Indian industry’s inclusive footprint in South Africa
Doing business, doing good

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Confederation of Indian Industry
India has a diverse and rapidly expanding economic relationship with South Africa, and as India has progressed from a developing nation to an economic powerhouse, the market provides abundant and unexplored opportunities for business.

But divergent cultures and business landscapes combined with unique legal and political environments can make these ventures particularly challenging. Indian companies that seek to enhance their presence in South Africa and the rest of Africa require a comprehensive suite of services, as do South African companies evaluating opportunities in India.

PwC’s India Desk provides a comprehensive range of tax, advisory and assurance solutions. Our team of trusted business advisors works closely and seamlessly with colleagues in India to help clients address important issues facing their businesses.

Cross-border solutions for South African and Indian businesses

Our team provides assistance with meeting clients’ unique needs, including those with respect to:

- Doing business in South Africa/India, including strategic options and market entry analysis;
- M&A deal and corporate finance services, including due diligence, valuation, tax structuring and post-deal integration;
- Tax compliance and optimization;
- Transfer pricing;
- Financial reporting and compliance services, including audit and assurance;
- Risk and regulatory matters; and
- Business reviews and performance improvement.

Indian industry’s inclusive footprint in South Africa – doing business, doing good
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Today, treatment costs less than US$1/day and the National Health Department’s Aids treatment programme reaches almost four million South Africans, the largest programme of its kind in the world. As a result of the programme, Aids-related deaths have decreased by almost a third since 2010.

But the good news doesn’t end there. The entry of these and other companies’ into the South African market has also created jobs and led to new investment worth billions of rand. Cipla alone has invested almost R500 million in one local ARV manufacturing plant.

‘Doing business while doing good’ is a mantra that naturally extends beyond day-to-day business to companies’ corporate social responsibility activities. As this report outlines, Indian companies are distinguishing themselves in this area too and demonstrating their commitment to sustainable development in South Africa in a number of areas. These range from education and healthcare schemes to job creation, agricultural projects and empowering women in initiatives taking place across the country.

Recognising the immense opportunities that exist both in South Africa and in India, and the in-depth local knowledge that is needed to succeed in their unique markets, we find ourselves working more and more closely with our colleagues at PwC India to deliver the services our clients need seamlessly on both sides of the Indian Ocean. This has led to the establishment of our PwC India Desk in Johannesburg to provide a full-service offering through a single point of contact, to facilitate inward and outward investment and operational support.

These are indeed exciting times and I would like to thank the Consul General of India for inviting PwC South Africa to be its knowledge partner in producing this report and participating in the India-South Africa Business Summit 2018.

Dion Shango
Regional Senior Partner & CEO
PwC Southern Africa
Foreword

It is with great pleasure that the Confederation of Indian Industry (CII) presents “Indian industry’s inclusive footprint in South Africa” to showcase the depth, importance and impact that Indian companies have had in South Africa.

There has never been a more important and opportune time to highlight the strong economic relationship between India and South Africa, as well as to spotlight the quiet diligence, support, drive, hard work, innovation and creativity of the majority of the Indian companies in the country.

The relationship between South Africa and India – which spans nearly two centuries – is largely one that speaks of integrity, enthusiasm, development and promise.

Evolving over the years from a strong political ally into a vibrant economic partner, the first point of reference to this relationship is always to mark Mahatma Gandhi’s arrival in South Africa. The significance and importance of this cannot be more pertinent in the context of the India-South Africa relationship today.

With well over 150 Indian companies in South Africa having had an immeasurable positive impact on the country, this report aims to provide an overview of Indo-South African business relations, a snapshot of some of the key sectors reflecting India’s economic presence in South Africa, and a strong focus on the CSR activities, as well as job creation and skills development initiatives being undertaken by Indian industry in South Africa – all of which are significant.

Some of the companies that have invested in South Africa and are conducting large-scale operations in country, are among the largest conglomerates, not only in India but globally, and employ over half a million people across the world.

This paper also addresses some of the key challenges being faced by Indian industry in South Africa. It highlights future growth areas along with recommendations, which will hopefully encourage potential Indian investors to further enhance economic activity.

On behalf of the CII, I wish to thank our knowledge partner, PwC South Africa, and also extend my sincere thanks to all the Indian companies, government bodies, and academic and financial institutions for their inputs that are reflected in this report.

I believe that we will keep up the momentum going forward, focusing on growth, and that our collective efforts will enhance India’s economic and CSR footprint in South Africa, as well as the rest of Africa.

Chandrajit Banerjee
Director General
Confederation of Indian Industry
About the CII

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering industry, Government, and civil society, through advisory and consultative processes.

CII is a non-government, not-for-profit, industry-led and industry-managed organization, playing a proactive role in India’s development process. Founded in 1895, India’s premier business association has around 9000 members, from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 300,000 enterprises from around 265 national and regional sectoral industry bodies.

CII charts change by working closely with Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness and business opportunities for industry through a range of specialized services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

Extending its agenda beyond business, CII assists industry to identify and execute corporate citizenship programmes. Partnerships with civil society organizations carry forward corporate initiatives for integrated and inclusive development across diverse domains including affirmative action, healthcare, education, livelihood, diversity management, skill development, empowerment of women, and water, to name a few.

As a developmental institution working towards India’s overall growth with a special focus on India@75 in 2022, the CII theme for 2018-19, India RISE : Responsible. Inclusive. Sustainable. Entrepreneurial emphasizes Industry’s role in partnering Government to accelerate India’s growth and development. The focus will be on key enablers such as job creation; skill development; financing growth; promoting next gen manufacturing; sustainability; corporate social responsibility and governance and transparency.

With 65 offices, including 9 Centres of Excellence, in India, and 11 overseas offices in Australia, Bahrain, China, Egypt, France, Germany, Iran, Singapore, South Africa, UK, and USA, as well as institutional partnerships with 355 counterpart organizations in 126 countries, CII serves as a reference point for Indian industry and the international business community.

CII code of conduct

Ethical business practices

Ethical business practices are a journey. All member companies should adopt policies and procedures intended to achieve the following in their business practices:

Accurate books and records

The company will maintain accurate accounts and records which reflect the true and fair picture of the company's affairs in compliance with accepted accounting principles and standards for financial reporting.

Bribery and corruption

The company will prohibit bribery in any form in all its business dealings and will maintain strong controls to prevent and detect improper payments.

The company shall comply with anti-money laundering and terrorist financing laws and report unaccounted-for cash or suspicious transactions.

Fair and equitable treatment

The company shall not unfairly discriminate on the basis of race, caste, religion, colour, ancestry, marital status, gender, sexual orientation, age, nationality, ethnic origin or disability.

The company shall not tolerate harassment, whether sexual, verbal, physical or psychological, against any employee.

Health and safety

The company shall provide a safe, clean and healthy work environment.

Quality of goods and services

The company shall strive to ensure that its products and services meet the legally required safety and quality standards.

Environment and society

The company shall strive to be a good corporate citizen by promoting social welfare activities, sustainability and by minimizing the adverse impact of company operations on the environment.
South Africa and India share a rich past and bright future. India has transitioned from being South Africa’s political ally to being a vibrant economic partner. Despite challenges, the opportunity for increasing the value of bilateral trade between the two countries is growing exponentially each year.

South Africa and India have nurtured a bilateral relationship since the 1860s, when the first Indians arrived in South Africa. India was one of the first countries that rallied at the United Nations in support of the anti-apartheid movement in South Africa. The strong bond established between the two countries during the struggle for democracy in South Africa became further entrenched in post-apartheid South Africa.1

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<th>Year</th>
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<td>1990</td>
<td>Resumption of India-SA diplomatic relations</td>
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<tr>
<td>1994</td>
<td>Indian High Commission established in SA</td>
</tr>
<tr>
<td>1995</td>
<td>1996 Consulate established in Cape Town</td>
</tr>
<tr>
<td>2000</td>
<td>IBSA Dialogue Forum established</td>
</tr>
<tr>
<td>2003</td>
<td>2005 SA admitted as a member of BRICS</td>
</tr>
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<td>2010</td>
<td>5th BRICS Summit hosted in Durban</td>
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<td>2011</td>
<td>Prime Minister Narendra Modi visit to SA</td>
</tr>
<tr>
<td>2015</td>
<td>SA ministerial visit to India</td>
</tr>
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<td>2016</td>
<td>Presidential visit by Jacob Zuma to India</td>
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</tbody>
</table>

Source: Abacus Advisory. 2017 “India’s Inclusive and Responsible Investment.”

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“India came to our aid when the rest of the world stood by or gave succour to our oppressors. When the doors of international councils were closed to us, India opened the way. You [India] took up our battles, as if they were your own. Now that we have been victorious, it cannot be said too often that our victory is also India’s.”

– Nelson Mandela
Most global businesses recognise South Africa as the most favourable destination in Africa for making long-term investments. The country offers a stable political and economic environment with established institutions. Policies and procedures are well articulated and consistent, and it offers a free and competitive environment with open-minded consumers. South Africa provides the most stable and technologically viable environment for Indian companies wishing to establish a base from which to expand across the continent. As a gateway to Africa, it is renowned for its infrastructure, skills pool and expertise.

International businesses, including Indian companies, appreciate that the South African Government is open to foreign investments as a means of driving economic growth, improving international competitiveness and accessing foreign markets. Commercial relations between South Africa and India have flourished since the establishment of diplomatic relations in 1993. The value of bilateral trade has increased from US$2.5 billion in 2003-2004 to US$11.79 billion in 2014-2015 – growth of more than 400% in ten years. Despite exponential growth up to 2015, trade between the two countries declined slightly to US$9.5 billion in 2015-2016. A number of factors explain this decline, including South Africa’s credit rating downgrade, policy uncertainty, political and economic uncertainty as well as exchange rate fluctuations.

There is substantial potential for trade growth between the two countries. Exports from India to South Africa include vehicle parts, transport equipment, drugs and pharmaceuticals, engineering goods, footwear, chemicals, textiles and rice. Exports from South Africa to India include gold, steam coal, copper ores and concentrates, phosphoric acid, manganese ore, aluminium ingots and other minerals.

India is currently South Africa’s fourth-largest import partner and seventh-largest export partner. A number of bilateral agreements have been concluded between the two countries since the assumption of diplomatic relations in 1993. These are in areas ranging from economic and commercial cooperation to defence, culture, health, human settlements, public administration, science and technology, and education.

**South Africa’s trade with India, 1991-2016 (R billions)**

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Source: FNB, Cathkin Consulting, SARS

India is South Africa’s fourth-largest import partner and seventh-largest export partner.
South Africa’s top 20 trading partners (& BRICS), 2016

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<td>World Total</td>
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Source: FNB, Cathkin Consulting, SARS

Table above shows South Africa’s international trade statistics, in which India features as an important partner for both imports and exports. In terms of exports, India is South Africa’s fourth trade partner and in terms of exports, India is in the seventh position. Among the BRICS partnership, only China enjoys greater import and export volumes with South Africa than India.
Recent investments by Indian companies in South Africa

<table>
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<th>Investing company</th>
<th>No. of projects</th>
<th>Total capex (R’ millions)</th>
<th>Total jobs created</th>
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<td>132.3</td>
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<td><strong>31</strong></td>
<td><strong>25 136.6</strong></td>
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Source: Financial Times, fDi Intelligence

Multilateral platforms such as BRICS and IBSA (India, Brazil, South Africa) will ensure India and South Africa’s continued connections.

The main objectives of BRICS are to foster cooperation between member nations for development, provide financial assistance and support various projects. The agenda is mainly driven through annual summits and industry-based cooperation agreements.
Large Indian companies have established a presence in various sectors of the South African economy. They are focused not only on making profits, but also on providing solutions to some of the country’s most pressing challenges. This section highlights the impact that Indian industry is making in the pharmaceuticals, automotive, financial services, information technology, mining and green economy sectors.

**Pharmaceuticals**

India’s pharmaceutical industry has established a strong local presence in South Africa and secured a large share of the market in its areas of specialisation. The entrance of Ranbaxy and Cipla saw a drastic reduction in the cost of anti-retroviral drugs (ARVs), saving thousands of lives.

More than seven million South Africans are infected with HIV. They account for 19% of the global number of people living with the disease, 15% of new infections and 11% of AIDS-related deaths.3

In 2001, when ARV medication was unaffordable to most people, Cipla pushed ARV medication down to an affordable $1 per day. Cipla was also the first company to make the world’s first three-in-one combination of ARV treatment.4 Indian companies have been critical in bringing down the cost of treatment and enabling the government’s ARV therapy programme, which now provides ARVs to more than 3.8 million people.5

Indian companies have also successfully introduced other new drugs into South Africa. In 2012, Ranbaxy introduced a new anti-malarial drug, Synriam. It is claimed to have a 95% cure rate for malaria. Cipla’s new proposed drug to combat malaria has also been approved by the World Health Organisation.6

Dr Reddy’s Laboratories is another Indian company active in the pharmaceutical sector. It entered the South African market in 2007 in partnership with a local South African laboratory. In 2010, the company became a 100% wholly-owned subsidiary of Dr Reddy’s Laboratories. It now ranks among the top ten suppliers of generic medicines in South Africa. They also export to other African countries. The company has about 100 employees in South Africa and has sales teams in all major centres.

Other companies active in this sector are The Himalaya Drug company, Sun Pharma, Hetero Drugs, Pharma-Q, FDC SA and Zydus Healthcare SA.

**Automotive**

There are a number of established Indian brands such as Mahindra & Mahindra, Tata Motors, KLT Automotive, Motherson Sumi Systems and Ashok Leyland, that are active in the Automotive sector in South Africa. Driving this investment is the fact that manufacturers with production plants in South Africa enjoy incentives associated with the Automotive Product and Development Programme, which aims to stimulate local production, exports and domestic consumption.

Tata, one of India’s largest enterprises, has been in Africa since the 1970s. Tata Automobile Corporation SA (TACSA), a subsidiary of Tata Africa Holdings, markets and distributes the entire range of commercial vehicles manufactured by Tata Motors through a national dealership network. The company has a plant in Pretoria which employs 59 people to assemble commercial vehicles. Passenger cars and light commercial vehicles are imported as fully built units from India.

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South Africa is among the focus markets for Tata Motors and the company has long-term plans with strong commitments to the manufacturing facility in Pretoria and market expansion through its dealership network.7

The company plans to introduce new products every year to strengthen its portfolio and offer comprehensive mobility solutions to the South African market.

Like Tata, Mahindra is another Indian automobile giant that offers well priced vehicles to the South African market. Mahindra South Africa has 56 dealers across all nine provinces. This is supported by a 5000m² parts warehouse, with 13 000 part lines.8

Mahindra is poised for growth in the South African market with not only its range of automobiles, but also new products such as tractors, backhoe loaders, trucks, buses and agricultural equipment – some of which have already been launched in other African countries.9

HCL was engaged by Standard Bank, one of South Africa’s largest financial services groups, to provide SAP core banking transformation, go-to-market and SAP CRM.

Financial services

Indian companies feature prominently in the financial services arena. Large Indian Banks such as State Bank of India, Exim Bank and ICICI have established operations in South Africa to support the commercial flows from Indian companies operating in South Africa and the South African companies operating in India.

The Bank of India has not restricted its services to Indian corporates only and has been successful in attracting South African-based customers to the bank. It finances both Indian and South African companies, providing business loans, mortgage loans, working capital finance and housing project finance.

Another giant in the banking sector, Canara Bank, has invested in a number of majority-black-owned businesses as part of its empowerment objectives. One of its most notable investments is a large-scale solar power project in the Northern Cape.

Although Canara Bank’s initial motivation in establishing itself in South Africa may have been to serve the large Indian diaspora and persons of Indian origin and to help facilitate Indian businesses in South Africa, the commitment they have shown to South African society in just two years has made them a far-sighted partner rather than a mere foreign company trading within these borders.

Exim Bank is another major player in the banking sector that has made an impact in South Africa. The bank has a number of product offerings, including lines of credit, buyer’s credit under national export insurance account, project finance and overseas investment finance. Thanks to these financing programmes, Indian companies have been able to implement various projects, including infrastructure development, not only in South Africa but in many other parts of Africa too.10

The bank continues to explore other mutually beneficial development opportunities and is lending its wealth of expertise in facilitating the growth of Indian businesses keen to make a positive impact in Africa.

ICICI Bank, the first Indian private-sector bank to open a branch in Africa, has vast experience in the import-export business, which places it at the forefront of trade and trade finance between Africa and India.

The State Bank of India is primarily focused on corporate customers and growth through syndicated and bilateral loans to Indian companies that have established or are planning to establish a presence in South Africa or other African countries.11

The bank has extended its client base to include all South Africans and is expanding into Africa. The State Bank India contributes directly and indirectly to creating job opportunities in the country. The bank facilitates the generation of employment opportunities in South Africa by granting loans and providing financial services to a large number of corporate customers and by employing South Africans.

Information technology

Many of India’s leading IT companies have their African headquarters in South Africa. Companies such as HCL Technologies, Nihilent, Wipro Technologies South Africa, Zensar Technologies, Infosys and Millennium Technologies have become sizeable businesses that are actively engaged in the South African market. The bulk of their work in South Africa is geared towards serving medium and large-scale corporates, the government and parastatals.

HCL Technologies is playing a key role in the drive for ecosystem-based innovations in South Africa and provides services across the telecoms, financial services, retail, manufacturing and healthcare sectors.

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Wipro is also making waves in the IT sector in South Africa. The Bengaluru-based company is a leading information technology, consulting and business process services provider. Wipro places a strong emphasis on localisation. In South Africa, it has almost 800 employees, almost half of whom are local hires. In South Africa, it has a presence in HR, finance, facilities and talent acquisition. The company has a level 3 B-BBEE rating. Zensar Technologies is leading innovation in the IT sector in South Africa. The company has succeeded by creating value and helping local enterprises to become successful – including helping some to expand beyond South Africa’s borders.

**Mining industry**

Indian companies have invested billions of dollars in South Africa’s mining sector over recent years. Vedanta, for example, has pumped nearly US$1 billion into a zinc project in the Northern Cape. Jindal Africa is pursuing coal mining and iron ore projects in South Africa. It employs more than 500 people at its Kiepersol Colliery in Mpumalanga. Action Group, a diversified mining group from India, has invested substantially in the sector and currently operates a silica mine and a wollastonite mine in a joint venture in INSA Coal Holdings. Other Indian mining companies operating in South Africa include A & B Global, Action Group, Auk-Marine and Mining, Atha Africa Ventures and Oshe SA Coal Mining. Mining operations cannot operate in isolation and invariably require additional infrastructure investments, such as housing, schools, roads and rail connections, thereby facilitating direct and indirect job creation and creating other economic benefits.

Vedanta is India’s leading diversified natural resources company, with a comprehensive presence across the value chain from exploration to extraction and processing. Vedanta resources, operating under its subsidiary in South Africa, Black Mountain Mining, comprises the Deeps and Swartberg mines and the Gamsberg project located in the Northern Cape. Vedanta invested US$400 in the Gamsberg Zinc Project: One of the world’s largest undeveloped zinc sulphide deposits.

**Green economy**

Extrupet, an Indian company, set up operations in South Africa to recycle PET (polyethylene terephthalate) bottles recovered from landfill sites. Within a year, the company had established a recycling plant utilising world-class PET recycling technology. Extrupet is now the largest and most advanced recycler of PET bottles in Africa and a leading producer of repacked polymers. Extrupet’s commitment to quality and sustainability is reflected in the fact that its South African plant is the first (B2B) recycling plant in the world to be certified by the British Retail Consortium (BRC). This accreditation guarantees the highest standards of quality, safety and operational excellence.

Extrupet recycles more than 3.5 million bottles per day and has created almost 20,000 income opportunities in the waste collection business. Working with Coca-Cola South Africa, the company has made school desks out of the recycled waste and donated them to needy children and impoverished schools. Extrupet is also collaborating with Woolworths to manufacture shopping bags made from recycled plastic in a project that also creates employment and upskills disadvantaged women.

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The Economic Times of 5 July 2016, reported that Indian companies in South Africa had created more than 10 000 jobs in South Africa with an investment of more than US$4 billion dollars since 2003.17

In 2017, the Confederation of Indian Industry (SA) in collaboration with the Consul General of India in Johannesburg carried out a survey among 140 of the known Indian companies on their membership lists and databases for South Africa.18

The purpose of the survey was to measure the footprint of Indian industry in South Africa. Information was gathered on some key points that included total investment in South Africa, number of people employed, number of local South Africans employed, as well as their training and skills development programmes and corporate social investment activities.

The survey revealed that a total of R33 billion had been invested by 45% of the companies reached out to, with 11 000 people being employed in total, 70% of whom are South African nationals.

If we extrapolate these figures we conservatively estimate that the investment of Indian industry in South Africa sits at over R50 billion, and that Indian industry employs more than 18 000 South Africans.

The number of jobs created by Indian companies that have invested in South Africa is significant. These numbers demonstrate the value of the India-South Africa relationship, which has resulted in a massive creation of jobs, thereby contributing towards solving one of South Africa’s toughest problems, namely unemployment.

We recognise the thousands of jobs that have been created and the skills and knowledge transfer by the Indian private sector and the enormous impact that it had and continues to have on addressing our socio-economic challenges.

– Maite Nkoana-Mashabane
Former minister of international relations and cooperation, South Africa

A conservative estimate suggest that investment by Indian industry in South Africa exceeds R50 billion and provides employment for more than 18 000 South Africans.

HCL Technologies employs more than 350 staff and several hundred contractors in South Africa.
Skills development

While we have succeeded in bringing about sustainable innovations and transformation in South African companies, one of our greatest achievements is our contribution to job creation and transferring of skills to South Africans. 

– Mr Sorab Mullan, Regional Head Southern and East Africa Nihilent Technologies

Indian companies are aware of the skills gap in South Africa and are taking steps to transfer skills to South Africans, particularly in the IT sector. To be sustainable, Indian companies operating in South Africa realise the necessity of equipping South Africans with the skills necessary to deliver locally, instead of employing a large expatriate population from India.

An example of how Indian companies are equipping South Africans with skills is the KhulaSangam Programme. An initiative of the FirstRand Foundation, the programme aims to address the critical skills shortage that exists in South Africa by bridging the gap between tertiary education and employability. The programme takes unemployed IT graduates from South Africa to India on a six-month internship programme, exposing them to Indian business, community development and society. Participants in the programme benefit in a variety of ways, and upon returning to South Africa are more employable thanks to their international work experience.19

Tata Automobile Corporation has established an academy to provide comprehensive training to employees of its nationwide service network in South Africa. By providing information, developing skills and nurturing positive attitudes, the training ensures that newly attained knowledge and skills are transferred to the workplace. The training centre received a certificate of accreditation from SETA (the manufacturing, engineering and related services Sector Education and Training Authority) and was approved as a level 8 B-BBEE contributor, a major milestone in the company’s South African operations.20

Veer Steel Mills established a training centre to train South Africans in fitting, turning, welding, boilermaking, metallurgy and production technology. Each year, about 200 individuals are trained in compliance with requirements of the Sectoral Education and Training Authority (SETA).

Vedanta trained 45 local SMMEs in business planning, marketing and tendering.21

Wipro’s internship programme is about getting students excited about science and technology and ensuring that they are employable.

Nihilent Technologies has trained 2 800 students and 700 unemployed youth through Change the World, an IT centre set up in the Eastern Cape in 2011. Nihilent also offers ten technology internships each year, with 67 interns having been trained to date.

CRI Pumps opened the Technology, Training and Development Centre in Midrand to train and develop South Africans from various backgrounds on new technology. The facility will be used to develop engineering skills among school leavers.

Zensar Technologies is collaborating with MICT SETA (the Media, Information and Communication Technologies Sector Education and Training Authority) to enhance local skills and create employment. Since 2009 Zensar has offered more than 400 internships to South Africans. The company’s graduate training programme recruits, trains and employs young people with less than one year’s ICT industry experience. Trainees undergo an extensive 12-month internship that includes foundation, intermediate and expert levels covering IT service delivery and various software development methodologies. The top-performing interns are employed by customers or deployed within Zensar.

Allied Steelrode established a skills development programme to build a unique talent pool. Graduates from various disciplines are selected and placed in appropriate positions relating to their areas of study and given specialised on-the-job training. These graduates earn while they learn. They are paid a market related salary with a full provident fund. Each graduate is also assigned a mentor, ensuring industry knowledge transfer and market-related experience is gained.21

Sha’p Left nursing surgeries were deployed in Khayelitsha, Philippi, Westbank, Du Noon, Klipheuwel and Delft townships in the Western Cape.

These facilities provide communities with easier access to primary healthcare that are staffed with appropriately qualified medical personnel.

Sha’p left is a patient-centered, population-focused, cost-aware, nurse-driven primary healthcare service. We treat people close to home, in their communities, and reduce the impact of common illnesses and non-communicable chronic diseases.

How Zensar is enabling skills for future needs

Source: Zensar
Indian companies operating in South Africa are not just investing money and creating employment, but are actively contributing to the upliftment of the communities in which they operate. They believe that business is an important instrument for development and are making significant investments in corporate social responsibility (CSR) programmes. Businesses cannot operate in isolation, and investment in CSR reflects their desire to make a meaningful contribution to the socio-economic development of South Africa and their long-term commitment to being in the country.

Critical to CSR investment is ensuring that the following are achieved:

- Visible and measurable impact in communities targeted through CSI contributions; and
- Mutually beneficial partnerships with all stakeholders.

Indian industry is making a sizeable contribution to social, environmental, economic and cultural causes in South Africa.

The CSR activities of Indian companies in South Africa spans various areas of focus, as the Vedanta Group’s CSR roadmap shows.
**CSR investments in education**

Indian industry has committed to contributing to the education sector and to alleviating some of the challenges associated with the education sector in South Africa. They have taken a multipronged approach to this with the aim of inspiring and motivating young minds and enabling young people to succeed, especially in the fields of maths and science. For example, Wipro has set up libraries and computer laboratories that provide access to over 1 000 learners and educators in rural communities.

Tata Consultancy Services (TCS) South Africa partnered with the Department of Public Enterprise to set up two rural IT learning centres in the Lusikisiki district of the Eastern Cape. One of the IT centres equips children from five schools in the area with IT skills, while the other is being used to train unemployed women from the local community as well as unemployed youth.

Wipro is another company which is active in education. Wipro’s ethos is that education is a basic right and is a key instrument for empowering whole communities and especially young people.

As a result, the company has launched a number of programmes in South Africa, most notably the Wipro Siyapha initiative. The initiative aims to empower South African citizens through skills development, enterprise development and socio-economic development.

HCL partnered with Eduworks, an organisation with a vision to promote and boost maths and science in schools, to develop Digischool. This is an interactive browser-based e-learning portal that uses the power of multimedia to make learning an enjoyable and meaningful experience.22

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**The Cipla Foundation partnered with other corporates through the Miles for Smiles initiative to raise more than R1 million.**

**ALT Africa, a provider of ICT education solutions, has donated a maths lab to Vosloorus Primary School and an e-learning solution to Sunwood High School in Benoni. The company has also distributed ten maths and science mobile technology trolleys in the North West Province and continues to train public school teachers in maths and science.**

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CSR investments in higher education

Financial constraints prevent many South African students from pursuing higher education. Indian industry recognises this challenge and many provide financial assistance. Tata, for example, provides scholarships to South African students to further their studies at the University of KwaZulu-Natal and Nelson Mandela Metropolitan University. The scholarship programme aims to increase the number of postgraduate scholars primed to take up leadership positions in business, government, and civil society.

CSR investments in women empowerment

The empowerment of women is vital to sustainable development and Indian companies operating in South Africa are playing their part in contributing financially to programmes in this area. Tata Africa is a sponsor of the Women in Transport Awards. The awards acknowledge organisations that have stepped up and developed women’s roles through innovative training programmes and have demonstrated a commitment to developing the careers of women in the industry.

CSR investments in rural areas and community development

Indian industry is channelling money into South Africa's rural areas to support rural development and uplift the rural poor. Wipro, for instance, aims to increase ICT access, library resources and entrepreneurial opportunities in rural communities. To date, five projects have been completed in Mpumalanga, the Eastern Cape and KwaZulu-Natal. More than 10 000 learners and educators now have access to IT and library resources. In addition, members of the community have been trained in IT and business skills and given the opportunity to manage the centres.

Wipro is involved in a partnership with the Industrial Development Corporation to improve ICT infrastructure and literacy. The programme will benefit more than 28 000 learners and 800 educators in 29 schools.

Ion Exchange Safic, an Indian water treatment company, provides bursary assistance to study in disciplines such as water treatment and environmental management. Full bursaries, which cover tuition and books are available.

Eduworks has deployed its e-learning technology in three schools. More than 2 000 students are benefiting from this programme.

In 2017, Mahindra South Africa staff painted a public school in Pretoria. The company sponsored R50 000 for materials to complete the project.

Zee TV South Africa raised funds for a shelter for abused women in Lenasia with the Nisaa Institute for Women’s Development.

Tata Africa was one of the sponsors of the Women in Science WISA awards, a platform that honours distinguished researchers within the fields of physical and engineering sciences, humanities and the social sciences.

The Cipla Foundation launched the Ramadimetja Sophia Mogotlane early Childhood Development Centre in Limpopo in partnership with the Deputy President’s office and the National Department of Social Development.


CSR investments in sports

Sports plays an important role in bridging international and cultural divides and is an important instrument for social cohesion and well-being. Indian industry in South Africa recognises the importance of sports and has demonstrated a commitment to the development of sports in South Africa through various CSR activities. In recognition of the Nelson Mandela International Day, Inner City Ambassadors (ICA) in partnership with Tata Consultancy Services (TCS) introduced the Mandela Day Cup (MDC) for young soccer players from disadvantaged communities in Johannesburg’s inner city and surrounding areas.

The tournament, which is hosted by ICA, was launched in 2010 during the FIFA World Cup in South Africa. The event provides teams from all over Gauteng with the opportunity to showcase their soccer skills in a competition that emphasises teamwork, discipline and fair play. More than 200 teams took part in the competition in 2017.

Staff volunteerism

Another way in which Indian companies are impacting communities is through staff volunteering. Staff volunteerism is intrinsic to the culture of Indian companies, with many staff members applying their skills and talents towards improving the lives of others.

Since 2011, more than 300 Tata Consultancy Services (TCS) staff volunteers have been engaged in various volunteering activities. Staff at Wipro are also passionate about volunteering, and have been involved in a number of initiatives over recent years, including:

- Providing career guidance and motivational talks to more than 300 learners;
- Donating stationery to 500 learners at Lodrile High School in Rietvallei;
- Donating toys and holding a Christmas party for 100 children at Little Foot Preschool in Diepsloot;
- Donating blankets, clothes and non-perishable food items for more than 80 children and adults from Slovo Centre; and
- Donating non-perishable food to 41 children from child-headed households at Reamohetsoe Primary School in Orange Farm.
Indian industry faces a number of challenges in South Africa, including mobility, ease of doing business and ownership requirements.

Visas have been highlighted as a major challenge for Indian companies needing to bring people to work in their South Africa subsidiaries. Bringing key people from India is especially critical when setting up a new business in South Africa. The extended delays experienced by many after applying for work visas acts as a hindrance and in some cases as a deterrent to doing business in South Africa. The South African Government is cognisant of the challenges regarding visas and immigration, and the Department of Home Affairs is working to minimise hurdles and expedite the processing of visas for business executives.

Business executives can also take advantage of the BRICS visa. This is a long-term visa (up to ten years); however, each visit should not exceed 30 days. It applies to diplomatic, official/service and ordinary passport holders. The BRICS visa application has a very short turnaround time.

In terms of travel between India and South Africa, it is unfortunate that there are no direct flights between the two countries. This makes journeys between the two countries long and expensive, which is a challenge that needs to be addressed in order to enhance the smooth flow of trade.

The revised codes for Broad-Based Black Economic Empowerment (B-BBEE) have been highlighted as a challenge that may deter Indian investment in South Africa. Ownership requirements in which companies have to share ownership with South Africans present a constraint for companies that are not in a position to give up a stake in their company or to share management control.

However, investors should not see the B-BBEE codes as a deterrent. There is a real opportunity to partner with South African companies when expanding into South Africa. Partnering with South Africans and South African companies increases opportunities to do business with the Government of South Africa, while contributing to skills development and the socio-economic development of South Africa. A number of Indian companies have successfully set up jointly owned South African entities or subsidiaries that satisfy B-BBEE ownership criteria.

Bureaucracy and red tape have also been cited as major challenges in South Africa. Getting approvals from government and regulators sometimes takes a lot of time, especially for mining and infrastructure development, which can affect the financial viability of projects.

The South African Government is aware of the problems and is working to create a conducive environment for Indian companies (and other investors) to invest in South Africa. The establishment of the InvestSA One Stop Shop is a major move that demonstrates the government’s commitment to smoothing the way for investments coming into South Africa.
Future growth areas

The demand for solar power is expected to surge over the next few years. This is an area that has growth potential, not only in South Africa but across the whole of Africa. Tapping into this market will deliver great dividends for the companies that are willing to venture into this terrain.

Agro-processing has been identified as an important segment with the potential to help meet the objectives outlined in South Africa’s New Growth Path and the National Development Plan. There is increasing demand for food and other agricultural products, and Indian companies in the agro-processing industry wishing to expand into South Africa have an opportunity not only to establish processing plants in South Africa, but also to supply the wider African market. South Africa exports 85% of its output of peaches, pears, apricots and pineapples. South Africa’s success in food processing technology can help to prevent wastage of fruits in India.

In South Africa, there is a growing demand for IT services among small and medium-sized enterprises (SMEs) looking to improve their operational efficiencies. Focused IT growth is expected in areas such as analytics, infrastructure management, big data, legacy modernisation, cloud computing, BYOD (bring your own device), social media, ERP and mobile apps. While a number of Indian IT giants have established operations in South Africa, there are opportunities emerging in the sector that companies expanding into South Africa can take advantage of.

The 4th Industrial Revolution opens up business opportunities for businesses in the IT sector. It combines elements of the internet, robotics, machines, biotechnology, nanotechnology and artificial intelligence to bring about smart factories that can manufacture goods with little to no human intervention. The drivers of the 4th Industrial Revolution are expected to have a significant impact on jobs and to widen the skills gaps of unskilled labour – this is particularly concerning to South Africa’s large unskilled workforce. Future forward thinking is needed to pre-empt what the skills of the future are going to be and how to prepare the labour force to meet that need. Indian IT companies well placed to provide the skills and services brought about by the 4th Industrial Revolution will stand to benefit immensely by providing and transferring those skills to South Africa.

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Moving forward

In order to magnify their CSR footprint in South Africa, Indian companies should consider **partnering with local companies** so that they can make a greater impact by pooling resources.

It is recommended that a **CEO forum for start-ups be established**. This forum would be made up of CEOs of start-ups from both South Africa and India and would serve as a platform for knowledge transfer and information sharing.

Instead of only channelling money towards charitable projects, Indian companies should consider **funding social enterprises** in South Africa. Social enterprises generate income while addressing a social need. The old adage applies here. Give a man a fish, and you will feed him for a day. Teach a man to fish, and you will feed him for a lifetime. It is suggested that a **social enterprise desk/forum be formed** to facilitate knowledge and skills sharing between South African and Indian social enterprises, and to foster mutual trade. CII is ideally positioned to facilitate this initiative.

There should be a concerted effort to explore and exploit options for increasing participation in areas such as **deep mining, start-ups and agro-processing**.

While donating to charities is commendable and should be continued, Indian companies could take more action to **build infrastructure or repair dilapidated infrastructure** such as schools, hospitals, clinics and community centres in the communities in which they operate. Municipal budgets are sometimes too tight to allow for repairing or building new infrastructure and CSR investments in this area would go a long way towards improving much-needed facilities, especially in marginalised communities.

Indian companies have identified a lack of human capital, particularly in the IT sector. Some companies have already taken steps to upskill local people so that they can take up positions in the IT sector and this is commendable. Another way of increasing impact in upskilling locals in the IT sector is to **partner with Skills Education Training Authorities (SETAs)** to address the lack of human capital in alignment with the priority areas of the SETAs.

South Africa has been exporting most of its vast mineral resources in their raw form. To accelerate economic growth and create jobs, this needs to change. The country needs to establish a defined manufacturing base to optimise the resources that it has. This provides a real opportunity for Indian companies to step up and fill the gap by **establishing manufacturing plants in South Africa to beneficiate raw materials locally**. To make a greater impact, Indian companies could partner with local entrepreneurs in setting up manufacturing facilities so that there is real skills transfer and the meaningful economic empowerment of South Africans.

Indian companies operating in South Africa should take advantage of the presence of CII by joining the confederation in India, as well as becoming a member of the the CII India Business Forum (South Africa). As a member, companies become part of a collective Indian industry voice that strives for growth, excellence, sustainability and ethical business practices. Indian companies expanding into South Africa should make use of CII in South Africa to help navigate the South African business landscape and build relationships with key stakeholders to facilitate smooth integration into South Africa.
Conclusion

Indian companies operating in South Africa create decent jobs, invest in local communities, employ local people and upskill their staff. This, together with their CSR initiatives, is having far-reaching, positive impacts across the country. Doing business while doing good is ultimately good for business - and society.

Looking to the future, the Indian business footprint in South Africa is likely to grow further. The South African business footprint in India is also expanding with the prospect of great returns for South African companies investing in that market. Organisations and structures such as the PwC India Desk, Confederation of Indian Industry (CII), India Business Forum (IBF) and India-South Africa CEO Forum should be engaged with for access to their solutions, support, insights and networks.

Trade relations between South Africa and India are promising to grow further the shared legacy of both countries. The announced India-South Africa focus on doubling trade figures within the next few years presents an unparalleled opportunity for rapid economic growth and prosperity. More than ever, South African and Indian industry need to connect and collaborate closely in order to overcome challenges, zero in on growth opportunities and move forward to greater prosperity. A rising tide lifts all ships.

CII India Business Forum

The CII India Business Forum is an exclusive group of corporate members, primarily Indian companies with existing or planned operations in South Africa. It provides an avenue for senior representatives of Indian companies based in various provinces across South Africa to discuss their views and raise shared concerns with regard to policy and markets with relevant stakeholders, such as the High Commission of India, representatives and agencies, members of Parliament, universities and others. In addition to facilitating their participation at several high-level India-South Africa-related conferences and events featuring government officials and business leaders, the forum also provides access to unparalleled networking opportunities with the local business community.

The forum values integrity, non-alignment, professionalism, accountability and autonomy.

Benefits of joining include:

• Priority access to intelligence, resources and organisations in the South Africa-India corridor;
• Invitations to relevant CII conferences, events and private meetings;
• High-level networking opportunities throughout the year, showcasing success stories;
• Meeting and interacting with visiting government and business delegations from India;
• Business road trips – joining regional delegations to seek new business opportunities; and
• Providing inputs on policy issues and bilateral G2G and B2G dialogues.
India-South Africa CEO Forum

This forum was established to bridge the information awareness gap, deal with industry concerns, overcome barriers to trade and investment, and to stimulate trade in manufactured goods and services between South Africa and India.

The India-South Africa CEO Forum has been instrumental in the signing of several memorandums of understanding (MOUs) leading to increased cooperation in a wide range of areas between the two nations. Some of the memorandums signed include:

- Hindustan Zinc Limited signed two MOUs with Minova Africa for the development and supply of rock support systems for underground mining in India; and with Feremel for the supply and maintenance of underground mining equipment to improve safety, efficiency and productivity in modern mechanised underground mines.

- MMI Holdings and Aditya Birla Nuvo signed an MOU to form a joint venture in the health and insurance sector in India.

- India’s Ion Exchange Safic, a leading waste and water treatment company with a presence in South Africa, will collaborate with Stefanutti Stocks on large-scale water and effluent treatment projects in South Africa.

- SAAB Grintek Defence and Tata Power signed an agreement for the production of land electronic defence systems in India.

- An MOU was signed between Pioneer Global Enterprises of India and Armscor to produce ultrasonic broken railway detector systems for Indian Railways. The agreement includes an emphasis on technology transfer.

- The Gordon Institute of Business Science signed an MOU with the Indian school of Business Hyderabad to collaborate on a senior executive programme, student exchange, faculty exchange and joint research.

- An MOU was signed between the Dube Trade Port in Durban and Cipla India, which will see a R1.3 billion biosimilar plant being set up in the special export zone to produce cheaper drugs for the local market as well as export.26

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