

# AMCHAM Update



AMCHAM - The Voice of American Business in India

March 2017 | Vol V | Issue 5



## HIGHLIGHTS

- Roundtable with U.S. Government Defense Officials during Aero India 2017
- Meeting with Mr. R.V. Deshpande, Minister for Large & Medium Industries & Infrastructure Development
- Bengal Global Business Summit 2017
- Roundtable Meeting with the Hon'ble Chief Minister of Gujarat, Mr. Vijay Rupani
- Meeting with Mr. Patrick Santillo, Minister Counselor for Commercial Affairs, U.S. Embassy



# Contents



6

6

National Executive Board Meeting



10

10

Roundtable with the Hon'ble Chief Minister of Gujarat, Mr. Vijay Rupani and Senior Officials of the Government of Gujarat



22

13

India Budget 2017: Impact Areas for U.S. Investors' by Mr. Amarjeet Singh, Partner and Head of Tax, KPMG



23

22

AMCHAM Sports 2016

23

Roundtable with U.S. Government Defense Officials at Aero India 2017



29

29

Meeting with Mr. Patrick Santillo, Minister Counselor for Commercial Affairs, U.S. Embassy





## NATIONAL EXECUTIVE BOARD 2016-17

### Office Bearers

#### Chairman

#### **Mr. Pratyush Kumar**

President  
Boeing India

#### Vice Chairmen

#### **Mr. Richard Rekhy**

Chief Executive Officer  
KPMG in India

#### **Mr. Gulshan Kumar Sachdev**

Managing Director  
Quaker Chemical India Limited

#### Hon. Secretary & Treasurer

#### **Mr. Atul Dhawan**

Regional Managing Partner  
Deloitte Touche Tohmatsu India LLP

#### Board Members

#### **Ms. Rekha M. Menon**

Chairman and Managing Director  
Accenture Services Pvt. Ltd.

#### **Mr. Varun Khanna**

Managing Director  
Becton Dickinson India Pvt. Ltd.

#### **Mr. Venkatesh Kini**

President – India and South West Asia  
Coca-Cola India Pvt. Ltd.

#### **Mr. Arun Kumar Jain**

Managing Director  
Fluor Daniel India Pvt. Ltd.

#### **Mr. Kaher Kazem**

President and Managing Director  
General Motors India Pvt. Ltd.

#### **Mr. Nick Mitchell**

Managing Director  
Phenomenex India Pvt. Ltd.

#### **Mr. Krish Iyer**

President and CEO  
Wal-Mart India Pvt. Ltd.

#### **Dr. Kiranmai Pendyala**

CVP HR Greater Asia  
AMD R&D Center India Pvt. Ltd.



## Chairman's Message

The new administration in the U.S. has reinforced U.S. – India partnership with the call between the two leaders, to be followed by the visit of the Indian Prime minister, later this year. The strategic ties between the two countries were also reaffirmed with the dialogue initiated between the new Secretary Defence and the Indian Defence minister.

AMCHAM had a strong presence at the Aero India 2017, and along with USIBC co-hosted a roundtable in Bengaluru with visiting officials including Ms. Beth McCormick, Director, DTSA, Ms. Heidi H. Grant, Deputy Under Secretary of the Air Force, International Affairs, Mr. Keith Webster, Director, International Cooperation Office, OUSD, Mr. Robert L. Moore, Deputy to the Commanding General, USASAC, Ms. Karen Williams, Senior Advisor, Bureau of Political – Military Affairs, DoS, Mr. Patrick Santillo, Counselor for Commercial Affairs and Captain Robert Ogden, Chief of Office of Defense Cooperation (ODC). This was followed by a networking reception.

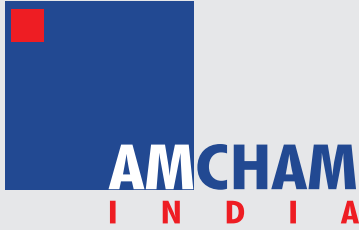
The Defense Committee met with Secretary, Defence Production, Mr. Ashok Kumar Gupta, at the Ministry of Defence Chalet at Yelahanka Air Show Grounds at Aero India 2017. The committee shared AMCHAM's recommendations on the ease of doing business in defence and how it will encourage U.S. defence majors to accelerate creation of a competitive industrial base in India.

Our members met with Mr. R. V. Deshpande, Minister of Commerce and Industries, Mr. D.V. Prasad, I.A.S, Additional Chief Secretary to Karnataka Govt. for Commerce & Industry and Mr. Gaurav Gupta, IAS, Commissioner for Industrial Development, GoK on the sidelines of the Aero India 2017. Karnataka Government envisions to achieve inclusive, equitable and sustainable growth and its ability to host a number of reforms and initiatives to speed up industry-led growth in the State.

The union budget 2017 promoted ease of doing business and has encouraged domestic growth as well. The industry is waiting for GST to be implemented soon.

During Vibrant Gujarat 2017, AMCHAM Western Region, in partnership with the U.S. Consulate, Mumbai and USIBC, met the Chief Minister of Gujarat, Mr. Vijay Rupani along with key officials. The U.S. industry was apprised on the goals of the state and sustainable development. Opportunities for U.S. companies to partner on smart city projects in the state, development of the coastal zone and support to electronics manufacturing entities were also deliberated. Discussions included propositions and projects on electronic and digital payments, promoting tribal products, improvising on the logistics network, PPP in healthcare as well as power, operational challenges in GIDC in water and road. The National Executive Board meeting was held in Ahmedabad on 10th January. Ambassador Richard Verma joined the meeting and shared his vision on U.S. – India relationship.

The Western Region organized a presentation on "The Dynamics of the Global



## NATIONAL EXECUTIVE BOARD 2016-17

**Mr. Madan Mohan Rao Yalamanchili**

Executive Chairman  
S&P Capital IQ (India) Pvt. Ltd.

**Dr. Pradip K. Dutta**

Corporate Vice President & Managing Director  
Synopsys (India) Pvt. Ltd.

**Mr. Iqbal Sait**

Head of Asia Operations  
Sagezza Inc.

**Mr. K. P. Sengupta**

Chairman  
Data Core (India) Pvt. Ltd.

**Mr. Ramkumar Ramamoorthy**

Senior Vice President, Marketing, Corporate Affairs and Communications  
Cognizant Technology Solutions

**Mr. A. Viswanathan**

Dy. Managing Director  
BS&B Safety Systems India Limited

**Ms. Kaku Nakhate**

President & Country Head (India)  
Bank of America N.A.

**Immediate Past Chairperson****Ms. Vanitha Narayanan**

Chairman  
IBM India Pvt. Ltd.

**Honorary Members****Mr. Patrick Santillo**

Minister Counselor for Commercial Affairs  
U.S. Embassy

**Mr. George N. Sibley**

Minister Counselor for Economic Environment, Science and Technology Affairs

**Special Invitee****Mr. C. R. Dua**

Chairman  
Dua Associates

Tax Environment” in partnership with knowledge partner EY. There has been a dramatic change in the tax scenario, with countries striving for tax transparency, exchange of information, treaties being revisited and technology taking a lead. The session was held with the objective of providing tax professionals with a global perspective to revisit their strategies and tax planning functions. A roundtable was organized on 'Budget 2017- Impact Analysis' in Mumbai in partnership with EY.

AMCHAM Eastern Region supported the Government of West Bengal during the Bengal Global Business Summit 2017. President Pranab Mukherjee, said that the strength of India lies in its cooperative federalism. Since India is a conglomeration of states and it is necessary for initiatives like the Global Business Summit to achieve growth and prosperity. Day one of the summit saw business proposals of Rs. 30,000 crores into the state.

The Eastern Region conducted a session on digitization, which is fundamentally transforming businesses in every industry. Digital advances are often causing new creative products and service, along with more efficient ways of doing business, the likes of which have never been seen before. A session was organized to analyze the union budget in association with EY.

Tamil Nadu Chapter held the Transfer Pricing (TP) Alternative Dispute Resolution Forum. The event brought together a forum of PwC tax partners and directors for sessions, dialogues and panel discussions to discuss TP disputes and various dispute resolution forums to share information/expertise with multinational companies in India. The increased transparency across the globe and its effect on the international tax policy environment, how the tax authorities view typical TP issues across the globe and the dispute resolution trends were also discussed. The Tamil Nadu Chapter met with Mr. Patrick Santillo, Minister Counselor for Commercial Affairs to discuss smart business infrastructure.

Karnataka chapter organized a meeting with a 19-member Congressional Delegation led by Bob Goodlatte, Chairman of the U.S. House Judiciary Committee in Bangalore on 23rd February.

The ICT Committee flagged issues of PMA, security testing, Google tax, computer related inventions, public procurement, internet of things, M2M, net neutrality, cyber security, etc.

The CSR Committee had a session with ChildFund International's global leadership. The committee discussed best practices in CSR activities, ways of monitoring long-term impact for a project, employee volunteerism, and the debate over where a company should invest their SCR spend — close to their headquarters or in an area with the highest need.

The HR committee hosted a webinar on the “Future of work.” Speakers across the sectors presented their views and opinions. The focus was on various practices that are currently being adopted by organizations. Speakers discussed the changes that will occur in the years to come and contemplated on how the interaction, communication and the impact on processes will change. The perspective of millennials should be taken in consideration as they represent the future and it was finalized by the committee to have a white paper competition on the same.

We greatly value your membership with AMCHAM and hope you will continue to actively participate in the coming months. We also look forward to your participation in AMCHAM's compendium to be launched at AGM entitled, *U.S. Companies – Partners in India's Inclusive Growth*.

**Mr. Pratyush Kumar**  
Chairman, AMCHAM

## DELHI

### National Executive Board Meeting

A meeting of the National Executive Board of AMCHAM was held on 10th January 2017 in Ahmedabad to coincide with the Vibrant Gujarat Global Summit.

Ambassador Richard Verma addressed the board members. He spoke about the strategic U.S. – India partnership and the milestones achieved and said that the momentum will continue. He thanked AMCHAM members for the support they provided to the U.S.

government and U.S. companies in promoting business between the two countries.

Mr. Thomas Vajda, U.S. Consul General in Mumbai and other officials of the U.S. Embassy also joined Ambassador Verma during the interaction. Mr. Pratyush Kumar, Chairman, AMCHAM, thanked Ambassador Verma for his leadership and for taking many initiatives to push forward the U.S. – India relationship.



National Executive Board with Ambassador Verma and other senior U.S. Embassy officials

### Meeting with Office of Defense Cooperation Officials

On 20th January 2017, AMCHAM's Defense Committee hosted a meeting with the newly commissioned officers at the Office of Defense Cooperation (ODC), U.S. Embassy — Major Neil S Prakash (Army Programs) and Captain Vinamra Pandey (Air Force Programs). The AMCHAM

team briefed the officers on the Defense Committee achievements and plan of action for the current year while the ODC briefed AMCHAM about the vision and goals for 2017. Some information on Aero India 2017 was also shared.

### HR Committee Meeting

The fourth meeting of the HR Committee was held on 23rd January 2017 in New Delhi under the leadership of Mr. D.P. Singh, Chairman – HR Committee and VP – HR (India/South Asia), IBM India and Mr. Sameer Mathur, Co-Chair and Senior VP – HR, Citibank India. The committee deliberated on possible topics of interest and events for the next quarter. Mr. Sameer Mathur presented the HR charters for the sub-committees and possible events for 2017.

Mr. Sarthak Raychauduri, Whirlpool, spoke about

“Future of Work.” He focused on various practices that are currently being adopted by organizations related to future work practices. He urged the committee to think about the changes that will occur in the years to come. He contemplated on how the interaction, communication and the impact on processes will change in the coming years. He proposed that the perspective of millennials should be taken in consideration as they represent the future. It was thereby finalized by the committee to have a paper competition on the “Future of Work.”

A presentation on 'Understanding Millennials' was given by Ms. Kristina Deighan, Citibank, which highlighted the generational differences and values of millennials. She explained the biggest shift in India's workforce is represented by millennials and how it is important to understand their values, preferences and mobility for human resource departments.

Ms. Kavita Mathur, Grant Thornton, also gave a

presentation on 'Employee Frauds' elucidating on how fraud is attempted in India. She also suggested a few measures for companies to prepare themselves to handle such situations. She advised that a repository should be created of all identified frauds, their source of occurrence, detection/prevention method as prevalent in organizations. She also discussed what types of fraud typically happen in organizations.



HR Committee with Chairman, Mr. D.P. Singh from IBM India

## Defense Committee Meeting

AMCHAM's monthly Defense Committee meeting took place on 24th January 2017. Members had great deliberations over the existing and projected defense projects "Make in India" programs. The team also

discussed recommendations on "Make in India," ease of doing business and related tax aspects. The team is working on finalizing the recommendations to be submitted to government officials.

## CSR Roundtable Session on Child Protection in India with ChildFund International's Global Leadership

On 9th February 2017, the AMCHAM CSR Committee had a session with ChildFund International's global leadership, hosted at the Fluor Daniel office in Gurgaon. Mr. Arun Kumar Jain, Managing Director, Fluor Daniel India Pvt. Ltd. and National Executive Board Member of AMCHAM, made opening remarks about Fluor's CSR activities and emphasis on employee volunteerism. Everyone present gave a brief introduction to their company's CSR initiatives.

Anne Lynam Goddard, Global President and CEO, ChildFund International spoke about the commitment that ChildFund has to children and their efforts in more than 50 countries worldwide. Geoffrey Petkovich, Regional Director – Asia, ChildFund International, spoke on monitoring the balance between the financial bottom line of a CSR project and the social impact.

Neelam Makhijani, CEO, ChildFund India, spoke passionately about the work that ChildFund does in India from skill development to WASH to training tribal women to adolescent education and advocacy to end child labor. She explained that ChildFund India is a child development organization representing the voice of deprived, excluded and vulnerable children in India regardless of their race, creed and gender, since 1951. Presently, they are assisting more than 1.73 million children and families across the country with unique child-centric intervention programs.

The session included a lively Q&A to discuss best practices in CSR activities, ways of monitoring long-term impact for a project, employee volunteerism, and the debate over where a company should invest their SCR spend — close to their headquarters or in an area with the highest need. Valerie Swope, Program Coordinator, AMCHAM, thanked the speakers for their time and expressed gratitude to the host.

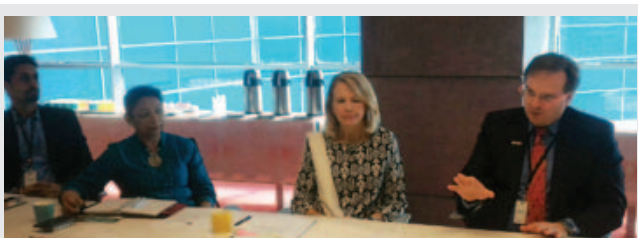




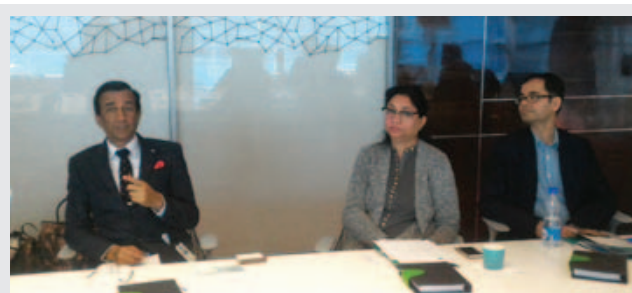
The CSR Committee with ChildFund International's global leadership



CSR session hosted at the Fluor Daniel office in Gurgaon



(L-R) Ms. Neelam Makhijani, CEO, ChildFund India, Ms. Anne Lynam Goddard, Global President and CEO, ChildFund International and Mr. Geoffrey Petkovich, Regional Director – Asia, ChildFund International



Mr. Arun Kumar Jain, Managing Director, Fluor Daniel India, giving opening remarks at the CSR session





The CSR Committee in discussion with ChildFund International's global leadership

## ICT Committee Meeting

A meeting of AMCHAM's ICT Committee was held under the chairmanship of Mr. Amit Sharma, Executive Vice President and President Asia, ATC India, on 10th February 2017 in New Delhi. The Co-Chairmen, Mr. Naveen Tandon, Director – IEA, AT&T Communication Services India Private Limited, and Mr. Vivek Vasishtha,

Country Leader – Government and Regulatory Affairs, IBM India Pvt. Ltd. were also present.

The committee, inter alia, discussed issues such as PMA, security testing, Google tax, computer related inventions, public procurement, internet of things, M2M, net neutrality, cyber security, etc.

## Future of Work Webinar in association with IBM

On 10th February 2017, the HR Committee hosted a webinar in association with IBM on the future of work. The webinar began with Mr. D. P. Singh, Chairman – HR Committee, AMCHAM and Vice President and Head, HR, IBM India, as the keynote speaker. He welcomed the other three speakers, Mr. Sarthak Raychaudhuri, VP – HR, Whirlpool of India Limited, Mr. Suman Akkiraju, AVP, HCL Technologies and Mr. Ritesh Verma, Head IT and Systems, IOT Infrastructure. They gave presentations along with their perspectives on the future of work.

The webinar encompassed discussions on the innovation in technology and how it is continuing to transform the world of work faster than ever before. It is fueling disruptive

innovations and is re-writing traditional business strategies and decision making which is going to revolutionize industries and job professions—new technology is opening the door to possibilities across every enterprise domain.

Various practices that are currently being adopted by organizations were also discussed. It was deliberated that changes will occur in the years to come and speakers anticipated how interaction, communication and processes will change the workplace. Repetitive tasks will become automated through machines and technology. Virtual relationships will flourish and there will be a rise of a white collar contractual workforce. The webinar concluded with a Q&A session.

## MUMBAI

### Roundtable with the Hon'ble Chief Minister of Gujarat, Mr. Vijay Rupani and Senior Officials of the Government of Gujarat

On the occasion of Vibrant Gujarat 2017, AMCHAM India in partnership with the U.S. Consulate, Mumbai and the U.S. India Business Council, met with the Hon'ble Chief Minister of Gujarat, Mr. Vijay Rupani and key officials of the Government of Gujarat at Mahatma Mandir on Wednesday, 11th January 2017. The roundtable meeting saw a sizeable and diverse representation from captains of U.S. industry. The interaction focused on business opportunities and challenges pertaining to investment and operations in the vibrant and progressive state.

The roundtable interaction began with opening remarks by Mr. John Chambers, Chairman, USIBC, followed by remarks by Dr. Mukesh Aghi, President, USIBC, thanking the CM for the opportunity for AMCHAM and USIBC delegates to learn of his vision and priorities for the state. This in turn would enable U.S. industry to make a difference and align to the goals of the state, fostering growth and sustainable development in Gujarat. The Hon'ble CM affirmatively commented that he was happy that U.S. was a partner country to the event despite the recently held U.S. elections and that he was keen to learn and listen to the captains of the industry that contribute and support the significant industrial growth in the state. He also shared that his senior team of officials that were present would be happy to respond to comments/questions from the participating delegates.

During the interactive session that followed Mr. Richard Rekhy, Vice Chairperson, National Executive Board, AMCHAM India and CEO, KPMG in India, brought forth a few propositions and comments which included a high level committee to keep up to speed communication on developments, opportunities, follow up and support post

Vibrant Gujarat 2017, suitable reforms and policies for GST, opportunities for MSME's to set up shop in Gujarat, India, opportunities for U.S. companies to partner on smart city projects in the state, development of the coastal zone and support to electronics manufacturing entities.

Ms. Kaku Nakhate, Member, National Executive Board, AMCHAM India and President & Country Head (India), Bank of America N.A., spoke of the engagement of Bank of America in the states ambitious project of Gift City as well as the seriousness and interest of U.S. companies to partner with the state on their CSR initiatives to create awareness, employment, development, and deployment of projects.

Other key comments included propositions and projects on electronic and digital payments, promoting tribal products, improvising on the logistics network, PPP in healthcare as well as power, operational challenges in GIDC in water and road.

U.S. Consul General Tom Vajda (Mumbai) congratulated the CM on behalf of the U.S. government on a successful Vibrant Gujarat. He appreciated the access and support received from the CM and his team to American companies.

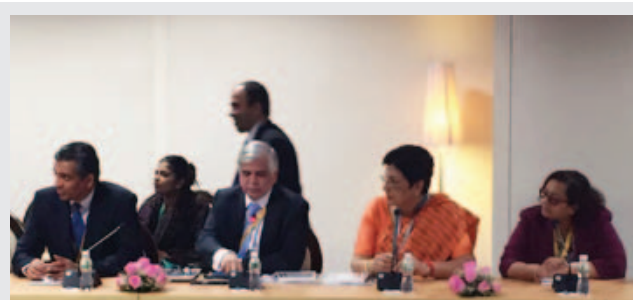
Senior representatives from the departments responded on the relevant issues providing suggestions and opportunities to participants. It was decided to create a working group which would include relevant representatives from the Government of Gujarat, AMCHAM India, U.S. Consulate Mumbai and USIBC that would meet every 2-3 months to keep an ongoing platform for engagement and open communication. The roundtable concluded with a vote of thanks on behalf of AMCHAM India and USIBC.



The U.S. delegation from AMCHAM and USIBC with Chief Minister Rupani at Vibrant Gujarat 2017



Mr. John Chambers, Chairman, USIBC, in conversation with CM Rupani



Mr. Richard Rekhy, CEO, KPMG in India, Ms. Ranjana Kahanna, Director General CEO, AMCHAM and Ms. Kaku Nakhate, President & Country Head (India), Bank of America

## Western Region Committee Meeting

A meeting of AMCHAM's Western Region Committee (WRC) was held on Friday, 13th January 2017 at the Bank of America office in Mumbai. Mr. Mahesh Krishnamurti, Co-Chair, AMCHAM WRC, welcomed members on the occasion. This was followed by an update on the regional initiatives in the year 2016.

Key points of discussion included an update from the recently concluded National Executive Board meeting

held in Ahmedabad, brainstorming on the Western Region signature event, ideation and next steps on forthcoming events in Q1, membership outreach to potential members in the region, engagement and strategy for outreach in 2 tier cities (Western Region) as well as a discussion on the mandate and process for formation of the Western Region Committee 2017-18. The meeting concluded with a vote of thanks to Ms. Kaku Nakhate for hosting.

## Supply Chain and Logistics Committee Meeting

Mr. Srinivasan Sarangapani, Chairperson, AMCHAM Supply Chain and Logistics Committee, welcomed members to the first meeting of the year on 24th January 2017 at the Diebold Systems office in Mumbai. An overview of all events and achievements in 2016 was followed by a discussion on planned and prospective events in Q1 of 2017. Fruitful brainstorming on the annual event brought to fore ideas as well as prospects for collaboration.

As part of a sharing and learning initiative Mr. Umesh Madhyan, National Head Infrastructure and Logistics, Hindustan Coca-Cola Beverages Pvt. Ltd., shared an insightful presentation on the visionary topic of 'Supply Chain in 2025 and ASRS Warehouse Design at Hindustan Coca-Cola Beverages Pvt. Ltd.' The committee meeting concluded with a vote of thanks to Mr. Milind Tailor, Co-Chair, AMCHAM SCL Committee and Head – Supply Chain Management, Diebold Systems Private Limited for hosting.

## Exclusive Roundtable on 'Budget 2017 – Impact Analysis' with Knowledge Partner EY

AMCHAM India, in partnership with knowledge partner EY, organised a roundtable on 'Budget 2017 - Impact Analysis' on Thursday, 2nd February 2017 in Mumbai. The session was held with the objective of decoding the proposals made in budget 2017. The morning began with a welcome and opening remarks by Ms. Surabhi Wahal, Regional Director – Western Region, AMCHAM India. Mr. Sudhir Kapadia, National Tax Leader, EY India, shared lucid and detailed inputs from the year's budget,

its implications on Indian tax policies as well as features of the emerging U.S. tax policies. Tax experts Mr. Hitesh Sharma, Tax Partner & National Leader – Lifesciences, EY India and Mr. Divyesh Lapsiwala, Tax Partner – Indirect Tax Services, EY India, shared insightful details and analysis on direct tax and indirect tax proposals. This was followed by an engaging Q&A session. The session concluded with a vote of thanks by Mr. Gopalakrishnan Iyer, Managing Director, J.M. Huber India Pvt. Ltd.



## Western Region Committee Meeting

A meeting by concall of AMCHAM's Western Region Committee (WRC) was held on Wednesday, 15th February 2017. Mr. Mahesh Krishnamurti, Co-Chair, AMCHAM WRC, welcomed the members present. This was followed by an update on the recently concluded events since the last WRC meeting held in January.

Key points of discussion included brainstorming on the Western Region signature event, ideation and next

steps on forthcoming events in Q1, updates on criteria for the election of WRC leadership positions 2017-18, membership outreach to potential members in the region, and engagement and strategy for outreach in 2 tier cities in the region.

The meeting concluded with closing remarks by Ms. Surabhi Wahal and she thanked members for their valuable inputs.

## Presentation on 'The Dynamics of the Global Tax Environment' in Partnership with Knowledge Partner EY



Mr. Jay Nibbe, Global Vice Chair- Tax, EY in an engaged discussion on the dynamics of the global tax environment

AMCHAM, in partnership with knowledge partner EY, organized a breakfast session on 'The Dynamics of the Global Tax Environment' on Wednesday, 15th February 2017 in Mumbai. The world tax scenario is witnessing a dramatic change, with countries striving for tax transparency, exchange of information, treaties being revisited and technology taking a lead. The session was held with the objective of providing tax professionals with a global perspective to revisit their strategies and tax planning functions.

Ms. Surabhi Wahal, Regional Director – Western Region,

AMCHAM, began with opening remarks and introduced the speakers for the session. Mr. Sudhir Kapadia, National Tax Leader, EY India, shared an introductory note ushering in the topic. Mr. Jay Nibbe, Global Vice Chair - Tax, EY, shared valuable insights on the dynamics of the global tax environment with a detailed focus on the Trump/Republican tax priorities for 2017.

This was followed by an engaging Q&A session. The session concluded with a vote of thanks by Mr. Milind Pradhan, Director – Corporate Finance and Taxation, Johnson & Johnson Medical India.

**Amarjeet Singh**

Partner and Head of Tax – North India  
KPMG in India



## India Budget 2017: Impact Areas for U.S. Investors

Business co-ordination and transactions between India and the USA have increased multi-fold over the past decade. Over the past year(s), governments of both countries have taken various initiatives to further improve trade, defense and cultural ties. As per Mr. Richard Verma, U.S. Ambassador to India, the volume of trade transactions between the two countries are worth more than USD 110 billion with approximately 500 U.S. companies investing in India and over 200 Indian companies investing in U.S.<sup>1</sup>. With the growing economic relationship, there is a steep inclination from U.S. business houses to invest and do business in India. As per data published by Government of India ('Gol')<sup>2</sup>, USA is the fifth largest foreign direct investment ('FDI') contributor in India, accounting for USD 18.4 billion of cumulative inflows received during the period April, 2000 to April, 2016.

The Finance Minister of India, recently presented the Union Budget wherein the stated main focus areas were to mobilize additional resources, stimulate growth, promote digital economy, promote ease of doing business. Some of the proposed measures/amendments are positive for international investors and may directly impact their India businesses. This article discusses some of these proposals which may be of relevance to the U.S. entities doing business in/with India.

**1. Relaxation in FDI policy:** Over the past one year, Gol has taken a series of steps and relaxed FDI restrictions in several sectors. In fact, as per Gol, India has become one of the most open economies in the world wherein FDI is allowed under automatic

route in majority of sectors except certain specified sectors wherein prior approval is required. Taking this agenda forward, the Finance Minister in its budget speech expressed his intention to further liberalize the FDI policy and also abolish Foreign Investment Promotion Board (FIPB).

- 2. Extension of liberalized rate of tax on specified interest income:** In order to boost the flow of foreign capital into Indian businesses, Indian tax laws provided for concessional withholding tax ('WHT') rate of 5 percent on interest paid on specified debt raised from non-residents. However, these provisions were applicable only on borrowings taken upto June 30, 2017. In the backdrop of large number of representations received from business community, it is proposed to extend the concessional tax rate to borrowing made upto June 30, 2020
- 3. Relaxation from indirect transfer provisions:** The Vodafone judgment delivered by Indian Supreme Court, led to introduction of indirect transfer provisions in the Indian tax laws. These provisions sought to tax income earned from transfer of shares/interest in overseas entities which derive substantial value from underlying assets in India.

Budget 2017 proposes to retrospectively (from 2012) relax applicability of above provisions on investments held directly or indirectly by non-residents in specified Foreign Institutional Investors (FIIs) subject to certain conditions.

<sup>1</sup><http://indianexpress.com/article/india/last-2-years-marked-the-best-in-us-india-relation-richard-verma-4472798/>

<sup>2</sup>[http://dipp.nic.in/English/Investor/USA\\_Desk/fdi\\_Synopsis\\_USA.pdf](http://dipp.nic.in/English/Investor/USA_Desk/fdi_Synopsis_USA.pdf)

4. **Reduction of corporate tax rate:** Union budget 2015 had laid down the roadmap to reduce corporate tax rates and simultaneously also phase out exemptions. In line with the same, Budget 2017 proposed reduction in corporate tax rate from 30% to 25% for companies with gross revenues of upto INR 500 million for FY 2015-16.

Whilst the above proposals have been heartily welcomed by the business community, Budget 2017 has also proposed certain anti-abuse measures in line with OECD (The Organisation for Economic Co-operation and Development) recommendations laid down in BEPS (base erosion and profit shifting) Action Plans.

5. **Introduction of 'debt cap' regime:** Budget 2017 has proposed introduction of a new provision for restricting deduction on account of interest payable to associated enterprises ('AE's) outside India. In line with the recommendations of BEPS Action Plan 4, the deduction of interest expense/guarantee fee or other similar amounts payable to AE's is proposed to be restricted to 30% of earnings before interest, taxes, depreciation and amortization (EBITDA) of the Indian entity/permanent establishment of the foreign company claiming such deduction.

The interest expenditure over and above the restriction of 30%, may be carried forward and set-off for eight financial year(s) subject to aforesaid limitation being met in each year. However, with a view of provide relaxation to small taxpayers, a threshold of INR 10 million of interest has been provided for the above provisions to be triggered.

6. **Concept of 'secondary adjustments':** Secondary adjustment by way of interest on 'deemed advance' have been proposed to be introduced in the Indian tax laws. 'Deemed advance' represents transfer pricing adjustment by way of enhancement of income or reduction of deductible expenses for an Indian company [in case made suo moto or by Indian revenue authority but accepted by taxpayer or due to advance pricing agreements (APAs)/Mutual Assistance Procedures (MAPs) etc.] for which no amount has been remitted to India.

As was widely anticipated, the Budget 2017 does not propose any substantive changes in taxation of capital gains, moderation of corporate tax rates and dividend distribution tax that may have directly impacted the foreign investors. The Budget 2017 has taken a balanced view to augment investor sentiment, showcase India as an investor friendly jurisdiction, and promote ease of doing business in India.



## KOLKATA

### Eastern Region Executive Committee Meeting

AMCHAM's Eastern Region held an executive committee meeting on 25th November 2016, chaired by Mr. K.P. Sengupta, Chairman – Eastern Region, AMCHAM.

Mr. Sengupta informed the EC that he would be seeking clarification on points related to the process of election for EC membership from the Delhi Secretariat. He informed members that the date for the NEB meeting had not been finalized. He would also be speaking to the Delhi Secretariat for clarification on meetings to be scheduled.

Mr. Debdas Sen, Vice Chairman – Eastern Region, AMCHAM, updated members on the USIBC delegation to Kolkata for the BGBS 2017 meet. Forthcoming events were discussed and finalized. Mr. Ranjan Nandi, Vice President and Managing Director India Operation Richard Design Services, Inc. (RDS) was inducted to the executive committee as there was a vacancy due to the departure of Ms. Britta Lieck-Milde.

### Panel Discussion on the Impact of Demonetization on U.S. Investment

A panel discussion on the impact of demonetization on U.S. investment was held on 9th December 2016 in Kolkata. The panelists were Mr. Roopen Roy, Ex – MD, Deloitte Touche, Dr. Bhaskar Banerjee, Ex – Senior MD, Duncan Group, Mr. Pallab Gupta, Head Taxation, ITC and Professor Alok Ray of IIM Kolkata. The panelists discussed

various issues that has arisen from demonetization and the impact on the economy, the benefits of the country moving towards a “less cash” economy, the short and long term impact on growth and taxation. Mr. Joyeep Dutta Gupta acted as the moderator. The question and answer session was lively. The meeting was well attended.

### Interactive Session with Richard Pearson, Business Development Officer for Asia at the Export-Import Bank of the United States

An interactive session was hosted by AMCHAM Eastern Region with Mr. Richard Pearson, Asia Officer for the Export Import Bank of the U.S. on 16th December 2016 in Kolkata. He was accompanied by Mr. Jonathan Ward and Mr. Arup Mitra from the U.S. Commercial Service in

Kolkata. Mr. Pearson explained in detail the functioning of the bank and said that the bank stands as a guarantor for lenders who take an exposure on the borrower. There was a lively question and answer session and Mr. Pearson very clearly answered the questions raised.

### Roundtable Discussion on GST with EY



AMCHAM Eastern Region's Roundtable on GST at the TCG office in Kolkata

On 19th December 2016, the AMCHAM Eastern Region and their knowledge partner, EY, hosted a roundtable discussion on GST at TCG office in Kolkata.

Mr. Dinesh Agarwal and Mr. Sidhartha Jain, Partners and Vijay Chhangani, Sr. Manager, attended the event from EY. Partners from EY updated the participants about the recent developments on the GST front and further steps for introduction of GST in India, which is expected to go live in second/third quarter of the coming year 2017. Various provisions of the revised model GST law, which has been issued by the government in the month of November 2016, and the proposed mechanism of tax

credit ailment under the GST regime was also discussed, along with implications of the same on industry.

The interactive session generated a lot of queries which were explained in detail by the EY team. The session concluded with a vote of thanks by Mr. Joydeep Bhattacharya, COO, TCG Digital, who suggested that as the law is evolving and GST is going to be a reality in the coming year 2017, more interaction on GST is important and would be helpful for members to understand the implications and impact of the same on their respective businesses.

### Interactive Panel Discussion on Digital Transformation

On 13th January, 2017 AMCHAM Eastern Region organized a panel discussion on digital transformation at the Hyatt Regency Kolkata. Ms. Amada Kidwai, Regional Director – Eastern Region, AMCHAM introduced the panelists. Mr. K.P. Sengupta, Chairman AMCHAM ER, gave the welcome address. Mr. Amit Malik, AMCHAM Executive Committee (EC) member, gave the key note address and moderated the session. Mr. Joydeep Datta Gupta, AMCHAM EC member, gave the concluding remarks and vote of thanks. The panelists were Dr. Prithwis Mukerjee, Ph. D Program Director of the Business Analytics Program at the Praxis Business School, Kolkata, Mr. V. V. Rajasekhar, Chief Information Officer ITC, Mr. Arindam Guha, Partner, Deloitte. Mr. Jonathan Ward, Principal Commercial Officer, Department of Commerce, U.S. Consulate, Kolkata, was a special invitee.

Mr. K.P. Sengupta, in his welcome remarks, said that being a chartered accountant by profession he had spent his life with digits rather than digitization. He said today when we send messages on WhatsApp or speak on Skype and post photos on Facebook, it is digitization at work. He said he was informed that between 1930 and 1950 some breakthrough innovations in mathematics and allied sciences had set the stage for digitization, as we know it today. In India, the Aadhar card and the move towards “less cash society” has opened a huge potential for digitization. He said that the days are not far when the real and virtual worlds will blend seamlessly and we will be able to speak on Skype with the holographic presence

of the person we are speaking with.

The keynote address was given by Mr. Amit Malik. He said that the future is here and the future is digital. The future is already disrupting the present and anything and everything today is digital. From the clothes we wear to the shoes and even a tennis racquet today comes with a sensor. Digitization is fundamentally transforming businesses in every industry. Digital advances are often causing new creative product and service opportunities and more efficient ways of doing business, the likes of which have never been seen before.

But what really is digital transformation? There are numerous definitions but ideally digital transformation is about outcomes and should essentially lead to the following:

- Building personalized and new customer experiences
- Transforming existing process through innovative business models
- Empowering workforce for innovation

It is imperative for organizations to embrace the digital journey or get disrupted. To achieve this transformation:

- Lead from the top down: To capture the full return on investment in digital transformation, organizational changes must be driven by the executive leadership team and board.

- Create the workforce of the future: Critical foundational elements of digital business transformation, including analytics and security, will require a next-generation workforce that is digitally savvy, creative, and accustomed to constant change.
- Merge business processes and technology: By knocking down silos and bringing together IT and OT, organizations can drive real-time agility and deliver new levels of business and operational opportunities
- Ideate and innovate fast: Agile IT, automated business processes, enhanced collaboration and decision-making, real-time insight — all of these factors combine to create fast innovation
- Cultivate the partner ecosystem: In the hyper connected world no single organization will thrive by itself. Organizations will need to rethink their partner ecosystems as they seek unique value that will create new disruption.

Digital transformation is not a luxury; it is a necessity. With its rapid evolution, the next wave of the internet is changing everything. All organizations must evolve and innovate at that same blistering pace. That is, if they want to survive and thrive in an environment of near-constant change and disruption — as they capture the abundant opportunities available to the fast movers of the digital economy.

Dr. Prithwas Mukherjee, spoke about digital transformation in terms of e-commerce, e-wallets or even robots. He said the internet of things could be a little dated, if not actually naive! What awaits is a tidal wave, a veritable tsunami, of artificial intelligence — forged on the anvil of machine learning algorithms and then polished by training on terabytes, actually zeta and yottabytes, of digital data — this he said will propel society through a technological singularity where biological intelligence will become secondary to the non-biological, or digital variety. This will result in situations that mankind has never encountered before, for example, where there is enough money in the economy but no need for employees because all jobs can be done better and cheaper by robots. The first outlines of such a society are already emerging — as facts from fiction — in a few countries where social security systems

are morphing into a new avatar called universal basic income.

Mr. Arindam Guha said that India has taken significant strides in digital transformation in the recent past. Currently, over 900 million Indians have an Aadhar based digital identification number and the mobile phone penetration in the country is over 75%. The government has also taken up a number of initiatives like providing broadband connectivity to over 2 lakh panchayats in the country, online delivery of key public services etc., under its flagship *Digital India* program. He said however, significant ground still needs to be covered as far as digital transformation is concerned. India was ranked 138th out of 175 countries in the 2016 International Telecommunications Unit (ITU) ranking. The number of internet subscribers in China is double that of India as is the percentage of households owning a computer — internet bandwidth costs are also significantly lower. Out of the top 20 internet companies in the world, only a couple are from India, with the maximum number being from the U.S., followed by China and Japan. All this despite having an information technology (IT) services sector which is significantly larger than each of these countries.

Mr. V. V. Rajasekhar, Chief Information Officer ITC, covered the corporate aspect of digitization and its impact on industry. Mr. Jonathan Ward Principal Commercial Officer, Department of Commerce, U.S. Consulate Kolkata updated members on the new U.S. Department of Commerce digital trade initiative.

The concluding remarks, and vote of thanks was given by Mr. Joydeep Datta Gupta. In his remarks, he said that from ancient times, mankind has kept inventing technology that leads to efficiency. Typically, there have been waves of automation followed by waves of addressing the consequent human displacement. Digital is no different. As robotics continue to develop, human beings will continue to re-focus on more intellectual activity and on different industries such as entertainment. He pointed out that the present wave of digital has led to a far greater focus on customer insights and customer engagement. For *Digital India* to succeed, policy and skill development would be critical.



## Eastern Region Committee Meeting

A meeting of AMCHAM's Eastern Region (ER) Committee and members was held on Thursday 19th January 2017 at the Data Core Systems office. The meeting was primarily held to nominate the ER Chairman, Vice Chairman and nominee to the National Executive Board. AMCHAM's Director General CEO, Ms. Ranjana Khanna, during her visit to Kolkata to attend the Bengal Global Business Summit 2017, attended the meeting to meet members and understand the workings of the ER. Mr. Debdas Sen was elected as the incoming Chairman; Mr. Amit Malik

was elected as Vice Chairman; and Mr. Gulshan Sachdev was elected as the nominee to the NEB.

Key points of discussions included budgets, sponsorship, membership drive, engaging with state governments that the ER covers and forthcoming events. Members suggested that additional members could be nominated to become Regional Chairman. Ms. Khanna shared her vision and goals for AMCHAM India. The meeting was concluded with thanks to the Chairman, Mr. K.P. Sengupta, for hosting the meeting.

## Bengal Global Business Summit 2017

AMCHAM India and its Eastern Region supported the Government of West Bengal to attract U.S. investors to do business in the state. As a prelude, AMCHAM had jointly organized a road show for the West Bengal government in New Delhi also. There were 27 countries who participated in the third edition of the Bengal Global Business Summit. Some of the countries who attended were China, Russia, Japan, Korea, Singapore, United Kingdom, Germany, France and Italy. Political dignitaries and business leaders from India and around the world attended the summit in Kolkata from 19th – 21st January 2017.

On 19th January, the Chief Minister Mamta Banerjee hosted a dinner for delegates, chambers of commerce, industry, diplomats and government at Eco Park. This gave the guests the opportunity for networking and to have informal discussions. At the dinner, members of chambers including AMCHAM members, and Director General CEO, Ms. Ranjana Khanna, got the opportunity to meet with the Chief Minister and Finance Minister and network amongst a host of government officials and foreign delegates.

On 20th January, at the inaugural session the President of India, Mr. Pranab Mukherjee, was the Chief Guest. In his inaugural address, the President said that the strength of India lies in its cooperative federalism. India is a conglomeration of states and initiatives like the Global Business Summit aimed at achieving growth and prosperity. Day one of the summit saw business proposals of Rs. 30,000 crores into the state. A dinner was also hosted by FICCI for the foreign delegates and

special invitees to enable them to have a platform for informal networking. The Minister Finance of West Bengal was the Chief Guest and in his address, while thanking the various chambers and delegates for supporting the BGBS 2017, acknowledged the presence of Ms. Ranjana Khanna, Director General CEO, AMCHAM India, for attending the summit and said he looked forward to further strengthening its relationship and working with AMCHAM.

Amongst the various investment announcements, Mr. Purnendu Chatterjee CEO of TCG, the largest American company which has investment in West Bengal, as well as ownership control of Haldia Petrochemicals and MCC PTA India, said that his group would invest around Rs. 1,000 crores over a sixteen-month period.

On 21st January, the final day of the summit, some of the biggest investment proposals were made. Some of the proposals were (in Rs. /crore) a total of 2.35 lakhs.):

- TEB Technology China and Texmaco in mass rapid transport system — 27,200
- Extension of Metro Railway – 235,960
- Howrah MSE hub – 18,000
- Tajpur port and port-led infrastructure – 12,000
- RPG Group – 10,000
- Ambuja theme-based township – 10,000

- Truck terminal at Rajarhat – 10,000
- Gail gas pipeline – 3,000

The final day session concluded with an announcement by Dr. Frank-Jurgen Richter, Chairman of Horasis, an independent international organization that hosts

annual meetings globally, on the critical challenges faced by corporations, who said that he would organize a conference to be held in Kolkata in November 2017. This will be the first time that a Horasis conference will be held in India. The Horasis Asia summit is Asia's World Economic Forum and around 450-500 top of the line CEO's come for the event.



Director General CEO, Ms. Ranjana Khanna with the Finance Minister, Dr. Amit Mitra

## On the Spot Analysis of the Union Budget

AMCHAM Eastern Region organized its annual 'On the Spot Analysis of the Union Budget' — a live viewing of the budget, in association with EY as a knowledge partner, at the Cisco Systems office in Kolkata on 1st February 2017.

The session started with inaugural remarks on the expected budget proposals given by Mr. K.P. Sengupta, Chairman – Eastern Region, AMCHAM and Co-Chairman of Data Core Systems, and Mr. Dinesh Agarwal, Partner, Tax & Regulatory Services, EY. This was followed by live viewing of the budget 2017 speech delivered by Hon'ble Finance Minister, Mr. Arun Jaitley.

Post the budget speech, the opening remarks on budget proposals were given by Mr. K.P. Sengupta and Mr. Amit Malik, Director and Head Services Sales – India & SAARC, Cisco Systems, on the impact of budget proposals on the economy from a macro perspective. Mr. Dinesh Agarwal and other representatives of EY analyzed the various

tax proposals and its relevance in achieving the Modi government's agenda for this year of "transform, energize and clean India," encouraging a "digital" economy to promote transparency in all the transactions, promote affordable housing and fostering ease of doing business in India. Mr. Dinesh Agarwal specifically highlighted the following inter-alia key points:

- Reduction of tax rate for individuals from 10% to 5% at the lowest income slab between Rs. 2.50 lakhs to Rs. 5 lakhs
- Levy of surcharge of 10% on income tax for individuals having total income exceeding fifty lakh rupees but not exceeding one crore rupees;
- Restrictions in the limit of cash donations to Rs. 2,000 for political parties to bring in transparency in the source of political funding

This was followed by an interactive dialogue with members, invitees and EY representatives who shared their insights on the impact of budget proposals on various industries

(viz. IT, financial services, real estate etc.). The interactive session was concluded with a vote of thanks from Mr. Suranjan Bhanja, CEO, Adapt International Pvt. Ltd.



(L-R) Mr. Amit Malik, EC Member and Director & Head Services Sales - India & SAARC, Cisco, K.P. Sengupta, Chairman - ER, AMCHAM and Co-Chairman Data Core Systems, and Mr. Dinesh Agarwal, EC Member and Partner – Tax & Regulatory Services, Ernst & Young LLP



## HYDERABAD

### Session on GST with Ernst & Young

AMCHAM Hyderabad organized a session on GST at Westin Mindspace on 24th January 2017. Siddhartha Jain from Ernst & Young led the session and encouraged the participants to make it as interactive as possible. The session commenced with Siddhartha giving an overview of GST and mentioned it would, in all probability, be effective from 1st July 2017. He explained to the

audience what GST meant to manufacturing, services and the hospitality industry and the implications of the same on these sectors. He also discussed the increase in compliances and the impact of GST on not just the tax part but the value chain as a whole. Preparing for GST is three fold – understanding the impact on business as a whole, implementation and transition planning.



Siddhartha Jain of Ernst & Young giving an overview of GST to the members at Westin Hotel, Hyderabad



Siddhartha Jain of Ernst & Young responding to queries from the members on implications of GST

## AMCHAM Sports 2016

The AMCHAM Sports 2016 culminated with Cricket Finals on 29th January 2017. A total of 1,414 participants from 29 companies participated in 12 disciplines. The matches were held from September 2016 through January 2017

(on weekends). Tough matches, with tempers running high and excitement, marked the enthusiasm with which each team/individual participated in the various disciplines and played with the spirit of the game.



A game of carrom board in progress



An interesting chess match in progress



Enthusiastic football players barely miss the goal



Football players at AMCHAM Sports 2016



A heated cricket match



A basketball game in progress

## Executive Committee Meeting and Members Meet

On 17th February 2017, the Executive Committee members met and a discussion was held on the Annual

Day. The committee was also updated with events that took place and that are being planned.



## BANGALORE

### Roundtable with U.S. Government Defense Officials at Aero India 2017

AMCHAM and USIBC co-hosted the U.S. Government Defense officials for a roundtable on 13th February on the occasion of Aero India 2017 in Bangalore. Ms. Beth McCormick, Director, DTSA, was the leader of the delegation and was joined by Ms. Heidi H. Grant, Deputy Under Secretary of the Air Force, International Affairs, Mr. Keith Webster, Director, International Cooperation Office, OUSD, Mr. Robert L. Moore, Deputy to the

Commanding General, USASAC, Ms. Karen Williams, Senior Advisor, Bureau of Political – Military Affairs, DoS, Mr. Patrick Santillo, Counselor for Commercial Affairs and Captain Robert Ogden, Chief of Office of Defense Cooperation (ODC). The U.S. industry leaders discussed the new administration's priorities, 'Major Defense Partner' status and U.S. industry participation in 'Make in India' programs.



U.S. Government delegation interacting with AMCHAM members at Aero India 2017 for a closed door defense roundtable



Ms. Heidi H. Grant, Deputy Under Secretary of the Air Force, International Affairs, Ms. Beth McCormick, Director, DTSA, Mr. Keith Webster, Director, International Cooperation Office, Ms. Karen Williams, Senior Advisor, Bureau of Political – Military Affairs, DoS





Mr. Keith Webster, Director, International Cooperation Office interacting with the audience

## AMCHAM and USIBC Joint Reception for Defense and Aerospace Industry at Aero India 2017

AMCHAM and USIBC co-hosted a U.S. defense and aerospace industry reception on 13th February on the occasion of Aero India 2017 in Bangalore. The event was supported by BAE Systems, Boeing, Honeywell International, Lockheed Martin, Northrop Grumman, Pratt & Whitney, Raytheon, Rockwell Collins, Textron and Kallman Associates. Over 250 defense industry professionals participated and the Chargé d'Affaires, U.S. Embassy, Ms. MaryKay Carlson made brief remarks as the guest of honor.



Ms. Ranjana Khanna, Director General CEO, AMCHAM welcoming participants at Aero India reception



AMCHAM Defense Committee members at Aero India with Mr. Pratyush Kumar, Chairman, AMCHAM



Mr. Pratyush Kumar, Chairman, AMCHAM and President, Boeing India with Chargé d'Affaires, Ms. MaryKay Carlson, U.S. Embassy





(L-R) Ms. Ranjana Khanna, Director General CEO, AMCHAM, Ms. Ines Miranda, Regional Director - Karnataka Chapter, AMCHAM, Mr. Pradip Datta, Corporate Vice President & Managing Director Synopsys, Ms. Udaya Arun, Program Manager – Aerospace & Defense, AMCHAM, Ms. MaryKay Carlson, Chargé d'Affaires, U.S. Embassy, and Mr. Iqbal Sait, Head of Asia Operations, Saggezza Inc.

## Meeting with Mr. R.V. Deshpande, Minister for Large & Medium Industries & Infrastructure Development

On 15th February 2017, AMCHAM members met with Mr. R V Deshpande, Minister of Commerce & Industries, Mr. Gaurav Gupta, IAS, Commissioner for Industrial Development, GoK and Mr. D.V. Prasad, I.A.S, Additional Chief Secretary to Karnataka Govt. for Commerce & Industry, on the sidelines of Aero India 2017 at the Karnataka Udyoga Mitra Hall at Yelahanka air show grounds.

The Government of Karnataka officials highlighted the government's vision to achieve inclusive, equitable and sustainable growth and its ability to host a number of reforms and initiatives to speed up industry-led growth in the state. The state's industrial policy for 2014-19 aims for an annual growth rate of 12%. Members also requested for separate one-on-one engagements with the Additional CS and Industries Commissioner to discuss the issues at length, which AMCHAM helped to coordinate.

## Meeting with Mr. Ashok Kumar Gupta, Secretary Defence Production, Ministry of Defence

On 15th February 2017, AMCHAM's Defense Committee met with Secretary, Defence Production, Mr. Ashok Kumar Gupta, at the Ministry of Defence Chalet at Yelahanka Air Show Grounds at Aero India 2017. The committee shared AMCHAM's recommendations on the ease of doing

business in defence and how it could be relaxed a bit for the benefit of OEM's. The secretary was very open to suggestions and after a lengthy discussion advised his team to continue this engagement with AMCHAM and take this forward.



## CHENNAI

### Transfer Pricing: Alternate Dispute Resolution Forums

The Transfer Pricing (TP) Alternative Dispute Resolution Forum was held in Chennai on 23rd January 2017. The event brought together a forum of PwC tax partners and directors for sessions, dialogues and panel discussions to discuss TP disputes and various dispute resolution forums to share information/expertise with multinational companies in India. Madhan N, Partner in PwC Chennai's Tax practice, set the context for the event by discussing the recently concluded strenuous TP assessments and explained the need to be geared up to proactively prepare for putting in place an alternative dispute resolution mechanism.

As the opening session, Jatin Gajjar, Director in PwC Chennai TP practice, gave an insightful and stimulating speech on the theme 'global tax scenarios.' He touched on increased transparency across the globe and its effect on the international tax policy environment, how the tax authorities view typical TP issues across the globe and the dispute resolution trends. Sivam and Soumitra, Directors in PwC Chennai TP practice, engaged in a dialogue to discuss the most litigated TP issues across the country. While Sivam dealt with the nuances of parameters involved in a 'risk based audit system,'

Soumitra explained the intensity of TP adjustments in the future and the resultant pressure on traditional appellate forums to settle TP disputes.

Finally, the event brought together an interesting panel discussion engaging Sriram Seshadri, Partner in PwC Chennai's litigation practice, Kuntal Sen, Executive Director in PwC Mumbai's litigation practice and Kunj Vaidya, Partner in PwC Chennai's TP practice and National Dispute Resolution Lead. A wide range of TP topics were discussed, such as start-up losses, management service pay-outs, mark-up issues and possibility of deemed international transactions. As a concluding thought, Kun Vaidya shared certain practical insights on selecting the right forum for dispute resolution, considering facts of case. The event brought to together renowned TP professionals and litigation leads to share their experience and insights into the issues impacting businesses across the region.

When sharing their feedback, participants mentioned the event was informative, easy to understand, added value to their work and helped them to network with peers and professionals.

### Breakfast Meeting on the Impact of Union Budget on the Manufacturing and Technology Sectors



Mr. L. Sayee Mohan, Partner, Deloitte, Chennai making a presentation on the impact of the Union Budget on indirect taxation



A cross section of the participants at the budget meeting

AMCHAM's Tamil Nadu Chapter organized a breakfast meeting with the topic for discussion being the impact of the budget on manufacturing and technology for MNC's on Wednesday, 8th February 2017 at the Westin, Chennai. This meeting was attended by over 38 participants and included CFO's, CEO's and tax managers. This event was facilitated and sponsored by Deloitte, Chennai.

Mr. Rajesh Srinivasan, Partner, Deloitte, opened the session with a general introduction to the economy and the expectations from the budget. He, then, gave a detailed overview on the direct tax provisions announced and shared some detailed information on the impact of these provisions.

Mr. Srinivasan added that after demonetization and its consequent impact on GDP, the manufacturing sector has been hoping to generate greater demand through the budget proposals. In the past couple of years, the government seems to be focusing on building a long term growth plan for the manufacturing sector by investing resources in infrastructure and rural market development. The finance budget 2017 provides for substantial allocation towards these areas. On the tax front, government has already committed to bring down the tax rate to 25% in a phased manner. However, in the current budget, the Finance Minister has proposed to incentivize only the small and medium sector with a turnover of INR 500 million or less by reducing the tax rate to 25% and continued the existing base corporate rate of 30% for others. No change has been proposed in the MAT provisions, which was expected on account of introduction of Indian Accounting Standards (Ind AS) and

Income Computation and Disclosure Standards (ICDS). However, the budget provisions seem to give clarity only on tax positions to be adopted in relation to adjustments in the books of account for adoption of Ind AS by the corporates. As anticipated, no change has been proposed to the base line tax rate on service tax and other indirect tax levies as the government is committed to implement GST from 1st July 2017.

To get an understanding of the impact from the industry perspective, we invited Mr. David Schock, CFO, Ford Motor Company, to share his views. Ms. Schock said that the auto industry was hoping for some major reforms which could bolster the sector. However, no announcement was made to this effect. The sector expected a reduction in tax on R&D expenditure and reduction in interest rates to boost sales. However, an announcement was made about big investments in improving infrastructure especially roads and bridges. The budget did not make any announcement on the government decision to scrap old vehicles which has only commercial vehicles on the policy framework so far.

Mr. L. Sayee Mohan, Partner Indirect Taxation, Deloitte, gave an overview of the indirect tax provisions and its implications for corporates. He also shared some detailed information on goods and service tax (GST), its impact etc. In view of the implementation of GST, the budget made no radical changes to the indirect tax segment.

The meeting ended with an interactive session and participants fielded many questions on transfer pricing and GST.

## Meeting with Mr. Patrick Santillo, Minister Counselor for Commercial Affairs, U.S. Embassy

A meeting was held on 9th February 2017 at the United States Consulate in Chennai to brief Mr. Patrick Santillo, Minister Counselor for Commercial Affairs, U.S. Embassy, on the business environment in Tamil Nadu. The participants were Mr. Ramkumar Ramamoorthy, Chairman - Tamil Nadu Chapter, AMCHAM, Mr. John Fleming, Principal Commercial Officer, South India and Mr. Aubrey Daniels, Regional Director – Tamil Nadu Chapter, AMCHAM.

Mr. John Fleming introduced Mr. Patrick Santillo and Mr. Ramamoorthy began by stating that Tamil Nadu has a very positive business environment which has transitioned from the agrarian to manufacturing and now to the services sector, with the manufacturing and services sector progressing very well. Traditional manufacturing businesses are solid, in the sectors of their choosing, but not many of the family owned businesses have ventured out of the state. Mr. Ramamoorthy also said that today Tamil Nadu has a vast talent reserve with several lakhs of engineers graduating from the engineering colleges in the state. He added that Chennai is renowned for being a 'back office hub' with the manufacturing and banking sectors choosing the city to establish their business processing centres. Companies such as Ford, Caterpillar,

Fiat Chrysler, Mahindra, have established their IT and design centers in Chennai, while the World Bank, Bank of New York Mellon, Merrill, Fidelity etc. have established their business processing units in the city also.

Mr. Ramamoorthy added that despite natural calamities such as the floods, the city is very resilient and gets back to normal in the shortest possible time. The city has the advantage of good housing, plenty of schools, colleges, hospitals etc. to make the city an attractive investment destination.

Mr. Ramamoorthy spoke about the huge gap in availability of workers trained in the various trades required for the construction and services industry like masonry, plumbing, carpentry, basic skills in mechanical, electrical, air conditioning, refrigeration etc. He mentioned that the Government of India has a ministry dedicated to developing skills and capacity building. Mr. Patrick Santillo responded by saying that he saw an opportunity for community colleges to partner with institutions in India to build capacity in various skills. He offered to work with AMCHAM on this sector. Both Mr. Patrick Santillo and Mr. John Fleming appreciated the briefing and remarked that it was a very rewarding meeting.



(L-R) Mr. Aubrey Daniels, Regional Director - Tamil Nadu Chapter, AMCHAM, Mr. Ramkumar Ramamoorthy, Chairman - Tamil Nadu Chapter, AMCHAM, Mr. Patrick Santillo, Minister Counselor for Commercial Affairs, U.S. Embassy and Mr. John Fleming, Principal Commercial Officer, South India



## AMCHAM Welcomes New Members

### Corporate Members



**Mr. Mukul Varshney**  
Vice President – Corporate Affairs  
John Deere India Pvt. Ltd.



**Mr. Ron Reed**  
Managing Director – Petroleum & Chemicals  
Jacobs Engineering India Pvt. Ltd.

### Additional Members



**Mr. A. R. Shankar**  
Senior Vice President – Finance  
Sterling Information Resources India Pvt. Ltd.



**Mr. Srinivasan Rajagopalan**  
Vice President – PPPM  
General Motors India Pvt. Ltd.



*We Should*  
ALL BE  
**PICKY**  
**EATERS**

We never really outgrow being picky. It's only natural to ask questions. One of the biggest questions before nations, and indeed the world is: "How do we feed a growing population?"

Every day, we work with NGOs, farmers, mothers, scientists and others to answer questions and bring about a sustainable future where wholesome nutrition and clothing is accessible to one and all. It's time for an even bigger discussion about food.

Be part of the discussion at [DiscoverMonsanto.in](http://DiscoverMonsanto.in)

**Monsanto: serving Indian farmers for over 40 years.**

MONSANTO



Follow us on: Monsanto India @monsanto\_in Monsanto Company Monsanto India

Monsanto and Vine Design® is a registered trademark of Monsanto Technology LLC © 2014 Monsanto Company.

## AMCHAM Team

### National Secretariat

**Ms. Ranjana Khanna**

Director General, CEO

Email : ranjana.khanna@amchamindia.com

**Ms. Madhvi Kataria**

Deputy Executive Director

Email : madhvi.kataria@amchamindia.com

**Mr. L.N. Agarwal**

Senior Manager & OSD

Email : laxmi@amchamindia.com

**Ms. Udaya Arun**

Program Manager - Aerospace & Defense

Email : udaya@amchamindia.com

**Mr. Yeshi Dorjee**

Manager - Administration & Publications

Email : yeshi.dorjee@amchamindia.com

**Mr. Gaurav Mendiratta**

Sector Manager - Medical Devices

Email : gaurav@amchamindia.com

**Ms. Tanya Paul**

Communication Director

Email : tanya@amchamindia.com

**Ms. Shivani Raina**

Program Director - ECP

Email : shivani@amchamindia.com

**Ms. Valerie Swope**

Program Coordinator

Email : valerie@amchamindia.com

**Ms. Mamta Uppal**

Membership & Events Manager

Email : mamta.uppal@amchamindia.com

### Regional Secretariat

**Mr. Aubrey Daniels**

Regional Director - Tamil Nadu Region

Email : aubrey@amchamindia.com

**Ms. Amada Kidwai**

Regional Director - Eastern Region

Email : amada@amchamindia.com

**Ms. Ines Miranda**

Regional Director - Karnataka Chapter

Email : amchambangalore@amchamindia.com

**Ms. Ruth Sandya Rodrigues**

Regional Director - Hyderabad Chapter

Email : sandya@amchamindia.com

**Ms. Surabhi Wahal**

Regional Director - Western Region

Email : mumbai@amchamindia.com



## AMERICAN CHAMBER OF COMMERCE IN INDIA

Established in 1992, the American Chamber of Commerce in India (AMCHAM India) is an association of American business organizations operating in the country.

AMCHAM India has around 500 members, spread across the nation. The Chamber enjoys a close relationship with the U.S. Embassy, which supports its objectives and helps in fulfilling them. The incumbent U.S. Ambassador to India is the Honorary President of AMCHAM.

### Mission

AMCHAM's principal objectives are to:

- Promote activities that encourage and stimulate investment by U.S. companies in the country.

- Support the business operations of its members.

- Encourage bilateral trade between India and the U.S.

These primary objectives are fulfilled by:

- Providing a forum for U.S. – based business organizations to discuss and identify common issues, economic and commercial interests in India and /or the U.S.
- Instituting Sectoral Committees which implement the primary objectives in their respective sectors.
- Reviewing policies and procedures in various sectors that affect the members as well as growth of foreign direct investment.

### Affiliations

AMCHAM is affiliated to the following Chambers :

- Chamber of Commerce of U.S.A in Washington, D.C.
- Asia Pacific Council of American Chambers of Commerce (APCAC)
- AMCHAM's in other countries.

### Regional Chapters

AMCHAM's National Secretariat is based in New Delhi with six Regional Chapters in Bangalore, Chennai, Delhi, Hyderabad, Kolkata and Mumbai.

Published by: American Chamber of Commerce in India,

Printed at Multiplexus (India), C-440, Narela Industrial Park, DSIIDC, Narela, Delhi - 110040

Editor: Tanya Paul, tanya@amchamindia.com