



American Chamber of Commerce in India

# Amcham Update

Amcham - The Voice of American Business in India

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## Chairman's Message



**Mr. Lowell C. Paddock**  
President & Managing Director  
General Motors India

The focus of Amcham India in the past two months continued towards advancing economic and business relations between the two countries. We organized several programs with the Indian and the US government, at multiple levels.

An Amcham Delegation of 10 senior representatives of US companies (United Technologies, GE, Timken, KPMG, Pfizer, Sikorsky, Boeing, Lockheed Martin, D.E Shaw) travelled to Washington D.C as part of Amcham's annual Doorknock initiative. As part of the two day program, the delegation called upon the important Government functionaries from the US Senate and Congress, and members of industry associations.

The delegation was led by Mr. Zubin Irani, Senior Managing Director, United Technologies.

A 20-member Amcham delegation also visited Bhutan. The delegation was led Mr. Avinash Vashistha, Chairman and Managing Director, Accenture India Pvt. Ltd.

The delegation had the privilege of getting an audience with the King of Bhutan, His Majesty Mr. Jigme Khesar Namgyel Wangchuck.

Amcham hosted a breakfast meeting for an interactive session with Deputy Assistant Secretary Holly Vineyard, (DAS for Africa, the Middle East, and South Asia U.S. Department of Commerce, International Trade Administration) in New Delhi. Senior representatives from

*continued...*

## H I G H L I G H T S

- **Amcham Doorknock**
- **Amcham Welcomes New Members**
- **Amcham Delegation to Bhutan**
- **Special Article on "Issuance of share - Transfer Pricing"**
- **Amcham Events**

# HERBALIFE NUTRITION

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Cricket, India

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**Saina Nehwal**  
Badminton, India

"Formula 1 gives me a healthy start to the day; Personalized Protein Powder has enabled me build my muscles and become stronger."

**Mary Kom**  
Boxing, India

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**Somdev Devvarmann**  
Tennis, India

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**Dipika Pallikal**  
Squash, India



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## NATIONAL EXECUTIVE BOARD

### National Executive Board – 2013-14

**Chairman:**  
**Mr. Lowell Paddock**  
President and Managing Director  
General Motors India

**Vice Chairman:**  
**Mr. Gulshan Kumar Sachdev**  
Managing Director  
Quaker Chemical India Limited

**Vice Chairman:**  
**Mr. Madhu Poomalil**  
Chief Administrative Officer  
D. E. Shaw India Software Pvt. Ltd.

**Hony. Treasurer and Secretary**  
**Mr. Atul Dhawan**  
Partner  
Deloitte Haskins & Sells

**Members**  
**Mr. Shanker Annaswamy**  
Senior Advisor - India Enterprise  
IBM India Private Limited

**Dr. Narindra Bachlaus**  
Chief Executive Officer  
ExxonMobil Company India Pvt. Ltd.

**Mr. Anirudha Gupta**  
Managing Director  
P&H Joy Mining Equipment India Ltd.

**Mr. Arun Kumar Jain**  
Managing Director  
Fluor Daniel India Pvt. Ltd.

**Mr. Pratyush Kumar**  
President  
Boeing India

**Mr. V. Laxmikanth**  
Managing Director  
Broadridge Financial Solutions (India) Pvt. Ltd.

**Ms. Kaku Nakhate**  
President & Country Head  
Bank of America N.A.

**Mr. Ramkumar Ramamoorthy**  
Senior Vice President  
Cognizant Technology Solutions

**Mr. Richard Rekhya**  
Country Head – Advisory  
KPMG

**Mr. Vikram Shah**  
President – India Operations  
NetApp India Pvt. Ltd.

**Mr. Amit Sharma**  
Executive Vice President, President Asia  
ATC Tower Company of India Pvt. Ltd.

**Mr. Rajinder Sharma**  
Director SA  
E. I. DuPont India Pvt. Ltd.

**Mr. Atul Singh**  
President & CEO  
Coca-Cola India

**Mr. Joginder Singh**  
President & Managing Director  
Ford India Pvt. Ltd.

**Mr. Rajiv Singh**  
Managing Director  
Datacard India Pvt. Ltd.

**Mr. Vivekanand Vanmeeganathan**  
Managing Director, Integrated Manufacturing  
Operations Division (IMOD)  
Caterpillar India Pvt. Ltd.

**Mr. Avinash Vashistha**  
Chairman and GU Managing Director  
Accenture India Pvt. Ltd.  
**r. Ajay Singha**  
Executive Director

companies across sectors like Medical Devices, Pharmaceuticals, Insurance, ICT, Direct Selling, Legal, Technology providers, Supply Chain Management, Homeland Security, Defence, Civil Aviation were present along with US Embassy officials.

Mr. Atul Dhawan, Chairman, Amcham's Economic Affairs Committee (Partner, Deloitte Haskins & Sells) and Mr. Ajay Singha, Executive Director, Amcham called on Dr. Alok Sheel, Secretary, Economic Advisory Council to the Prime Minister and discussed developments on the U.S.-India economic front, the recent slew of economic reforms and the way forward as also movement on the proposed Bilateral Investment Treaty and other initiatives emanating from the ongoing bilateral dialogues between the two countries.

A few members of Amcham based in Noida representing IT sector had a discussion about issues impacting their businesses in India over lunch with H.E. Ms Nancy J. Powell, U.S. Ambassador to India and other senior officials from the U.S. Embassy.

We organized a meeting with Mr. William S Pinckney, CEO & MD – Amway India and senior officials of the company. Mr. Pinckney discussed about the current business model and the forthcoming opportunities for the Direct Selling Industry.

A meeting of Amcham's Tax, Tariff and Regulatory Affairs Committee was held on in the office of Ernst & Young, Mumbai.

The meeting was chaired by Ms Neeru Ahuja, Chairperson of the Committee and Partner, Deloitte Haskins & Sells with Mr. Sudhir Kapadia, Partner & National Tax Leader, Ernst & Young LLP, as Co-Chairman.

Amcham India organized an Anti-corruption Compliance Master class. Subject matter specialists conducting the program included Mr. John McFarland, Head-Fraud prevention and Integrity Risk Services Hill and Associates, Mr. Anand Dayal, JD cum laude (Cornell) US Attorney at Law, Chairman of Amcham's Anti-corruption committee and Ms. Margaret Hanson-Muse, Deputy Senior Commercial Officer, U.S. Commercial Service, US Embassy, New Delhi.

We organized a half day Conference on "Low cost Airports and Regional connectivity" under the chairmanship of K N Srivastava, Secretary, Ministry of Civil Aviation at Rajiv Gandhi Bhawan in New Delhi.

The Conference with over 40 participants was held to discuss upon the ways to enhance regional connectivity at Tier 2/3 cities of India through creating more airports, incentivizing low cost regional airlines and removing associated hurdles.

The Tax, Tariff and Regulatory Affairs Committee of Amcham organized a Roundtable Discussion on 'Transfer Pricing'. Ms Neeru Ahuja, Chairperson of the Committee (Partner, Deloitte Haskins & Sells) delivered the Welcome Address and Mr. Sudhir Kapadia, Co-Chairman (Partner & National Tax Leader, Ernst & Young LLP in India) moderated the Panel Discussion on 'Advance Pricing Agreements – India's experience so far'. Mr. Kamlesh Varshney, Commissioner of Income Tax, Advance Pricing Agreements was the Chief Guest. The panelists included Mr. Sanjeev Gupta, Managing Director – Corporate Affairs, Accenture Services Pvt. Ltd.; Mr. Amit Rana, Vice President – Taxes, GE Capital Services India; Mr. Deepak Dhanak, Vice President and Global Head – Tax, EXL Service; and Dr. M.S. Vasan, Director – Finance, General Motors India.

We hosted a welcome reception in honour of Mr. John M. McCaslin, Minister Counselor for Commercial Affairs and Mr. George N. Sibley, Minister Counselor for Economic Affairs on August. Mr. Ajay Singha introduced Mr. John M. McCaslin and Mr. George N. Sibley and also welcomed Ambassador Nancy J Powell.

We also organized a Farewell Reception for Mr. Mr. Pat Cassidy, Commercial Officer, Foreign Commercial Services of the U.S. Embassy. Pat and his entire team have had a very cordial relationship with Amcham and have lent their support to us on all occasions.

The Amcham Eastern Chapter hosted an interactive meeting over high tea at the Bengal Club, and invited guest speaker Dr, Krishna Gupta, IAS Managing Director, West Bengal Industrial Development Corporation to speak on the West Bengal Governments, Short, Medium and Long Term Strategies. Dr. Gupta spoke on the key aspect of investment in Bengal.

We also Bid Farewell to U.S. Consul General Dean R. Thompson. He presented his views on the subject of "U.S. India – 2014" to the Amcham Eastern Chapter at an interactive breakfast session in Kolkata

Amcham Eastern Chapter Knowledge sub-committee also organized a Talk and interactive session by Professor Soumitra Sengupta on the "Mysteries of the Universe"

We have a special article on "Issuance of share - Transfer Pricing dispute" contributed by Deloitte featured in this issue.

Once again, we encourage you to take time to browse through our website and portal – a great resource for businesses to look for upcoming events and Committees that may help you in seeking marketing and networking opportunities.

I hope you find this issue of Amcham Update useful and informative.

## Amcham Doorknock, 10-11 July 2013, Washington D.C



An Amcham Delegation of 10 senior representatives of US companies (United Technologies, GE, Timken, KPMG, Pfizer, Sikorsky, Boeing, Lockheed Martin, D.E Shaw) travelled to Washington D.C as part of Amcham's annual Doorknock initiative. As part of the two day program, the delegation called upon the important Govt functionaries from the US Senate and Congress, and members of industry associations. Meetings were held at the respective offices of Senators' Jean Shaheen, Mark Warner, Tom Udall, Congressmen Roskam and Ami Bera at The Capitol. These Senators are members of the India Caucus which is a bipartisan coalition and forum for senators to work closely with Indian government officials and Indian-Americans in promoting U.S.-India bilateral relations.

The Amcham India delegation was led by Mr. Zubin Irani, Senior Managing Director, United Technologies. During the meetings an overview of the industry

investment climate in India was presented by the team, and concerns in sectors such as manufacturing, energy, financial & investment, healthcare, defense & aerospace were presented. It was acknowledged that the bilateral economic relations have come a long way in recent years, with the two-way trade growing to \$100 billion annually. From the US side, the focus was on the unfinished aspects of India's economic reforms. The general perception was that opportunities for the US and (other foreign companies) to invest in India remain barred in many sectors and the association representatives felt that the caps needed to be lifted, especially in banking and insurance sectors.

It was unanimously agreed that that India is an important export market for American-made goods and services, and that it was time for the two countries to move forward on the Bilateral Investment Treaty, which would provide protections

for investors and help unleash needed investment. The other concerns flagged were on local production of certain information technology and clean energy equipment, as also the establishment of a robust IPR regime for IT and equitable treatment for pharmaceutical patents and medical devices.

The Indian delegation reiterated that industry outlook remained positive and the long term picture was promising while also endorsing the Indian Government's commitment to a transparent and progressive investment climate.

The emergent learning from this year's Doorknock are-

- Separate meetings to be sought with relevant Govt departments such as Department of Energy, Department of Health, Department of Defense, Homeland Security, Department of Treasury etc.
- Reach out to Industry associations (in U.S.) such as the Manufacturing Association, Business Software Alliance, Telecommunication Industry Association, American Medical association etc.
- Increased engagement of Government Relations representatives of member companies in structuring of future Doorknock and similar programs.

As part of the program, the Amcham delegates were also invited to participate at the USIBC Leadership Summit on the concluding day of the program.



## Amcham Delegation to Bhutan - August 4-7, 2013

A 20-member Amcham delegation visited Bhutan from August 4-7, 2013. The delegation was led Mr. Avinash Vashistha, Chairman and Managing Director, Accenture India Pvt. Ltd. Other members of the delegation were:

Wg. Cdr. (Retd.) B.S. Singh Deo, Managing Director, Bell Helicopter India Operations; Mr. Sanjay Banerjee, Managing Director - India, Zimmer India Pvt. Ltd.; Mr. Anshuman Basu, Regional Executive Director, Council of Supply Chain Management Professionals; Dr. Jaijit Bhattacharya, Director - Government Advisory, South Asia, Hewlett Packard, Ms Heidi Byerly, VP, Asia-Pacific Operations, SHRM; Mr. Ambarish Dasgupta, Partner & Head of Management Consulting, KPMG in India; Mr. Arun Kumar Dogra, Vice President - Strategy & Business Development, Ingersoll-Rand Technologies & Services Pvt. Ltd.; Mr. Debasis Ghosh, Director, KPMG India; Mr. Sanjeev Gupta, Managing Director Corporate Affairs, Accenture Services Pvt. Ltd.; Mr. Michael Aw Kie Jin, Regional Sales Head Motorola Solutions (Singapore) Pte. Ltd.; Mr. Deepak Jolly, Vice President, Public Affairs & Communication, India and South West Asia, Coca-Cola India Pvt. Ltd.; Mr. Ashok K. Kakkar, Managing Director, Varian Medical Systems International India Pvt. Ltd.; Ms. Achal Khanna, CEO, SHRM India Pvt. Ltd.; Mr. Harish Krishnan, Director, Global Government Affairs, Cisco Systems India Pvt. Ltd.; Mr. Debdas Sen, Executive Director, Price water house Coopers Pvt. Ltd.; Mr. Rajiv Singh, Managing Director, Datacard India Pvt. Ltd.; Mr. Meenu Singhal, General Manager - Market Access India, Rockwell Automation India Pvt. Ltd.; Mr. Nakul Verma, Director - Corporate Affairs & Policy, GE; and Ms. Madhvi Kataria, Deputy Executive Director, American Chamber of Commerce in India.

The delegation had the privilege of getting an audience with the King of Bhutan, His Majesty Mr. Jigme Khesar Namgyel Wangchuck. His Majesty said that the Bhutan economy was opening up

to FDI, particularly in areas such as infrastructure, education and health. The main concern was that investment should not impact the environment of the country.

The delegation also had meetings with the following:

- Mr. Lyonchen Tshering Tobgay, Hon'ble Prime Minister of Bhutan
- Mr. Lyonpo Norbu Wangchuk, Minister of Economic Affairs
- Mr. Lyonpo Mingbo Dukpa, Minister of Education
- Mr. Tandin Wangchuk, Minister of Health
- Mr. Karma Yonten, CEO of Druk Holding and Investments
- Secretary, Ministry of Information and Communications
- Mr. Sonam Tobgay, Officiating CEO, Bhutan Postal Corporation Ltd.
- Mr. Nidup Dorji, CEO, Bhutan Telecom Ltd.
- Director, Bhutan Power Corporation Ltd.

The delegation was supported by the Bhutan Chamber of Commerce and Industry (BCCI) and had active participation of their Vice President, Secretary General, Head of International Affairs, and members of BCCI.

During meetings with Prime Minister, Ministers and Government officials, the following points emerged:

- The Government was committed to make the investment climate in Bhutan attractive.
- Focus was to ease doing business in Bhutan
- Bhutan will become self-sufficient in power by 2020. A number of hydro power projects were under construction with the help of Indian Government.
- The economic development policies were based on principles of:

- Becoming self-reliant;
- Growth to be shared by all.
- Bhutan was ready to receive FDI in areas that contribute to:
- Development of Green and sustainable economy;
- Promotion of socially responsible and ecologically sound industries;
- promotion of culturally and spiritually sensitive industries;
- Investments in services that promote Brand Bhutan; and
- Creation of a knowledge society.

Mr. Lyonchen Tshering Tobgay, Prime Minister of Bhutan, said that even if the business opportunities were not big right now, U.S. companies could help Bhutan in skill development and providing training in U.S. companies so that the young Bhutanese came back and worked in Bhutan. He also encouraged the visiting delegates to work with the private sector.

### Bhutan's Unique Selling Points (USPs)

- Political Stability
- Peace and Security
- A Vibrant and Living Culture
- Pristine and Natural Environment
- Reliable and Competitively Priced Energy
- Unique Development Philosophy – GNH
- An Educated Workforce and Use of English Language as an official communication
- Low Level of Corruption
- Pro-business Policies
- Strategic Geo-economic Location with Open Access to Regional Markets
- Free Trade Agreement (FTA) with India
- Double Taxation Avoidance Agreement with India
- According to IMF and World Bank projections, Bhutan would soon become a fast growing economy

- World Bank predicted that a growth of 13.5 per cent could be achieved in 2013

#### Potential areas for FDI

- Biggest opportunity in hydropower and Education City
- Looking for investors / partners for developing infrastructure. PPP was the preferred model for infrastructure projects (roads, bridges, water supply)
- Opportunities for FDI in Education city
- Township development
- Skill development (with the aim of matching skills with jobs)
- Innovation in healthcare
- Investment in hospital specialty
- Promotion and development of tourism
- IT in education will be the main focus in education
- Government of Bhutan provides free education to children till the 10th class
- Want to promote Bhutan as an education hub, and provide education to neighboring countries like Bangladesh
- In the power sector, Bhutan was looking for setting up smaller hydropower and solar energy projects. The priority was to have 'smart grid' and 'smart metering'. In future, wind energy could be considered to support generation from hydro.



# A Close Eye on Transfer Pricing in Issue of Shares

Anis Chakravarty and Bhupendra Kothari



**Anis Chakravarty**  
Senior Director  
Deloitte



**Bhupendra Kothari**  
Senior Manger  
Deloitte

definition of "international transactions" by the Finance Act 2012, the triggering event for the applicability of transfer pricing required fulfillment of two basic conditions i.e. :

- a) There should be an **"income arising"**
- b) It had to be in course of an **"international transaction"**

In other words, international transaction which did not have an element of "income" was not covered under transfer pricing, a view well supported by judicial pronouncements as well.<sup>1</sup> Subsequently the definition of "international transaction" was revised vide Finance Act 2012<sup>2</sup> to include **capital financing**, including any type of ....., **purchase or sale of marketable securities** or.....covering transactions pertaining to issue of equity shares as well as overseas subscription in equity of an associate enterprise.

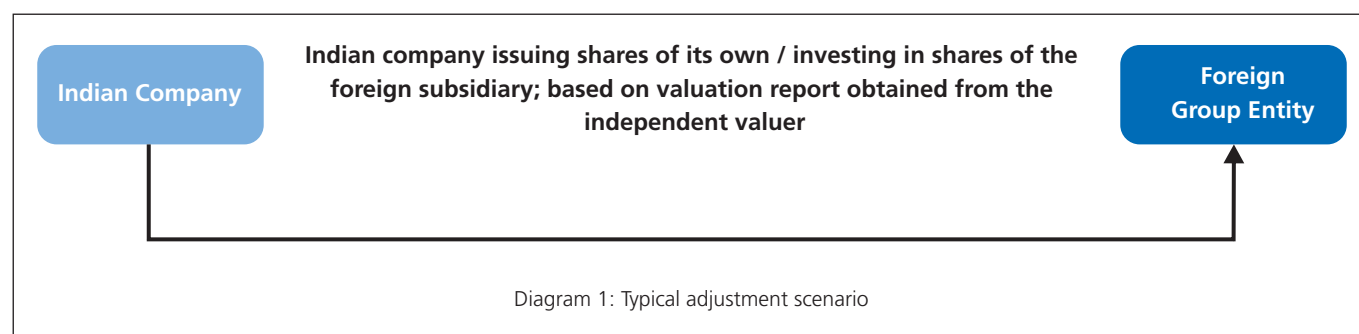
## Issues and Analyses

In the recently concluded audits, the primary issue of contention by the Indian tax authorities in case of issue of equity shares to a foreign associate enterprise has been under valuation of equity shares compared to the market price, and therefore the alleged deficit is treated as "outstanding receivable".

## Introduction

Transfer pricing has been in the forefront of tax disputes in India. While the Indian tax authorities have scrutinized and made adjustments to tangible, intangible and service transactions, most recently they have targeted capital transactions.

Transfer pricing is triggered when an international transaction is undertaken with an associated enterprise or a related party. The law says that such a transaction needs to be at an arm's length. The terms international transaction has been defined in the Indian Income Tax Act, 1961. Prior to the amendment to the



<sup>1</sup> Vanenburg Group B. V – [2007] 159 TAXMAN 219 (AAR), Dana corporation – [2010] 186 TAXMAN 187 (AAR) Amiantit International Holding Ltd – [2010] 189 TAXMAN 149 (AAR), Praxair Pacific Ltd. – [2010] 193 TAXMAN 1 (AAR), Goodyear Tire and Rubber Company – [2011] 199 TAXMAN 121 (AAR)

<sup>2</sup> With retrospective effect from 1 April, 2001 i.e. from the day the transfer pricing provisions were introduced in India

For example, in the above illustration, the Indian tax authorities contend that the foreign entity has subscribed to shares of its Indian related entity at prices much lower than the market price. Also, in reverse cases, where Indian companies subscribe to equity in foreign entities, it is contended that the subscription is "excessive" or higher than the market price, treating it as deemed intercompany loan.

The basic premise on which primary adjustments have been made is improper or lack of independent valuation reports pertaining to the pricing of such equity shares. Even in the cases where taxpayer has maintained valuation studies, questions have been raised by the Indian tax authorities on the valuation methods used and assumptions made therein. However, with limited guidance available on share valuation methodology in the transfer pricing regulations coupled with inadequate judicial pronouncements on the subject matter, the rationality of the basis on which adjustments are being made is not precisely known.

Further an unconventional adjustment is now being imposed on the taxpayers in the form of a secondary adjustment, without any express provision in the Indian Income Tax Act. This adjustment particularly is made to address the differential amount though adjusted for tax purposes (taxable profits) but not adjusted in the books of account (balance sheets) i.e. through actual repatriation / receipt of adjusted amount.

To illustrate, if the Indian tax authorities contend that the issue price per equity share issued should have been INR 120 instead of INR 100 by an Indian subsidiary, then INR 20 (being deficit received from foreign parent), would be the upward adjustment in the hands of Indian subsidiary. This is known as the primary adjustment which is purely a dispute on the valuation.

However, the amount receivable from the foreign parent would reflect only INR 20 unless there is actual recovery of deficit balance. Here the Indian tax authorities allege is that this INR 20 should be treated as a deemed loan and therefore there is an interest receivable on this amount which has been arbitrarily imputed at 10 percent.

Such an adjustment is known as a secondary adjustment. Secondary adjustments have been resorted to account the alleged differential in balance sheets. The Indian tax authorities has been using Prime Lending Rate (PLR) to arrive at the interest rate and adjust for such deemed loans.

The key issue which arises is whether the primary adjustment is indeed a taxable event and further whether the secondary adjustment leads to double taxation.

### Global Practices

The reason such a dispute exists is because global precedence is varied. For example, the Canadian Income Tax Act, allows the revenue to treat an upward transfer

pricing adjustment as deemed dividend. However, no deemed dividend would arise if the non-resident is a controlled foreign affiliate for Canadian tax purposes. Secondary adjustments are undertaken irrespective of whether the non-resident has an ownership interest in the Canadian company.

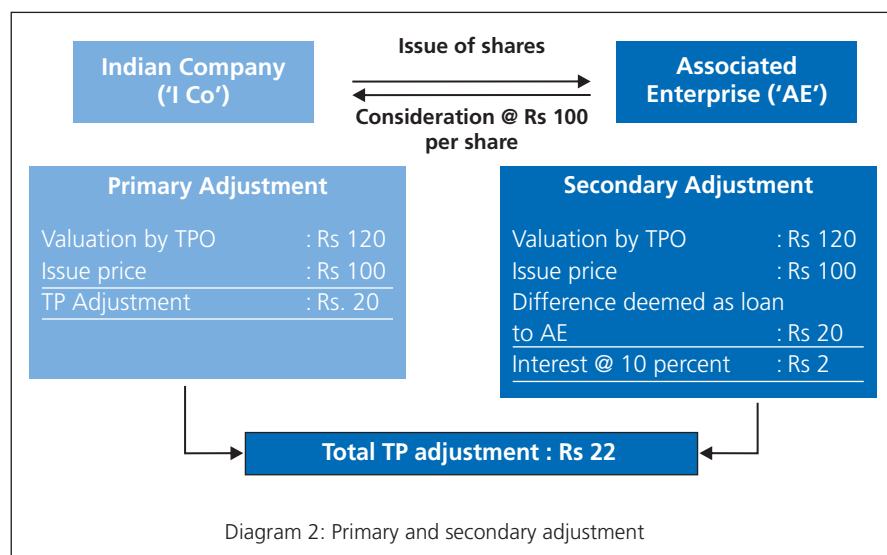
Further, The South African Income Tax Act provides for secondary adjustment in the hands of the taxpayer, by re-characterizing the primary adjustment as deemed loan given by the South African taxpayer, leading to charge of notional interest. No secondary adjustment is made if the assailed amount is repatriated to the South African entity during the same financial year in which the primary adjustment is made.

In the recent past, the European Union has clarified its stand on this matter through a report issued by the European Union Joint Transfer Pricing Forum (EUJTPF). The EUJTPF is a body which tries to harmonize application of transfer pricing across member countries:

### Conclusion

Global practices reveal that countries resort to "secondary adjustments" only if there is an express and specific mandate provided in their respective domestic legislation. However before secondary adjustment can be imputed, a more important question is whether mispricing of share transactions result in loss of revenue.

Since India does not have express or specific legislation for valuation of shares transaction, inflicting the "primary adjustment" itself is a harsh step which is further aggravated by "secondary adjustments". It is hoped that such "secondary adjustments" made by the Indian tax authorities are revisited in light of the global practices and EUJTPF recommendations. Further government should bring in more clarity in the legislation on the methodology pertaining to valuation of equity shares so that taxpayers can follow an appropriate arm's length valuation report before entering such international transactions.



EUJTPF recommendations	
Conditions	- Member States ("MS") should refrain from inflicting upon "secondary adjustments", when they lead to double taxation
How double taxation can be mitigated	- Solve it through a mutual agreement procedure (MAP); or - Repatriation of funds at an early stage
MAP settlement	- MS will not impose withholding tax
	- No additional taxable burden be imposed in the MS to which the repatriation is made
Whether interest leviable	- A clause to effect repatriation without an interest component possible
Penalty	- In line with the final agreed transfer pricing - Only on primary adjustment and not to the secondary adjustment

Chart1: Recommendations of the European Union Joint Transfer Pricing Forum

## AMCHAM EVENTS

### Delhi

#### Meeting with Mr. William S Pinckney, CEO & MD, Amway India

Amcham organized a meeting with Mr. William S Pinckney, CEO & MD – Amway India and senior officials of the company on July 2, 2013 in New Delhi. Mr. Pinckney discussed about the current business model and the forthcoming opportunities for the Direct Selling Industry.



#### Meeting with Mr. Rajeev Arora, Joint Secretary, Department of Commerce, GOI

Mr. Ajay Singha, Executive Director, and Ms Madhvi Kataria, Deputy Executive Director of Amcham called on Mr. Rajeev

Arora, Joint Secretary, Department of Commerce, Government of India, on July 17, 2013 and discussed the visit of Amcham's doorknock delegation to U.S. and issues impacting Indo-U.S. trade and investment.

#### Farewell to Mr. Pat Cassidy, Commercial Officer, Foreign Commercial Services of the U.S. Embassy

Amcham organized a Farewell Reception for Mr. Mr. Pat Cassidy, Commercial Officer, Foreign Commercial Services of the U.S. Embassy on July 31, 2013 In New Delhi. Pat and his entire team have had a very cordial relationship with Amcham and have lent their support to us on all occasions.



## AMCHAM EVENTS

### Meeting with Dr. Alok Sheel, Secretary, Economic Advisory Council to Prime Minister

Mr. Atul Dhawan, Chairman, Amcham's Economic Affairs Committee (Partner, Deloitte Haskins & Sells) and Mr. Ajay Singha, Executive Director, Amcham called on Dr. Alok Sheel, Secretary, Economic Advisory Council to the Prime Minister on July 31, 2013 and discussed developments on the U.S.-India economic front, the recent slew of economic reforms and the way forward as also movement on the proposed Bilateral Investment Treaty and other initiatives emanating from the ongoing bilateral dialogues between the two countries.

### Luncheon Meeting with H.E. Ms Nancy J. Powell, U.S. Ambassador to India

A few members of Amcham based in Noida representing IT sector had a discussion about issues impacting their businesses in India over lunch with H.E. Ms Nancy J. Powell, U.S. Ambassador to India and other senior officials from the U.S. Embassy on 2nd August 2013 at CSC Facilities at Noida.

### Meeting of Amcham's Tax, Tariff and Regulatory Affairs Committee

A meeting of Amcham's Tax, Tariff and Regulatory Affairs Committee was held on August 5, 2013 in the office of Ernst & Young, Mumbai.

The meeting was chaired by Ms Neeru Ahuja, Chairperson of the Committee and Partner, Deloitte Haskins & Sells with Mr. Sudhir Kapadia, Partner & National Tax Leader, Ernst & Young LLP, as Co-Chairman.

#### Two presentations were made covering:

1. Issuance of Shares (transfer pricing debate) by Deloitte
2. K.M. Chandrasekhar Report on Foreign Portfolio Investment by Ernst & Young

### Breakfast Meeting with Deputy Assistant Secretary Holly Vineyard

Amcham hosted a breakfast meeting for an interactive session

with Deputy Assistant Secretary Holly Vineyard, (DAS for Africa, the Middle East, and South Asia U.S. Department of Commerce, International Trade Administration) on 6 August, 2013 in New Delhi. Senior representatives from companies across sectors like Medical Devices, Pharmaceuticals, Insurance, ICT, Direct Selling, Legal, Technology providers, Supply Chain Management, Homeland Security, Defence, Civil Aviation were present alongwith US Embassy officials. The discussions ranged across issues faced by the companies on Market Access, Compliance, Regulatory issues.

This was the first meeting DAS Vineyard had with the industry on her India visit from 6-7 August 2013.

The meeting was chaired by Mr Ajay Singha – Executive Director AMCHAM India. The interactive session went off very well with industry representatives voicing their concerns on various issues faced by them in India.

### Amcham Anti-corruption Compliance Master Class

Amcham India organized an Anti-corruption Compliance Master class on August 13, 2013 at New Delhi. Subject matter specialists conducting the program included Mr. John McFarland, Head-Fraud prevention and Integrity Risk Services Hill and Associates, Mr. Anand Dayal, JD cum laude (Cornell) US Attorney at Law, Chairman of Amcham's Anti-corruption committee and Ms. Margaret Hanson-Muse, Deputy Senior Commercial Officer, U.S. Commercial Service, US Embassy, New Delhi. Industry speakers also shared their experiences with participants and case studies from the Indian context were taken up for discussion. The event was well attended by Amcham members.



## AMCHAM EVENTS

### Welcome reception in honour of Mr. John M. McCaslin, Minister Counselor for Commercial Affairs and Mr. George N. Sibley, Minister Counselor for Economic Affairs

Amcham India hosted a welcome reception in honour of Mr. John M. McCaslin, Minister Counselor for Commercial Affairs and Mr. George N. Sibley, Minister Counselor for Economic Affairs on August 22, 2013 in New Delhi. Mr. Ajay Singha introduced Mr. John M. McCaslin and Mr. George N. Sibley and also welcomed Ambassador Nancy J Powell. Brief observations were made by the Ambassador Powell; John and George. The reception was well attended by Amcham members and provided an occasion for networking.



### Amcham Workshop on Low Cost Airports and Regional Connectivity

Amcham organized a half day Conference on "Low cost Airports and Regional connectivity" under the chairmanship of K N Srivastava, Secretary, Ministry of Civil Aviation at Rajiv Gandhi Bhawan on August 23, 2013 in New Delhi.

The Conference with over 40 participants was held to discuss upon the ways to enhance regional connectivity at Tier 2/3 cities of India through creating more airports, incentivizing low cost regional airlines and removing associated hurdles. Some of the key challenges, faced by low cost airports and airlines and possible enablers were also deliberated upon.



### Roundtable Discussion on Transfer Pricing

The Tax, Tariff and Regulatory Affairs Committee of Amcham organized a Roundtable Discussion on 'Transfer Pricing' on 23rd August 2013 at Gurgaon. Ms Neeru Ahuja, Chairperson of the Committee (Partner, Deloitte Haskins & Sells) delivered the Welcome Address and Mr. Sudhir Kapadia, Co-Chairman (Partner & National Tax Leader, Ernst & Young LLP in India) moderated the Panel Discussion on 'Advance Pricing Agreements – India's experience so far'. Mr. Kamlesh Varshney, Commissioner of Income Tax, Advance Pricing Agreements was the Chief Guest, who participated in the discussion and responded to all the issues raised by the participants. The panelists included Mr. Sanjeev Gupta, Managing Director – Corporate Affairs, Accenture Services Pvt. Ltd.; Mr. Amit Rana, Vice President – Taxes, GE Capital Services India; Mr. Deepak Dhanak, Vice President and Global Head – Tax, EXL Service; and Dr. M.S. Vasan, Director – Finance, General Motors India.

The following presentations were made:

- (a) Marketing Intangibles – The road ahead of LG Ruling by  
Mr. Vijay Iyer  
Partner - Tax & Regulatory Services  
Ernst & Young LLP in India
- (b) Safe Harbour Rules by  
Mr. Tarun Arora  
Senior Director, Tax - Transfer Pricing  
Deloitte Touché Tohmatsu India Pvt. Ltd.
- © R&D activities – Effect of new circulars by  
Mr. Manoj Pardasani  
Partner-Transfer Pricing  
BSR & Co.

## AMCHAM EVENTS

- (d) Equity adjustments – Taxing share capital and secondary adjustments by  
Mr. Nishant Saini  
Associate Director  
PWC



### Smart City Team Meeting

A meeting of the Smart City Team under the auspices of the Northern Region Council of Amcham was held on August 26, 2013 at the office of Cisco Systems (India) Pvt. Ltd., Gurgaon, to discuss the Report prepared by Booz & Co. on 'Smart City Gurgaon'. The meeting was chaired by Mr. Harish Krishnan, Vice Chairman of Northern Region Council (Director, Global Government Affairs, Cisco Systems (India) Pvt. Ltd.). The members present identified two areas where Amcham member companies could participate to enable intelligent urbanization of Gurgaon. These are improving transportation and public safety and security.

## Mumbai

### Workshop on "The Falling Indian Rupee - The Story So Far & the Road Ahead"

Amcham India in partnership with Bank of America organised a workshop on 'The Falling Indian Rupee The Story So Far & the Road Ahead' on Monday, July 29, 2013 at the Bank of America office, Mumbai. The well attended workshop focused on:

- INR: story so far. What has been happening in INR since last two years? What are the reasons behind INR touching all-time highs
- INR: road ahead. Factors influencing the INR from hereon.
- Has RBI done enough?

The key note speakers included Mr. Indranil Sen Gupta, India Economist (BOA) & Mr. Rohit Gupta, Director, Fixed Income, Currencies & Commodities (FICC – BOA)

### Meeting of Meeting of Amcham's HR Committee

Amcham organised the HR committee meeting on August 7, 2013 under the chairmanship of Ms. Anuranjita Kumar, Country Human Resources Officer, Citi, in Mumbai. The meeting saw a strong representation of HR the HR committee members. The 3 sub groups of the committee made presentations on the proposed projects for the year. Based on the discussion the HR Committee's event calendar for the year was crystallised. On the a Presentation was made by Mr. Ajay Soni, Asia Pacific Practice Leader, Aon Hewitt on "Top Companies Do Differently".

Mr. Soni was invited as guest speaker.

### Round Table Discussion With H.E. Nancy J Powell, U.S. Ambassador to India

Amcham India organizing an exclusive Round Table Discussion of representatives from US companies with Ambassador Powell to discuss Investment Opportunity & Challenges faced by US companies doing business in Maharashtra 'Special Focus on Pune' on August 29, 2013. The meeting that was organised at the Hyatt Regency, Pune was well attended by 50 senior representatives of American Companies doing business in India. During the discussions participants shared their concerns on VAT, Transfer Pricing, Visa issues etc. The panel of speakers included Ms. Kaku Nakhate, Chairperson, Amcham Western Region, & President & Country Head (India), Bank of America, Mr. Lowell Paddock, Chairman, National Executive Board, Amcham India & President & Managing Director, General Motors India, H.E. Nancy J. Powell, US Ambassador to India, Mr. Peter Haas, Consul General, Consulate General of the United States, Mumbai & Mr. Ajay Singha, Executive Director, Amcham India.

## AMCHAM EVENTS

## Kolkata

## Amcham Eastern Chapter Bids Farewell to U.S. Consul General Dean R. Thompson

U.S. Consul General Dean R. Thompson presented his views on the subject of "U.S. India – 2014" to the Amcham Eastern Chapter at an interactive breakfast session on July 12, 2013. He is leaving Kolkata after two years to assume a new position in Europe.

Surajit Banerjee, Chairman of Amcham's Eastern Chapter which covers Eastern India including West Bengal, Bihar, Jharkhand, Odisha and the seven sister states of the North-East, lauded Mr. Thompson's involvement when he said, "It has been a pleasure to work with Mr. Dean Thompson. He has always supported all AMCHAM Eastern Chapter initiatives and participated as a speaker in our national seminars — economic titled 'Growth of Eastern India its Economic and Socio Political Challenges', healthcare 'Health Care — Its Reach, Cost and Quality', and supported the seminar on 'Public Private Partnership — the Right Governance Model'. In addition we collaborated when the US Trade Delegation visited Assam, among other things. He has been a regular face in all our meets and we will surely miss him."

During the program, past Chairmen Aniruddha Lahiri, Ambarish Dasgupta and Gulshan Sachdev who is also the current Vice Chairman of Amcham's National Executive Board spoke of Mr. Thompson's personal commitment to working closely with Amcham and the business community in eastern India.

In his address, Consul General Thompson made special note of Amcham's organization of a national delegation of business executives who accompanied Ambassador Nancy J. Powell on her first trip to Assam in December 2012 as part of a larger bi-chamber group, saying, "This is a prime example of what Amcham does so well, in addition to the superb events it stages for many industries in and around Kolkata. They came ready to engage with state government officials and network with business contacts on trade and investment possibilities through meetings with the state government, one-on-one discussions and a reception Amcham graciously hosted." He also praised AMCHAM's involvement in staging a program in Kolkata to draw attention to the scope of investment and commitment of corporate resources made by member firms to establish facilities here and hire thousands of employees. He closed by stating, "You are making a difference in West Bengal."

## Interactive Meeting with Dr. Krishna Gupta, IAS Managing Director, West Bengal Industrial Development Corporation

Amcham Eastern Chapter hosted an interactive meeting on Friday, July 26, 2013 over high tea at the Bengal Club, and invited guest speaker Dr. Krishna Gupta, IAS Managing Director, West Bengal Industrial Development Corporation to speak on the West Bengal Governments, Short, Medium and Long Term



## AMCHAM EVENTS

Strategies. Dr. Gupta spoke on the key aspect of investment in Bengal. Land policy reforms, incentives offered by the State for new enterprises contemplating setting up new operation in this region. Dr. Gupta discussed the draft policy brought out by the Government of West Bengal including Amcham Eastern Chapter's recommendations on the draft policy.

Amcham Eastern Chapter Chairman, Mr. Surajit Banerjee in his welcome remarks said the Government needed to take some bold steps to implement policies that can make West Bengal once again an economic and financial powerhouse of India.

Mr. Dinesh Agarwal, EC Member and Chairman of Amcham Eastern Chapter subcommittee did the introduction and Mr. Joydeep Datta Gupta, Amcham EC member did the concluding remarks and moderated the lively Q&A session.

### Talk and Interactive session by Dr. Soumitra Sengupta, Department of Theoretical Physics; Indian Association for the Cultivation of Science on "Mysteries of the Universe"

Amcham Eastern Chapter Knowledge sub-committee organized a Talk and interactive session by Professor Soumitra Sengupta on the "Mysteries of the Universe" on August 23, 2012.

Professor Sengupta explained how the natural phenomena in our universe are displayed in a three dimensional space evolving continuously with time. These phenomena, though very diverse in nature, have some underlying principles called the laws of nature. He explained the different theories of Sir Isaac Newton and Einstein. He spoke about how the flow of time in two clocks in relative motion is different. How this further led to the equivalence of mass and energy which eventually resulted into the development of nuclear weapon as well as nuclear power. He spoke about the Big Bang theory and its impact on the universe. The interactive session that followed was very lively with the audience fielding many questions

## Hyderabad

### Farewell for Ms. Katherine Dhanani – Consul General, US Consulate General, Hyderabad

Amcham organized a Breakfast farewell on July 24, 2013 for Ms. Katherine Dhanani, Consul General, US Consulate General, Hyderabad. She had completed her 3 year term and is off to Washington D C.

Ms. Madhu Poomalil, Chairman of Amcham Hyderabad Chapter, thanked her for the continual support to AMCHAM, and her willingness to be present at our events whenever we needed her.

Madan Mohan, Vice Chairman of Amcham Hyderabad Chapter, also thanked her for being down to earth and approachable. She was ever willing to speak to employees on Women's issues, when programs were organized by the Amcham Member companies.



## Amcham Welcomes New Members



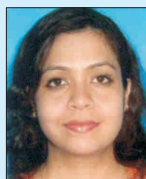
**Mr. Sivakumar Kandaswamy**

Vice President & Country Head  
Weber-Stephen Barbecue Products India Private Limited



**Mr. DVR Muthy**

Managing Director, India Operations  
Silicon Image India Research and Development Pvt. Ltd.



**Ms. Indrani Chatterjee**

Leader - Human Capital PricewaterhouseCoopers  
Delivery Center (Kolkata) private Limited



**Mr. Shilen Sagunan**

Managing Director  
Arbitron India



## 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 principle 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.

members as well as growth of foreign direct investment.

### Affiliations

Amcham is affiliated to the following Chambers in the U.S.:

- 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.

### American Chamber of Commerce in India

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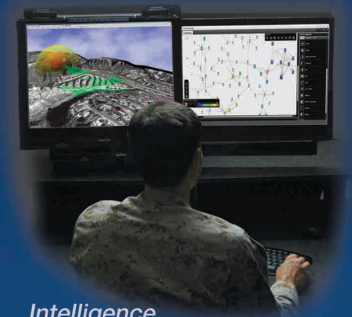
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