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PM Modi launches Transparent Taxation platform to benefit honest taxpayers

Prime Minister Narendra Modi on Thursday launched the platform for 'Transparent Taxation – Honoring the Honest' aimed at easing compliance and expediting refunds, benefiting honest taxpayers. Three main features of the platform are faceless assessment, faceless appeal and tax payers' charter, PM Modi announced.

The Prime Minister said focus is on making the tax system people-centric and public friendly, “banking the unbanked, securing the unsecured, funding the unfunded and honoring the honest.”

According to Modi, the four factors responsible for changes in the taxation system were policy-driven governance, belief in people's honesty, the use of advanced technology and efficiency in bureaucracy. "Where there is complexity, there is a problem in compliance," he added.

In praising the role of honest taxpayers, Modi said: “When the life of an honest taxpayer of the country becomes easy, he moves forward and develops, then the country also develops and leaps forward.”

A persistent issue the current administration has received criticism on is the issue of taxation, despite genuine attempts at improving the tax structure.

India's tax administration has been known for tax harassment, where overzealous well-intentioned officials while raising tax revenues, have dampened growth and at times done more damage than good.

The government introduced faceless income tax assessment to reduce the scope for corruption and overreach by officials. The issue of alleged tax harassment by officers gained much attention in India after VG Siddharta, the founder of India's largest coffee shop chain, committed suicide in July and left behind a note accusing tax authorities of persecuting him.

Tax officials are pushing back against the new faceless tax assessment program. They see problems in the lack of consultation and inadequate resource to implement the changes, a letter reviewed by Reuters shows.

In a joint letter sent to the Central Board of Direct Taxes (CBDT) this month, representatives of the Income Tax Employees Federation and the Income Tax Gazetted Officers' Association voiced their displeasure.

Tax officers told Reuters that faceless tax assessment may reduce tax collection and raise pressure on officers that are under stress to meet lofty tax targets for the current fiscal year.

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Editor: **Secretary General**

"We express our strong displeasure on this type of unilateral decision-making as it is not in the interest of the efficient working of the Department," the letter read.

Finance Minister Nirmala Sitharaman called today "a landmark day in the history of tax administration."

"The CBDT has given a framework and put in place a system in the form of this platform, a transparent efficient and accountable tax system," she added. The platform will use technology such as data analytics and AI.

"This adds strength to our efforts of reforming and simplifying our tax system. It will benefit several honest taxpayers, whose hard work powers national progress," PM Modi had earlier said on Twitter.

Since 2014, there have been consistent attempts at revamping the tax administration. The launch of the platform carries forward the journey of direct tax reforms, following the several measures that have been taken by the CBDT to aid taxpayers.

The current number of taxpayers in the country is significantly low at only 1.5 crore. The focus of the tax reforms has been on reduction in tax rates and on simplification of direct tax laws.

(Economic Times, 13/8/2020)

Taxpayers' charter to send right message to global investors on regulatory certainty: Experts

Experts said the push to ensure honest taxpayers have certainty and a non-adversarial or soft-touch regime would help put energy and effort of businesses into operations.

Vijayarathy said the government is efficiently and effectively using the 'nudge' philosophy in public policy to motivate the population towards the desired objective.

The taxpayers' charter will send the right message to the global investor community regarding regulatory certainty in India, while faceless tax assessment and appeals will ease the compliance burden and accord fair treatment to taxpayers, experts said.

The taxpayers' charter, unveiled by Prime Minister Narendra Modi on Thursday, provides for the tax department treating every taxpayer as honest unless proven otherwise and guarantees the right to privacy and confidentiality of information.

This is part of 'Transparent Taxation — Honoring the Honest' platform which has been launched with the key objectives of bringing in transparency, efficiency and accountability. It would focus on faceless assessment and appeals, apart from the taxpayers' charter.

Deloitte India Partner Divya Baweja said, "While the Income Tax Department is expected to be fair, courteous and reasonable, similar obligation is casted on the taxpayer to be honest and compliant. These are the steps in the right direction and in line with the commitment given by the government to ease compliance and accord fair and just treatment to the taxpayers."

Nangia Andersen LLP Partner Aravind Srivatsan said "the cornerstone of today's announcement by PM is the actionable step towards introduction of taxpayers' charter... Seen in the context one after other the government is honouring its promise and bringing in taxpayers' charter will send a right note to the global investor community to look at India market landscape with its regulatory certainty."

Experts said the push to ensure honest taxpayers have certainty and a non-adversarial or soft-touch regime would help put energy and effort of businesses into operations.

“The charter will boost the government – taxpayer trust quotient, reduce arbitrary and complaints of harassment and, increase efficiency of the tax department. Making tax officers accountable for the actions and performance of tax officers linked to adherence to charter will significantly reduce litigation and promote transparency,” Srivatsan said.

JLL CEO and Country Head (India) Ramesh Nair said the tax reforms add strength to the government’s efforts of reforming and simplifying the tax system.

“This reform will play a significant role in helping India attract greater interest from institutional investors and ensure holistic improvement in the overall transparency of the business environment,” Nair said.

Cyril Amarchand Mangaldas Partner and Head-Taxation S R Patnaik said, “These are significant announcements from an Indian taxation perspective. However, having said this, it is expected that an overhauling of the tax department is also on the way and it is expected that the tax authorities would also ensure their deliveries within time.”

DVS Advisors LLP Founder and Managing Partner Divakar Vijayasaraty said launch of the ‘Transparent Taxation’ platform is part of digitalisation of the functioning of the income tax department undertaken to eradicate corruption, harassment of the taxpayers and reducing litigation by introducing faceless transactions.

“Some part of it is already in practice with most of the notice being issued under e-proceedings. Now the same is being extended to assessment and appeal. This could not have come at a better time, ensuring acceptance from both the taxpayers and the officials and such reform is inevitable to attract foreign capital,” he said.

Vijayasaraty said the government is efficiently and effectively using the ‘nudge’ philosophy in public policy to motivate the population towards the desired objective.

KPMG in India Partner and Head (Corporate and International Tax) Himanshu Parekh said the aspects related to faceless assessments and appeals will ensure that there is no opportunity for personal bias and procedures are conducted in a fair and transparent manner, which will avoid unnecessary controversy and long-drawn litigation, which has been a bane for taxpayers.

“The Prime Minister also emphasised on the need to have simple laws which can be easily understood and adhered to by taxpayers. All these measures will go a long way in ensuring ease of doing business for taxpayers, which will result in better compliance of tax laws and also help augment tax revenues for the government,” Parekh said.

EY India National Tax Leader Sudhir Kapadia said the announcements show the government’s resolve to resolutely push towards digital channels for interaction with taxpayers with a clear bias towards honesty and transparency.

Along with the far reaching reforms on GST and simplification and rationalisation of income tax provisions, this will go a long way in ensuring 'ease of tax compliance' for honest and law abiding taxpayers, he said.

"As an immediate relief, it would be highly desirable if CBDT instructs release of all pending refunds to companies (without any monetary thresholds) as quite a few companies are left with no choice but to consider approaching Courts to expedite their refunds in these pandemic induced stressful business environment," Kapadia added.

(Financial Express, 13/8/2020)

India attracts USD 22 billion FDI during COVID-19: Amitabh Kant

India's FDI regime is the most liberal in the world, and even during the COVID-19 pandemic, the country has attracted over USD 22 billion worth of direct investments, Niti Aayog CEO Amitabh Kant said on Saturday. Kant further said that almost 90 per cent plus of the USD 22 billion foreign direct investment in India during the pandemic came through the automatic route.

"Our FDI regime is the most liberal in the world. We have continued to attract huge amount of investments. During the pandemic itself, India attracted over 22 billion worth of direct investments into India," he said at CII's 'India@75' virtual event.

Kant pointed out that India has jumped up about 79 positions in the World Bank's ease of doing business. "Our hope is that this year we will get into top 50," he said.

The Niti Aayog CEO said that if India wants to transform then it needs a programme like aspirational district programme.

(Economic Times, 9/8/2020)

'Music to ears for those worried about recovery': India's export has grown in July

The world is "looking for trusted partners...who have a rule of law, who have transparency in the system, who have a court of appeal, which have vibrant media, strong judiciary and democratic traditions.

Talking about the performance of the country's exports, Goyal said the current numbers of outbound shipments are reflecting signs of significant improvement.

The world is looking for trusted partners where there is rule of law, transparency in systems, strong judiciary and democratic traditions, and India can become a key player in global supply chains as it provides all of these, Commerce and Industry Minister Piyush Goyal said on Saturday.

He said India has to engage with the world with competitive prices, high quality products, large scale economies of manufacturing, high productivity levels, but "not on the crutches" of government subsidies.

The world is "looking for trusted partners...who have a rule of law, who have transparency in the system, who have a court of appeal, which have vibrant media, strong judiciary and democratic traditions. These are the type of partners the world is looking for and India provides all of these and can become a trusted partner in global supply chains," the minister said in a CII webinar.

Talking about the performance of the country's exports, Goyal said the current numbers of outbound shipments are reflecting signs of significant improvement.

He said exports last month reached about 91 per cent level as compared to July 2019.

"In fact, in the last 10 days of August, we are at over 95 per cent export level. If you remove oil based and gem and jewellery exports, , we have actually grown in July and in the last 10 days of July, we have grown by above 10 per cent and I think that should be the music to ears for all the analysts who are worried about whether it will be 'U' shape or a 'V' shape recovery.

"But at the same time, we cannot rest on our laurels. This is a short term phenomenon, we all need to work harder to institutionalise this," he added.

The minister also said that for the last 11 days, Indian railways have been running the freight trains at twice the speed of what they were running one year ago.

"So from about 23 km/hr, freight trains today are running at 46 km/hr," he said adding for the first time in the history of Indian railways, rather than industry coming to railway and pleading that their material be given priority, today railway is reaching out to industry to get more freight.

In the last 11 days, the minister said, Indian railways have moved 4 per cent more freight than they did in the same 11 days of 2019.

Goyal also said many people wondered earlier why India had imposed restrictions on export of medicines.

He said the restrictions were never meant to stop supply of medicines, they were rather imposed to ensure an equitable distribution across the globe, otherwise in the period of crisis, a few nations would have cornered all the available pharmacy and medical stocks and the poor, and less rich countries would have remained deprived of adequate medicines.

Further he said that "when we talk of a STRONG India, we are talking of India where 'S' stands for 'sabka saath, sabka vikas, aur sabka vishwas', 'T' is for total focus on goal of a self-reliant India, 'R'- resilient India, 'O' for opening up ourselves to new horizons, 'N' stands for nationalism and 'G' stands for gearing up for a better tomorrow." BUS

Speaking in a separate webinar, Goyal said the government is working towards using the current crisis to strengthen the economy and make India a self-reliant country.

He said the government announced an Aatmanirbhar Bharat package, several initiatives were taken and "many many more that are on drawing board, will be unfurled in the days and months to come".

Addressing the convocation ceremony of Meghnad Desai Academy of Economics, he said Aatmanirbhar Bharat does not mean looking inwards or closing doors for the world.

"There will be products where we will have to continue to import, India is not against imports per se, India is not closing its doors to global engagement, India is expanding it wider," he added.

(Financial Express, 10/8/2020)

Govt comes out with draft defence production policy to boost indigenous weapons & exports

Languishing in the strategically-vulnerable position of being among the top three arms importers in the world for years, India now wants to build a major defence industrial base (DIB) for self-reliance in weapon systems and exports to other countries within the next five years.

The defence ministry on Monday released a draft defence production and export promotion policy (DPEPP 2020), with the stated objective of achieving a turnover of Rs 1,75,000 Crores (\$ 25 billion), including export of Rs 35,000 Crore (\$ 5 billion) in aerospace and defence goods and services by 2025.

A similar draft policy in 2018 had set out similar goals, but nothing much came out of it. The estimated size of the existing Indian defence industry is around Rs 80,000 crore, with the public sector's contribution being almost 80% of it.

There is no getting away from the fact that India desperately needs to bolster its fledgling DIB by getting the private sector to jump into defence production in a major way.

No compromise on territorial integrity: India to China during 5th round of military talks

The Indian army has categorically conveyed to China's PLA at the fifth round of military talks it will not compromise on India's territorial integrity, and clearly said disengagement of troops from Pangong Tso and a few other friction points in eastern Ladakh should be completed at the earliest, people familiar with the developments said on Monday.

India strengthens troop presence in northern Ladakh, heavy tank deployment to tackle Chinese threat

In response to China's deployment of more than 17,000 troops and armoured vehicles opposite Daulat Beg Oldi (DBO) and Depsang plains in Ladakh, India has made heavy deployment of troops and tank regiments in the area to counter any misadventure by the PLA there. The deployments have been made from the Patrolling Point 1 near the Karakoram Pass (PP-3) to the Depsang plains.

The public sector, which includes DRDO and its 50 labs, four defence shipyards, five defence PSUs and 41 ordnance factories, also concurrently needs to be drastically overhauled to deliver cutting-edge weapon systems without huge time and cost overruns.

The ongoing military confrontation with China has only served to further drive home this point with the 15-lakh strong armed forces scrambling to import a wide array of weapon systems, from drones and assault rifles to missiles and ammunition, to maintain operational readiness along the northern borders.

But whether the stated goals of the draft DPEPP 2020, which is envisaged as an "overarching document to provide a focused, structured and significant thrust to defence production capabilities", can be achieved in five years remain to be seen.

The draft DPEPP says the aim is to reduce dependence on imports and take forward "Make in India" initiatives through domestic design and development, as also promote export of defence products as part of the overall 'Atmanirbhar Bharat' policy.

DRDO, for instance, will set up missions in select fields in consultation with the armed forces and other scientific and industrial establishments to develop futuristic weapon systems.

These range from hypersonic, ballistic and cruise missiles to armoured vehicles, gas turbine engines, submarines, fifth-generation fighter jets, transport aircraft, robotics and airborne sensors.

The draft policy brings out multiple strategies with the focus areas being procurement reforms; indigenization and support to MSMEs/Startups; optimization of resource allocation; investment promotion, FDI and ease of doing business; innovation and R&D; DPSUs and ordnance factories; quality assurance and testing infrastructure; and export promotion.

The policy comes after the government in May made it clear the armed forces will have to shed their penchant for exorbitant foreign weapon systems unless they can be made in India through joint ventures with global armament and aviation majors.

The government had also announced the import of certain weapons would be banned through a progressively-expanding negative list, while the FDI limit would be hiked to 74% from the existing 49% in the defence production sector through the automatic clearance route.

With an annual defence budget of about \$70 billion, India is behind only the US (\$732 billion) and China (\$261 billion) in terms of military expenditure around the globe. It is also the second-largest buyer of foreign weaponry after Saudi Arabia in the world, accounting for 9.2% of the total global arms imports during 2015-2019, as was earlier reported by TOI.

(Times of India, 3/8/2020)

Now's a good time for India, US to strike a deal; this real irritant must be dropped to reach consensus

The U.S.-India trade relationship in the Trump era has been dismal — partly because Indian trade officials have been slower than their counterparts in Europe or even China to figure out how to use America's electoral divisions to their advantage.

America's elections provide a narrow window of opportunity for its trading partners. Across the world, negotiators will have seen a man from Maine given a prime spot at the Republican National Convention: Lobsterman Jason Joyce spoke about how President Donald Trump had "brokered a deal to end European Union tariffs of 8% on Maine live lobsters and up to 20% on Maine lobster products." It is no coincidence that, in 2016, Trump won only one of Maine's four electoral college seats.

Trump, behind in the polls, is desperately trying to moderate the effects of his poorly considered trade war on crucial voters. The world's trade bureaucrats should have had pen in hand on the second day of the RNC: Miners, fishermen and farmers from states that Trump considers electorally important took turns in the spotlight. Figure out what they want, give the U.S. president something he imagines he can sell to them and you have an opportunity to get a quick deal through. That's clearly what the EU had in mind when it signed a "mini trade deal" that, in return for a concession on lobsters, got the U.S. to commit to slashing a range of tariffs in half.

Here in New Delhi, time to strike a similarly advantageous deal is running out. The U.S.-India trade relationship in the Trump era has been dismal — partly because Indian trade officials have been slower than their counterparts in Europe or even China to figure out how to use America's electoral divisions to their advantage. India's commerce minister insists that we are "almost there" on a "quick trade deal"; writing in the current issue of Foreign Affairs, however, U.S. Trade Representative Robert Lighthizer complains that India is "at times, a troublesome trading partner for the United States."

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Agricultural imports are the sticking point. What Indian negotiators have offered Washington is apparently a “step-by-step reduction in import duties” on high-value products. And they’ve tacked on a ton of other concessions, including a discussion on reducing tariffs on technology products. A better strategy, though, might be to focus on an immediate, targeted package that could be struck before the U.S. vote. In that case, minimal concessions could result in a big payoff.

An obvious target would be the dairy sector. (Hello, Wisconsin!) One report suggests Lighthizer wants India to promise to buy \$6 billion worth of U.S. agricultural and dairy goods. While that would put a sizeable dent in the trade deficit the U.S. runs with India, it’s the kind of pledge that’s difficult for a market economy to make. Even the Chinese are struggling to fulfill their promise, made in January, to buy \$36.5 billion worth of U.S. agricultural goods.

Yet, if India at least promised to drop the real irritants — non-tariff barriers that prevent the import of most American dairy products — the two countries might get somewhere. The problem is, unsurprisingly, electoral politics on the Indian side: Given that Indian election campaigns can revolve around “cow protection,” the Indians want the U.S. to agree that no dairy imports will come from cows fed on animal protein. Everyone knows what the compromise will have to be: some form of labelling. If, after that, Indians still don’t consume U.S. dairy products, that’s just how the market works.

Once that issue is resolved, a lot of other options would open up. India’s exporters, for example, want to be included once again under the Generalized System of Preferences, which allows some developing countries preferential access to the U.S. market. The Trump administration expelled India last year citing the country’s “failure to provide the United States with assurances that it will provide equitable and reasonable access to its markets in numerous sectors.” Only if there’s a chance of winning other concessions would any administration, not just Trump’s, restore India’s access.

Indian negotiators should remember, too, that whichever way the U.S. elections go, it’s vital for India in particular to build momentum toward easing trade tensions. India, locked into an increasingly grim economic and military confrontation with China that it knows it cannot sustain on its own, needs as many friends as possible. Indian politicians understand their own electoral constraints intimately. Now, they need to understand America’s.

(Financial Express, 31/8/2020)

Apple vendors, Samsung line up for mobile production

Taiwanese giants Foxconn, Wistron and Pegatron — contract manufacturers for Apple and other electronics makers such as Xiaomi — along with Samsung have submitted applications for the government’s ambitious Rs 41,000-crore production-linked incentive scheme (PLI) for mobile phone manufacturing in India, while homegrown Lava, Dixon Electronics, Karbonn, Optiemus Infracom, and Micromax have also evinced interest.

But Chinese manufacturers, such as Oppo and Vivo are said to have refrained from joining the fray amid recent tension due to the LAC standoff in Ladakh, resulting in investment checks on companies from the neighbouring country.

Companies that submitted their proposals by the deadline on Friday are promising fresh investments and jobs in the Indian electronics manufacturing space as the government looks to boost local

production over the next few years, not just to reduce imports but also to turn the country into a production hub for exports.

“We have received a strong response and hope to finalise the winners – who will be positioned as champion companies in the mobile phone manufacturing – very soon,” a highly-placed source told TOI.

Foxconn had submitted two applications – under Hon Hai Precision and Rising Star. Similarly, on the Indian side, Dixon Electronics and Lava have submitted two applications.

An empowered committee (EC), which includes NITI Aayog CEO Amitabh Kant, and other senior officers, including secretaries for IT, economic affairs secretary, expenditure, revenue and industry apart from the Director General of Foreign Trade (DGFT) will now consider the applications, as found eligible by a project management agency under the scheme.

Telecom and IT minister Ravi Shankar Prasad had said that the scheme, that would provide incentives of 4-6% on incremental sales over the base year of 2019-20, is aimed at giving a fillip to the government’s flagship Make-in-India programme and the recently launched Atmanirbhar Bharat.

The government plans to select five Indian companies and five international giants for the scheme, and these would be positioned as the engines that would promote the growth of Indian mobile phone manufacturing not only within the country, but at the global level. The idea of the scheme is to position India as a strong competitive manufacturing base when compared to countries such as China and Vietnam, which have so far been attracting massive investments.

“The enthusiasm towards this ‘champion policy’ will see India surging towards global leadership in mobile phone manufacturing and exports,” Pankaj Mahindroo, Chairman of India Cellular & Electronics Association, said.

The recent tensions between China and the US, which have escalated after the coronavirus outbreak, are also seen as an opportunity to attract global investments. Foxconn has already earmarked fresh investments of up to \$1 billion in India for boosting the manufacturing for Apple, while Pegatron has just entered and is lining up new investments. The companies are seen to be reducing their dependence on China.

Modi Govt. has been quick to grasp the opportunity. It thinks of India, unlike the previous regimes of Congress which were only interested in making money for themselves. That is why Modi is so popular with everyone.

According to industry estimates, mobile manufacturing companies have the potential to get an incentive of around Rs 7,500 crore if they scale up production by about Rs 1.5 lakh crore over the next five years under the PLI scheme.

The government expects to generate a cumulative manufacturing revenue potential of Rs 10 lakh crore through the PLI scheme and other ones such as those promoting electronics clusters and component manufacturing, ministry officials said.

(Times of India, 1/8/2020)

767 pre-operational licences needed for business in India; slash this regime to let FDI help economy

Foreign businesses that seek to develop roots in India have to face a committee of secretaries from 35 central ministries or departments, besides an overall regime of 767 establishments pre-operational licences.

As India steps up efforts to attract foreign companies to invest in the country, it will have to remove many barriers related to ease of doing business, tax, and regulations. Speaking at the 'Investments into India and the USA' webinar, organised by the Indo-American Chamber of Commerce (IACC) and Invest India, Dave Springsteen, Partner, Withum, said that the barrier in India stems from the lack of single-window clearance for investors. He added that foreign businesses that seek to develop roots in India have to face a committee of secretaries from 35 central ministries or departments, besides an overall regime of 767 establishments pre-operational licences. That's beyond all inspections, approvals, and renewals needed after the work begins, he further said.

Some of the representatives of US businesses highlighted that India needs to create the right environment, right now to entice global companies exiting China for other international locations. In order to give India a chance to thrive economically post-Covid, the country needs to pull up socks and act now to allow ease of doing business, reduce tax and regulation bottlenecks and aid foreign companies who are exiting their bases from China, said the official statement.

Business representatives from both sides brainstormed strategies to ease international business to India, boost Indo-American economic cooperation, and look at two-way measures to benefit both the economies. It was also discussed why India needs to develop the art of visualisation as it is not easy to uproot all of the current investments from China to India overnight. Though the Indian government recently announced various perks and cooperations for the foreign firms who are willing to invest in India, the country is poised to face competition from other South-east Asian countries, like Vietnam, which is very welcoming to foreign companies.

Further, the group also brainstormed on areas where Indo-US collaboration would work in a better way. Services will see a huge upsurge – technology, media and entertainment, telecom, pharma, healthcare, medical devices, agrotech, and IoT, the statement added. Two prominent areas where more foreign firms can participate in India were found out to be defence and healthcare. "I've seen a four-fold increase in American ventures seeking Indian partners in defence and three times in healthcare", said Hoonar Janu, Co-Head (Americas), Invest India.

(Financial Express, 12/8/2020)

Over two dozen companies pledge \$1.5 billion to set up mobile phone factories in India

India's latest set of incentives to entice businesses moving away from China seem to be working, with companies from Samsung Electronics Co. to Apple Inc.'s assembly partners showing interest in investing in the South Asian nation.

Prime Minister Narendra Modi's government in March announced incentives that make niche firms -- electronics manufacturers -- eligible for a payment of 4%-6% of their incremental sales over the next five years. The result: about two dozen companies pledged \$1.5 billion of investments to set up mobile-phone factories in the country.

Besides Samsung, those that have shown interest are Hon Hai Precision Industry Co., known as Foxconn, Wistron Corp. and Pegatron Corp. India has also extended similar incentives to pharmaceutical businesses, and plans to cover more sectors, which may include automobiles, textiles, and food processing under the program.

While companies have been actively looking to diversify supply chains amid the U.S.-China trade tensions and the coronavirus outbreak, it hasn't yet translated into big gains for India despite the nation making it cheaper for businesses to open shop. Vietnam remains the most favored destination, followed by Cambodia, Myanmar, Bangladesh and Thailand, according to a recent survey by Standard Chartered Plc.

"There is a reasonable chance for India to gain in terms of incremental investment of supply chains within the country over the medium term," said Kaushik Das, chief India economist at Deutsche Bank AG in Mumbai. "These programs are aimed at increasing India's manufacturing share in the gross domestic product."

The government expects the program for electronics alone could lead to \$153 billion worth of manufactured goods over the next five years and create about one million jobs directly and indirectly.

This would bring an additional investment of \$55 billion over five years, adding 0.5% to India's economic output, according to analysts led by Neelkanth Mishra at Credit Suisse Group AG. This could shift an additional 10% of global smart-phone production to India in five years, most of it from China, they wrote in a report Aug. 10.

That complements Modi's goal to grow the share of manufacturing in the economy to 25% from the current around 15% as part of his 'Make in India' program. His government has already lowered taxes on companies to among the lowest in Asia, seeking to attract new investments in an economy headed for its first contraction in more than four decades this year.

The latest output-linked incentive plan is a "big win for Make in India," Amish Shah, an analyst at BofA Securities, said in a report to clients. He sees gains for industrials, cement, pharmaceuticals, metals and logistics, with long-term indirect benefits across many sectors.

(Economic Times, 17/8/2020)

India's key Central European partner Poland keen to increase two-way investments in post-Covid scenario

Central Europe's biggest nation and India's traditional partner in the region is keen to invest in India and simultaneously keen to expand basket of Indian investments in the country.

PM Narendra Modi is keen on creating new investment opportunities in India in the post-COVID period and on facilitating the inflow of foreign investments. India is the primary location in Asia for Polish investors (currently 270 mln USD).

Poland would encourage its entrepreneurs to invest in India and also would like to invite more Indian investors to make business in Poland, sources informed ET. "However, for Poland – and many other

European states – the lack of bilateral investment treaty is a serious obstacle. We regret that there is no agreement in place between the EU and its member states,” a Polish government source said.

Increasing two-way investments was one of key issues discussed at the Indo-Polish Foreign Office Consultations held last week through a virtual meet. Poland has also proposed cooperation with India on research and innovation.

The global COVID-19 crisis has seriously challenged free trade and created significant disruptions in global supply chains, which is particularly problematic as regards deliveries of medical and protective equipment needed to tackle the pandemic. The best way to overcome this global crisis is by strengthening international cooperation.

“Poland considers India as a major source of pharmaceuticals and personal protective equipment which have been an essential element of the EU’s response to the COVID-19 crisis. As the world continues to fight the COVID-19 pandemic, it is of utmost importance to increase the production of vital medical supplies and to step up cooperation to ensure continued deliveries of these goods,” according to the Polish government source mentioned above.

“Due to the persisting epidemiological threat related to COVID-19 it is essential to undertake common efforts to limit world supply chain disturbances, as well as mitigate possible negative effects of the crisis on agri-food products supply to regional and local markets. There is also a possibility for broader cooperation in food processing. Poland sells not only high processed food products, like soft beverages, but also offers technologies, which can be applied in India,” the source informed

It may be recalled that the Polish Investment and Trade Agency opened a new Foreign Trade Office in Mumbai in 2018.

Poland is India’s largest trade partner and export destination in the Central European region, with bilateral trade growing almost seven-fold over the last ten years. As per Indian statistics, the overall value of bilateral trade in 2018 was \$ 2.351 billion.

India’s export to Poland contributed to 0.48% of overall India’s export. Indian investments in Poland are valued at over \$3 billion which comprises companies such as ArcelorMittal, Videocon, Escorts, Strides Arcolab, Ranbaxy, Essel Propack, KPIT Cummins, Zensar Technologies Ltd, Tata Consultancy Services, HCL Technologies Ltd, Infosys and Wipro, Jindal Stainless, Berger Paints India, UFLEX and Glenmark Pharmaceuticals, Rishab Instruments (acquired Lumel) and CRISIL. Total Polish investment in India is estimated at \$ 672 million.

Poland possesses world class food processing including preservation/storage technologies while India is one of the largest producers for many fruits, dairy and Agro products. A MoU on Agriculture for technical and institutional cooperation has already been signed between both countries during the visit of Vice President of India to Poland in April 2017.

Around thirteen Indian IT companies, employing more than 10,000 professionals, are currently active in Poland and are operating also their Europe operation from Poland. (Indian IT companies Infosys and HCL have strong presence in Poland providing outsourcing services to various firms, HCL has base in Krakow, where 1200 employees are handling work related to Deutsche Bank).

Presently, about 30-40% of goods exported by India to Poland are reexported to other EU Countries. Poland possesses reputed clean coal technologies and Polish public-sector companies have played a substantial role in development of mining and power sectors in India. Coal India Limited's trainee engineers received training in Polish mines which specializes in intelligent mining.

India and Poland signed a Memorandum of Understanding last year to enhance bilateral cooperation in the coal and mining sector. Poland offers excellent opportunities to Indian investors and exporters in the automotive sector. With the number of imported used cars being close to one million units per annum, Poland is a large market for used vehicles with an average price of 7,000 Euros. Indian manufacturers are recognizing this opportunity for using near shoring strategy to offer new cars of the same price range for sale in Poland and adjoining countries. Given Poland's strategic location, shortages in healthcare personnel and 25% growth in pharma market in last 5 years, there are good opportunities for Indian exporters and investors.

(Economic Times, 16/8/2020)

India needs to look at ESG factors to attract major FDI investment: Mukesh Aghi

The investment pool around the world is estimated to be about USD 45 trillion, of this USD 12 trillion comes under ESG, which is the environmental, social and governmental factors, according to Mukesh Aghi, president of US India Strategic and Partnership Forum (USISPF), an India-centric American business advocacy group.

India needs to look at ESG (environmental, social and governmental) factors to attract major investors and get the sustained foreign direct investment of USD 100 billion per annum that the country needs to get back to eight to nine per cent growth, an influential industry leader has said.

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"If India is going to focus on attracting large scale, long term institutional investors, then it needs to look at the ESG factors. Today India is around 130-133 on the ESG factors. It needs to start coordinating... it's no longer World Bank ranking (on ease of doing business). Investors are rewarding companies that are looking at ESG factors," Aghi told PTI on Friday.

"Institutional investors are looking at ESG factors of nations itself as they increase their share of investment into that environment. It is important, India starts seriously looking at that aspect. And, when you look at, if the Democrats come in (power in the US) those factors also will play a stronger role than the current administration," he said.

India needs to look at ESG factors to attract major investors and get the massive and sustained foreign direct investment of USD 100 billion per annum that the country needs to get back to eight to nine per cent growth, Aghi said.

Later this month, the USISPF hosts its week-long third leadership summit, which among others, would be addressed by Vice President Mike Pence and External Affairs Minister S Jaishankar. Pence would participate in a chat with USISPF chairman John Chambers.

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“Our questions range from his perspective of vision of US-India relationship; questions focus on the economic partnership on the trade deal, on H-1B. And then definitely the final question is, when Prime Minister Narendra Modi met Pence in 2017, he said ‘India-Ana’. So, the question is (when) vice president comes to India,” he said.

“We will reflect on the last three and a half years, but we have to also look at the next four years,” he said in response to a question. Aghi said that with America’s trade relationship getting more and more stressed out, India can play a helpful role for the US and its companies especially in the healthcare sector and the focus of the India-US ties should also be on technology.

None of the Quad countries US, India, Japan, and Australia want to go the 5G through the Chinese routes, so there is a lot of scope of collaboration on that issue as well, he noted. “It’s important for India to come to understanding on the mobility of its professionals. So it’s important, whichever the administration comes in seriously looks at H-1B visa issues because it does impact the US companies in a positive way and you want to be able to provide those resources to the US companies. That is a plus factor,” he said

Asserting that the collaboration in the defence sector will continue, he said: “The question is where do you spend your energy, where to spend your focus on our relationship.” Aghi said India needs to open up its agricultural market but at the same time should leveraging some of the technology to make its farmers much more efficient and competitive.

“You cannot keep on protecting the industry. You’ve got to let it grow and succeed. Otherwise, it becomes just like you know we have Air India, which is baggage now. Our recommendation is, pick up specific areas, collaborate, cooperate and find a win-win value proposition,” he said.

Describing H-1B as an election issue, he said the reality is that there is a massive shortage of software engineers in the country. “If US is going to maintain the technological edge on a global basis, it needs those engineers. We can’t produce them locally. And so from a geopolitical perspective, if India and USA aligned, then there can be more cooperation on H-1B also,” he said.

The H-1B visa is a non-immigrant visa that allows US companies to employ foreign workers in speciality occupations that require theoretical or technical expertise. The technology companies depend on it to hire tens of thousands of employees each year from countries like India and China.

The recommendation of USISPF is to increase the number of H-1B so as to help US companies become more efficient, Aghi said. Post COVID-19 pandemic, as the realignment takes place, it’s an opportunity for both countries to examine seriously they can collaborate on economic or technological fronts and on cultural and agriculture fronts.

“It’s an opportunity for both countries. We just need to pick up some of these topics and keep on making sure at least a fire is burning, as whichever administration comes back after the November election,” Aghi said.

(Financial Express, 22/8/2020)

India, ASEAN trade ministers call for starting discussions to determine FTA review scope

The issue was discussed during the 17th ASEAN-India Economic Ministers Consultations meet held virtually on August 29, an official statement said on Sunday.

FTA review, ASEAN countries, Piyush Goyal, FTA in goods, Commerce and Industry Minister, free trade agreement, latest news on FTA

Trade ministers of India and 10-member ASEAN countries have instructed their officials to start discussions for determining the scope of review of free trade agreement (FTA) at the earliest with a view to make the pact more user-friendly, simple, and trade facilitative for businesses.

The issue was discussed during the 17th ASEAN-India Economic Ministers Consultations meet held virtually on August 29, an official statement said on Sunday. Commerce and Industry Minister Piyush Goyal stated that the review of FTA in goods has been “inordinately delayed”, and requested to start the full review before the end of this year.

“The ministers from India and ASEAN countries instructed the senior officials to start the discussions to determine the scope of the review at the earliest to, inter-alia, make the free trade agreement more user-friendly, simple, and trade facilitative for businesses,” the statement said.

The review will make the agreement modern with contemporary trade facilitative practices, and streamlined customs and regulatory procedures, it added. Goyal highlighted that the pact has to be mutually beneficial and a win-win for all sides.

He also expressed the need to strengthen rules of origin provisions, work towards removal of non-tariff barriers and provide better market access to Indian businesses. Goyal and Tran Tuan Anh, Minister of Industry and Trade of Vietnam, co-chaired the consultations.

It was attended by trade ministers of all 10 ASEAN countries — Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam. The Association of Southeast Asian Nations (ASEAN)-India trade in goods agreement was signed on August 13, 2009 and came into force on January 1, 2010.

(Financial Express, 31/8/2020)

India attractive proposition for UK businesses exploring alternative to China: UKIBC

With the UK forging a new trading relationship with the world into 2021 and India establishing itself as a major global player, India is a key priority for trade and investment of the UK government and businesses, the UKIBC Group CEO stressed. The bilateral trade between the two countries stood at USD 15.5 billion in 2019-20 as against USD 16.87 billion in the previous fiscal.

India is an attractive proposition for UK businesses looking for alternatives to China, in view of the prevailing sentiments globally, the UK-India Business Council (UKIBC) has said.

In an interview to PTI, UKIBC's first Indian Group CEO Jayant Krishna said he expects to see growth in UK-India trade as both countries come out of the coronavirus crisis, asserting that UK businesses are very keen to support India's 'Aatmanirbhar Bharat' mission.

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Editor: **Secretary General**

"UK and India have started looking at opportunities emanating from the business sentiments worldwide to explore manufacturing supply chain possibilities as alternatives to China," Krishna said.

He observed that UK industries have long investments in India across sectors and the country is an increasingly attractive proposition for businesses looking to explore alternate destinations for their global supply chain.

"Moreover, UK businesses are and will look to India as an incremental base for manufacturing and research and development," the UKIBC Group CEO said.

He said there are great complementarities between India's needs and the UK's offerings and it was very positive to hear that Prime Minister Narendra Modi highlighted the centrality of sectors such as manufacturing, infrastructure, energy, pharma, space and defence, to global cooperation.

"These are all areas ripe for India-UK collaboration in creating 'Aatmanirbhar Bharat', underpinned by both nations' strong track-record in technology and innovation," Krishna said.

With the UK forging a new trading relationship with the world into 2021 and India establishing itself as a major global player, India is a key priority for trade and investment of the UK government and businesses, the UKIBC Group CEO stressed.

He said the introduction of the UK's new point-based immigration system and Graduate Immigration Route will make it easier for Indians to come to work and study in the UK.

"Accordingly, we expect to see growth in UK-India trade as both countries come out of the coronavirus crisis," Krishna said.

(Economic Times, 10/8/2020)
