 unicorns this year. We are now ranked third, just after US and China.

What does UPL do, and what is your role in Mexico and Latin America?

UPL is an Indian multinational company, and it is also a success story to be shared in the business world. The company started in 1969 with a very small plant of red phosphorus in India, and it later entered the agrochemical and agricultural sector, maintaining steady growth over time. UPL entered the global market in 1985 with a very small export operation delivering products to some Arabic countries. Then, after 1985, it started making some acquisitions and gradually increased its footprint around the globe.

I joined UPL in 2002 as a management trainee after completing my MBA. At that time, UPL had a total turnover of US \$125 million globally. And after 21 years of steady growth, in 2023, the company is worth nearly US \$6.5 billion. UPL is on a mission to make farmers more resilient. Its core mission is to offer effective solutions and efficient technology to make farmers more resilient, because they provide so many things that are good to human society. Today, UPL is present in most countries in Latin America.

How has your experience been doing business in Latin America? What similarities and differences have you found between doing business in India and doing business in Latin America and Mexico in particular?

Culturally and socially, the two countries have a lot of similarities. Both Indians and Mexicans think more from passion. They think with emotion. But there is one significant difference: we are the same in the sense that we both think from passion, emotion, and belief. But in India, because of our education system, we think more from the mathematical point of view. In Mexico, doing business is one hundred percent driven by qualitative thinking – emotion, passion, belief, and a qualitative approach – while the Indian mindset is more driven by the mathematical and quantitative approach. So, when I came to Mexico, I realized that when a team was saying something, or when a business was saying something, or when a customer said something and it involved emotion and passion, I had to



in my opinion, after the pandemic, Mexico has become the entry door into the Americas. If any company in India wants to do business in the Americas, I think Mexico will represent the entry door.

convert it myself into numbers and into the quantitative approach.

Also, due to the way that digitization and information technology have been adopted in India, some processes are easier in India as compared to Mexico, as digital and information technologies have been taken up more quickly by the Indian government. Otherwise, we are 90% similar. Another example is that Mexicans have high respect for hierarchy, just as we do in India.

But I am not only in charge of Mexico. I am also in charge of other countries in Latin America. Sometimes people outside Latin America think all Latin American countries are the same, culturally speaking, because they all speak Spanish. But trust me, that is not correct. Each country is culturally different. People think differently among Latin American countries. And the way they execute in the field is entirely different.

Many of us in Mexico are familiar with the success story of China in terms of how much it has grown in the past few decades. And we also know that India represents a very important growth opportunity. But beyond that, what should a Mexican businessperson know about India? What would you like to share about the way the Indian economy has been moving in the past few decades to where it is now? And what do you think the prospects for the future are for the Indian economy?

I think we often see in global news and articles that India is growing. But my view is that India is not growing but rather regaining what it once had. In the 18th century, India accounted for 25% of the total global GDP. Then, around 1820 (after nearly 100 years), India accounted for 16% of the global GDP. Then we were colonized by the British, and we achieved independence in 1947. And just imagine, by 1947, India's contribution to the global GDP had dropped to only 3% (from that original 25%). After independence, India started experiencing growth once again from there. But that took a lot of time because India remained a closed economy until 1993. Before that, we were not part of the global

village. There were a lot of restrictions on direct investment. And many licenses were required if anyone wanted to do business in India. So, it was after 1993 that India became part of the globalized world.

But then it all started. By 2000 we reached approximately US \$480 billion. Our GDP grew by 70-80%. And then, between 2000 and 2023, our GDP went over US \$3.3 trillion. Just imagine, after 23 years, from half a trillion dollars in 2000, our contribution to the global economy grew to US \$3.3 trillion. Today, we are number five in the global economy.

But why did this happen? Because we changed. First, India became a preferred manufacturing hub. Second, we expanded our focus on information technology. And then, if you see the total distribution of India's Gross Domestic Product across economic sectors as a percentage of GDP, the services sector accounts for about 50%. So, we changed our dynamics within the total GDP distribution, and we started producing and supplying to the outside world.

But there is one more thing – and I think nobody in the world currently has this kind of privilege. There are about 1.4 billion people in India, and this year its population topped that of China, making it the largest country in the world. But what is most relevant in this regard is that 65% of India's population is below 35. And whenever a huge part of a country's workforce is young, that becomes a growth engine that pumps energy into the country's overall growth.

Second, and most importantly, 70% of India's consumption today is domestic consumption. So, it is not only that we have been growing from half a trillion dollars in 2000 to 3.3 trillion today. What is also important is that we have been growing sustainably, because that 70% of domestic consumption is, I think, what makes India very strong today in terms of economic growth. That gives the world a lot of confidence in India. And that is why foreign direct investment in India, among many other things, is coming in swiftly.

That is very interesting because it helps us understand why Mexican companies like Cinopolis have seen a fantastic opportunity in India and decided to

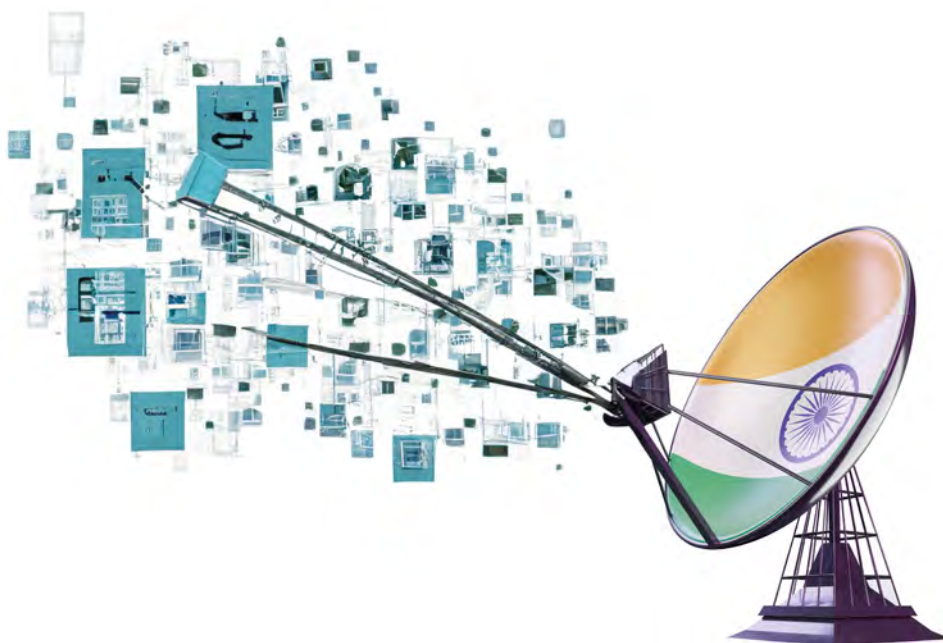
enter the Indian market. There is lots of domestic consumption, a growing middle class that is progressing, and a lot of dynamism in the economy. So, in that context, what is the role of the India-Mexico Trade and Commerce Council that you are heading these days? What is it that you do?

INDMEX is very new. It started with the support of the Indian Embassy – so you can say of the Indian government – in December 2022, and it is also supported by the Foreign Ministry of India in Mexico. The Council's primary objective is to increase bilateral trade between

the two countries. Today, bilateral trade between Mexico and India is worth US \$10.1 billion. Our vision is to be able to double that in the coming 3-4 years.

Our role in INDMEX is divided into four Cs. First, we want to create opportunities by Connecting people. The INDMEX platform will connect Mexican business people to the Indian market and Indian business people to the Mexican market. Then we want to Catalyze that. So, suppose someone is having trouble understanding land and property law in India or the process to start doing business there; we can help them fully understand that. And then we want

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to encourage businesses to Contribute. From day one, we have been pushing social responsibility from both sides. Everyone has to contribute to the local society.

Doubling trade, however, will not be possible if we follow the conventional approach. Under the conventional approach, you focus on the big companies, the big sector. You support them, and then those big companies will build on that to do something a little bit broader. But our approach with INDMEX is instead trying to bring all small, medium, and big together. INDMEX's philosophy is to support all businesses, irrespective of their size.

And what's your sales pitch when you talk to Indian companies and tell them to come to Mexico? What do you tell them so that they can know that Mexico represents a significant opportunity?

I think there is no need to sell Mexico these days. What Mexico has today plays a very important role in the global economy. Following the pandemic, every country realized that they need their supply chain to be near or within the importing countries to ensure reliability. So, in my opinion, after the pandemic, Mexico has become the entry door into the Americas. If any company in India wants to do business in the Americas, I think Mexico will represent the entry door, first because of its geographic location in relation to the US, and second, because Mexico, just like India, has become a manufacturing hub in the world. Both countries will play an important role for growth in the future. And Mexico's trade agreements with the US and Canada and with other Latin American or Caribbean countries make Mexico a strong candidate for investment.

What would be your message to Mexican businesspeople? If they want to know more about India and the opportunities it presents to them, what would you like to tell them?

First, consider that India is currently the driver of the global economy, as the Indian economy is growing by around 7-8%. Then there is the trust factor from the global community with all the foreign direct investment. In FY 21-22,



FDI reached \$83.5 billion in India. Second is the population factor, with 1.4 billion people and with 65% of them aged below 35. That makes India a land of opportunity. Third is the support the government is offering foreign businesses in India. We now have a single-window application system in India, so there is no need to go to different departments. Businesses can now enter India following a single-window approach. And, of course, INDMEX can always support Mexican business people with whatever they want to know about India. Fourth, India is having a record 115 unicorns this year. We are now ranked third, just after US and China. So, that means there is plenty of opportunity for Mexican business people coming to India. And lastly, we must not forget that India is currently the world's largest democracy. </>

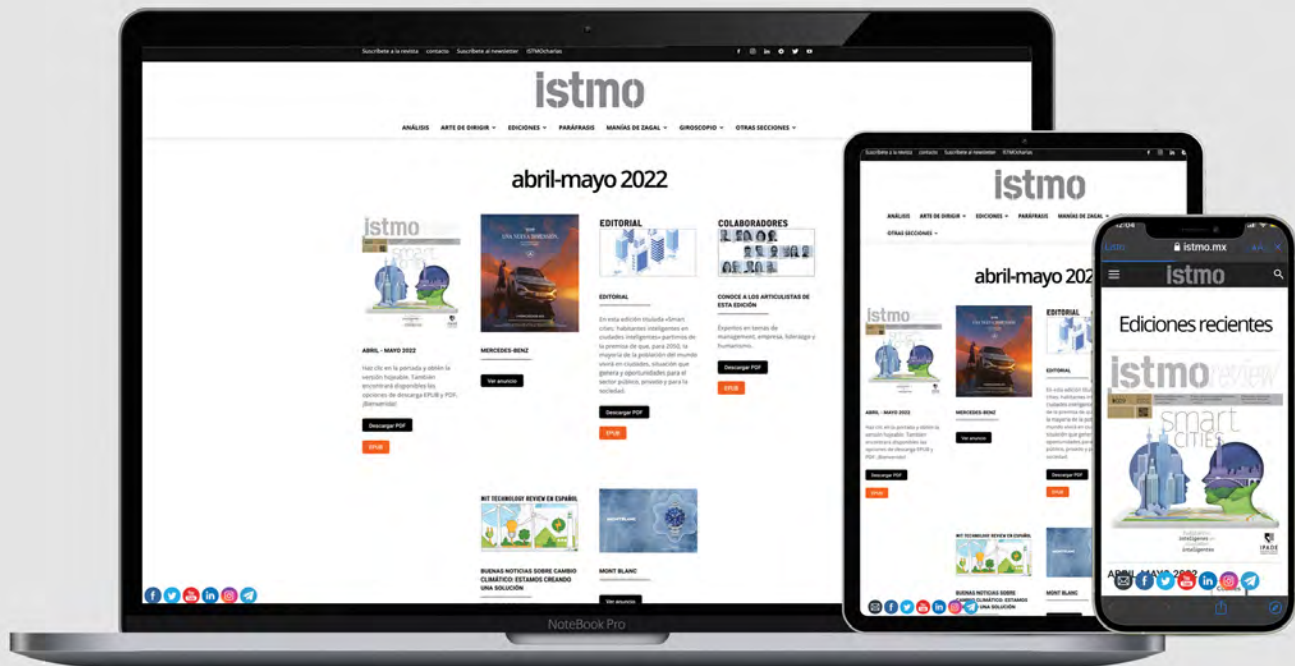
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The interviewer is Professor and Chair of the Department of Economics at IPADE Business School.

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