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# How Maharashtra bagged the \$5 billion Foxconn deal

The Maharashtra govt went the extra mile to please the Foxconn delegation led by founder-CEO Terry Gou

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Newsletter

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Maharashtra chief minister Devendra Fadnavis. Photo: Hindustan Times

**Mumbai:** Seven meetings, two over dinner and one over lunch, a chef borrowed from the Chinese consulate to prepare authentic Chinese cuisine, a gift of a Ganesha statue plus a helping hand to secure passage for a divine idol through customs at Mumbai airport.

The extra mile that the Maharashtra government led by chief minister [Devendra Fadnavis](#) went to please the [Foxconn](#) delegation led by founder-chief executive officer (CEO) [Terry Gou](#) wasn't in vain. On Saturday, the Taiwanese contract manufacturer agreed to invest \$5 billion in Maharashtra over five years—the biggest single foreign investment in the western Indian state.

Maharashtra was competing not just with Indian states such as Karnataka, Andhra Pradesh and Gujarat for the investment, but also countries such as Malaysia and Indonesia that have a reputation for being investment-friendly and boast a greater cultural affinity with the Taiwanese because of their large ethnic Chinese population.

Maharashtra's image as an investor destination has faded in recent years, so impressing a company that counts [Apple Inc.](#) and [Xiaomi Inc.](#) as its clients enough to invest in the state was no mean feat.

Fadnavis and Gou met seven times before the agreement was stitched together,

according to two senior Maharashtra industry department officials with knowledge of the behind-the-scenes effort that went into securing the investment.

The race started in April when [Amitabh Kant](#), secretary in the Union government's department of industrial policy and promotion, tipped off all state governments about Foxconn's intention to expand.

That very month, Foxconn's [Sterry Fang](#), vice president, legal affairs (global), and Gou's executive assistant [Simon Hsing](#) visited India to find a possible site. As part of their hunt, they visited Talegaon in Pune district, which is located along the Mumbai-Pune expressway, and were clearly "impressed with the infrastructure the site offered", according to one of the two officials cited above.

On the day of their visit, Maharashtra's industry secretary [Apurva Chandra](#) and Maharashtra Industrial Development Corporation (MIDC) CEO [Bhushan Gagarani](#) had dinner in Pune with Fang and Hsing. Also present was MIDC consultant [KPMG](#), whose executives made a detailed presentation to the Foxconn officials.

In May, Fadnavis, who was part of the delegation that Prime Minister [Narendra Modi](#) took on his China tour that month, met Gou, who told him that he planned to set up an "exact replica of the Zhengzhou plant outside China".

The Zhengzhou plant in east-central China is Foxconn's second largest manufacturing facility.

Gou was scheduled to visit India in July to meet senior executives of Indian e-commerce companies in New Delhi and also visit Mumbai, Bengaluru and Hyderabad as part of a mission to find a site for Foxconn.

On 10 July, the day Gou was to visit Mumbai, Fadnavis had to be in Nagpur for a public functions. "The CM curtailed his Nagpur visit and returned to Mumbai that evening to meet Gou," said the second official.

Gou and Fadnavis had dinner at the Hyatt Regency near the international airport that night. The meeting lasted more than three hours.

"Gou was so impressed with his dinner meeting that he decided to cancel his visits to Bengaluru and Hyderabad, and also asked his senior management to rush from Taipei to Mumbai," said the first official.

On 11 July, Gou visited the site of the proposed airport in Navi Mumbai, as all Foxconn cargo moves by air, and proximity to an air link is a crucial factor in its expansion plans. He also visited a site in Talegaon and returned to Mumbai in the

night for another dinner meeting with Fadnavis at Varsha, the Maharashtra chief minister's official residence on Malabar Hill.

Fadnavis, a foodie himself, requested the Chinese consulate in Mumbai to send its head chef to prepare dinner for Gou and his team. The request was promptly accepted.

During the dinner, the 64-year-old fit Gou was presented a giant statue of Ganesha, whom the Chinese consider to be the god of yoga, a discipline that the Foxconn CEO practises.

"Enthused with the gift, Gou even demonstrated a few *asanas* to the gathering—all the while still wearing a dinner jacket," recalled the second official.

Gou flew to India again in early August and met Prime Minister Modi in New Delhi, and went to Ahmedabad and spent two days in Gujarat (On 4 August, the *Press Trust of India* reported that Ahmedabad-based [Adani Enterprises Ltd](#) was in talks with Foxconn to form a joint venture in India).

His Gujarat visit did give the Maharashtra government officials a few anxious moments.

"We feared that all our ground work might get wasted if Foxconn decides to invest in Gujarat," the second official said.

Their concerns eventually turned out to be misplaced. On 6 August, Gou met [Tata Sons Ltd](#) chairman [Cyrus Mistry](#), Reserve Bank of India governor [Raghuram Rajan](#) and a few other business leaders in Mumbai. He also paid a visit to the Indian Institute of Technology (IIT)-Bombay and had lunch with Fadnavis.

"We believe it was this visit to the IIT-Bombay campus that helped fit the final piece of the jigsaw puzzle, and helped us win the Foxconn investment as Gou was thoroughly impressed with the quality of research going on at the IIT, especially the electronic hardware bit," the first official said.

Once Gou made up his mind to invest in Maharashtra, teams from both sides met to iron out differences on clauses in the deal; the meeting lasted until the early hours of 8 August, the day the deal was signed.

The previous day, some Maharashtra government officials went to the international airport along with Foxconn executives to help clear an idol of the Chinese deity Guan Gong through customs.

Gou and his team prayed before the idol before formally signing the deal at Foxconn's office in Mumbai's World Trade Centre.

Besides introducing the personal touch so evident in the way it negotiated with Foxconn, the Fadnavis government has tried to make it easier for companies to do business in Maharashtra.

In the past fortnight, Maharashtra has seen other successes, too.

These include the deal with [General Motors Co.](#), which has decided to close down its Halol plant in Gujarat and invest \$1 billion at Chakan in Pune district; a joint venture between [Uttam Galva Steels Ltd](#) and South Korean steel maker [Posco](#) with plans to invest \$1.5 billion in Sindhudurg district; and [Anil Ambani](#)-led [Reliance Group's](#) plans to invest \$1 billion in an aerospace park in Nagpur to manufacture helicopters and other light aircraft.

"We believe that the state government has made a great start and laud its efforts to bring down the number of permissions for new businesses from 76 to 32," said [Arup Basu](#), chairman of industry lobby Confederation of Indian Industry's Maharashtra state unit and a [Tata Chemicals Ltd](#) executive.

"We are confident that the government will work consistently on this and soon deliver its promise to reduce the number to 25. Going ahead, the enhanced ease of doing business is what will be the key enabler for attracting fresh investments into the state," he concluded.

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