

Spread Out Operations To Counter Protectionist Policies, Says Bharat Forge's Baba Kalyani

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The buzz over localised production, specially in the automobile space, has been around before the U.S. elections kicked off, says Baba Kalyani, chairman and managing director of Bharat Forge Ltd.

The company, which recently acquired a forging firm in the U.S., wants to capitalise on its new base in the world's largest economy to offset the impact of any trade restrictions that President-elect Donald Trump and his team may bring in. Broad-basing operations and reducing dependence on one particular market is the only way to counter volatility, Kalyani told BloombergQuint on the sidelines of the World Economic Forum, which kicked off at the Swiss resort town of Davos on Tuesday.

While cash crunch in India seems to have thrown some businesses off track, at least in the short term, Kalyani believes demonetisation of old high-value currency notes is one of the best decisions taken by the government.

“Indians are very innovative and they adapt to situations rather quickly. I have visited a few rural areas, and there also I don't see much problem. I am not saying there are no problems but I don't see it as such a big problem. History will say that this (demonetisation) was the best thing that the government ever did.”

Baba Kalyani On Demonetisation

His son Amit Kalyani, who is on the board of Bharat Forge, says it's unfair to blame the Centre for the recent outflow of foreign capital from India, and blames individual states instead for not being able to implement a simpler clearance system yet.

“I don't think it has anything to do with demonetisation. There has been demand growth issues. Second, at a state level, it is very difficult to get things done. To get investments on the ground -- approval cycles -- it does take a very long time. People are going where it is easier to do business.”

Amit Kalyani On Foreign Investments Flowing Out Of India

Both father and son stressed the need for the government to provide some sort of stimulus in the Union Budget - which will be tabled by the Finance Minister on February 1 -- to revive sentiment, specially since private investments continue to remain subdued.

“You need it when something is not going right. The whole world is using fiscal stimulus.”

Baba Kalyani On Expectations From Budget 2017