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The nation's resilience in the face of global supply disruptions reflects its growing importance in the global landscape

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The Bombay Chamber of Commerce, established in 1836, played a key role in India's industrial and infrastructural development during British rule and has since evolved into a professional organization with influential members, contributing significantly to the growth of major international companies like Tata and Reliance. Director General Sandeep Khosla highlights some of the Chamber's recent successes, how its structure facilitates economic development, its commitment to sustainability, and the positive overall outlook for Mumbai and India.

Could you share insights into the background of the Chamber and the role it currently plays within India?

The Bombay Chamber of Commerce is the oldest chamber in the country, formed in 1836. This December 14th, we celebrated our 188th Foundation Day. It was established during British rule in India by three enterprising Parsi gentlemen and seven Brits. Given that trade during that period relied heavily on sea routes, the Chamber needed to be situated in a port city therefore, Mumbai, a thriving port, was chosen.

The Chamber played a pivotal role in bringing railways to India, beginning what has since become one of the largest railway networks globally, second only to Russia. The Chamber advocated for trains to enter India with the first railway line being built in Mumbai, reducing the time it took for goods to travel from the hinterland to the city and then to the port.

Today, the Bombay Chamber of Commerce is known for being a professional organisation, with most presidents being professionals rather than promoters. Formerly small companies that joined as members of the Chamber have now evolved into global players with offices across multiple cities and countries. Prominent companies like Tata, Reliance, Godrej, Mahindra, Hindustan Lever (now Unilever), Seimens Ltd. and major banks, both domestic and international like HSBC, BBVA, Bank of America, Deutsche Bank, have been longstanding members.

Each year, a new president takes charge, ensuring a dynamic leadership approach. The Chamber operates with a board of almost 60 members, 13 of whom are elected, and the rest are invitees. 60 per cent of these members attend monthly board meetings involve a briefing on the past month’s activities, plans for the coming month, and seeking guidance from board members to ensure effective operations. This practice has been consistent over the years, promoting transparency and adaptability. We also maintain regular interactions with the Central Government of India, specifically with regulators such as the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and state governments consistently.

How is the Bombay Chamber of Commerce structured to facilitate economic growth and investment in the city?

We operate through a very vibrant committee system, comprising approximately 18 subject committees governing various sectors. These committees are both horizontal and vertical, they focus on specific industries like media, shipping, and agriculture, as well as functions such as CSR, governance, HR, and sustainability. Each committee, led by a chairman and co-chairman, consists of 30 to 70 members, typically top CXOs of large organisations. For instance, the Banking and Finance Committee is headed by the Chairman and Managing Director of Kotak Mahindra Asset Management Company, the largest asset management company in India. Similarly, our Sustainability Committee is led by the sustainability head of Mahindra & Mahindra. These committees convene monthly or bi-monthly, setting agendas to address industry developments and educate members through conferences, seminars, papers, and representations that are sent to the Government of India.

Our longstanding Taxation Committee regularly engages with the government, providing recommendations to the government of India before each budget, influencing both direct and indirect tax policies. The Finance Ministry in Delhi values our input, often seeking clarifications and incorporating our suggestions. With key members like Ernst & Young, Deloitte, KPMG, and PwC, our recommendations carry significant weight. Following the budget announcement, our committee undertakes a thorough analysis, providing feedback to the government on aspects unfavourable to the industry. We promptly communicate any concerns to the government and organise seminars to explain the budget to our members. Additionally, our Legal, IPR, and Governance Committee actively monitors regulations from the Reserve Bank of India and addressing governance issues that hold significant importance in the Indian context.

Every year the Chamber brings out its Economic Outlook Survey. These surveys cover both Large enterprises and MSMEs. Our sixth EOS has been completed and we will be sharing it with our members as well as with finance and regulatory authorities.

In the next couple of years, there will be a transformative change in the infrastructure in India, a development that has been accelerated over the last two to three years. In the past three years, much of Bombay has undergone extensive construction. Notably, our metro system, known as the underground, is progressing rapidly. Numerous flyovers and infrastructure projects are underway, with most expected to be completed within the next three to three and a half years. This extensive development aims to significantly improve travel convenience compared to the present challenges, aligning with the common issues faced by major cities worldwide.

When I commenced my career in 1987, Nariman Point was a thriving business hub where most offices were located. So people stayed far away and travelled every day to one end of Mumbai only for work. Over time, the city has witnessed a significant shift, with offices now distributed across various areas—Central, and North Mumbai. While this has made it somewhat more convenient, the challenge lies in the escalating traffic.

The city’s layout, originally planned by the British in the late 1800s to early 1900s, features narrow roads and railway tracks. Recognising the constraints of narrow roads, ongoing infrastructure projects by the Ministry of Transport and the Central Government aimed to address these issues. Government initiatives and budget allocations are crucial in supporting these endeavours, and once completed, they are expected to significantly alleviate the persistent challenges associated with traffic and urban congestion.

Can you tell us more about how the Bombay Chamber of Commerce prioritises sustainability and what sustainability means in India today?

The Chamber actively engages in addressing diverse sustainability challenges, ranging from water conservation to climate change. We appreciate the role of multinationals in this push, as many of our international members, such as Siemens, consider sustainability and ESG principles integral to their operations. This ethos extends to their Indian counterparts, influencing the entire supply chain.

Recognising the resource constraints faced by smaller organisations, the Chamber takes a proactive role in training and guiding SMEs on sustainability practices. For example, a major company within the Chamber may have implemented successful water conservation measures in its large facility, and the Chamber facilitates the transfer of these practices to smaller companies, enabling them to benefit without having them to use up their funds.

What is the current economic outlook for Mumbai and India?

India is economically attractive to many global firms due to the high spending capacity of the country. We have the largest population in comparison to other countries and the second-youngest population. Not only do we have large cities, but we also have cities in Tier 2 and Tier 3 at spending capacity.

For example, until two or three years ago, Apple did not have its own store in India, serving the market through various channel partners. Despite this, Apple’s sales remained robust in India, with individuals often resorting to ordering iPhones from abroad. However, Apple has undergone a significant transformation by not only establishing its own offices here but also exploring the prospect of manufacturing in India.

The technology sector, encompassing both hardware and software, witnessed early interest in India, with companies like Microsoft and Dell establishing a substantial presence. As India emerges as a key market, many global entities are now keen on entering the country, recognising its vast potential. In the past, whether Hollywood movies or the automotive industry, launches in India would occur months after their global debut. Today, the scenario has transformed, with simultaneous or even advanced launches in India. This shift is notably evident in industries such as automobiles, where launches are now concurrent with or predate global launches and more companies such as Tesla will start manufacturing in India in the next few years. All these foreign

companies have direct ownership of their assets in India.

Are pharmaceutical and chemical manufacturers represented by the Chamber and how has this representation changed since COVID-19?

Several of our past presidents are part of the pharmaceutical industry itself. For instance, Mr. Ranjit Shahani, the former India head of Novartis plays an active role as a board member, offering valuable guidance. The pharmaceutical committees within the Chamber played a pivotal role during the pandemic. The Chamber reached out to pharmaceutical companies, appealing for the supply of medicines and essential equipment. The contributions received, including medicines, gloves, and sanitisers, were directed exclusively to government-run hospitals, prioritising public healthcare over private institutions. This collaborative effort, particularly during the initial phases of the lockdown in India, showcased the Chamber's commitment to supporting the healthcare system.

What is different now in the development of India in comparison to the momentum a couple of years ago?

There has been a significant shift in government policies, focusing on strategic spending in crucial sectors. Trade, especially the import of medicines and supplies relies heavily on ports and containers. India lacks a dedicated freight corridor, causing delays as passenger traffic takes precedence. The absence of a cruise terminal, attributed to regulations, is a significant gap. Despite these challenges, India is becoming a hotspot for global travel, evident in increased flight demand and rising travel costs post-pandemic. The nation's resilience in the face of global supply disruptions reflects its growing importance in the global landscape.

Again, a crucial factor in India's development is the fact that the spending capacity in India is higher than in most countries due to the younger population. For example, Europe is currently experiencing negative population growth because of a decrease in the younger demographic. This causes growth and development to slow down. India has changed dramatically; when I was growing up I didn't have access to TV and shopping malls were a foreign concept whereas my daughter has access to the best malls in India and almost 130 TV channels. This is a prime example of the momentum of development in India in the last 20 to 30 years.

Additionally, the current clearer policies around investments and ease of doing business have been attracting more investors to come to India. The focus on infrastructure is crucial, as demonstrated

by the establishment of nearly 100 airports in the last four years. This strategic development aims to make investment more accessible, breaking the trend of concentrating investments in major cities like Delhi, Mumbai, Calcutta, Bengaluru or Chennai. The previous challenges of high expenses and travel inconvenience are being addressed, making various regions more viable and attractive for investment.

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