Europe India Chamber of Commerce

Newsletter

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TIPS 2015 will take place on 30 September in European Parliament, Brussels

The Trade and Investment Partnership Summit (TIPS) 2015 will take place on 30 September 2015. The TIPS, flagship of EICC's annual events, will be held in the **European Parliament** (**Conference Room P1A002 - Paul-Henri Spaak**) in Brussels. The Summit is dedicated to fostering bilateral trade, investment and economic relations between European Union and India around the theme **"Changing Dynamics in EU-India Relations: Business & Strategic Implications in the Next Decade"** and will be different from our previous summits of the past.

The Summit will follow up specific issues deliberated during the TIPS 2014 and will take innovative steps to engage various business and interest groups in Europe and in India. Discussions on reporting, challenges and possibility for cooperation with EU countries and European Commission will provide different perspectives of international practices on issues such as India's quest for green and clean energy; creating favorable regulatory environment (IPR); what will it take India to become the global manufacturing hub in the context of "*Make in India*"; collaboration on infrastructure and urbanization; EU-India Digital Partnership, India's health care challenges, etc. As we expect some development in the free trade negotiation with EU in the next few months, the Summit will also discuss the current state of FTA.

The TIPS assumes special significance as the stalled talks between India and the European Union for a free-trade agreement, which had snagged two years ago on tariff and visa-related issues, will take place in Brussels on the 28th August. Negotiations with the 28-nation bloc for the free-trade agreement (FTA), called the broad-based investment and trade agreement (BITA), had started in 2007 but became deadlocked in April 2013 on several issues. Also, there is a strong possibility that the next summit between the European Union and India is will be held by the end of this year, probably in November in Brussels, after a gap of nearly three years. The last India-EU summit was held in February 2012, and it is heard that both sides were looking for a mutually convenient date for the summit.

The TIPS 2015 is being jointly organized with **Eurochambres / EBTC** with which EICC has been working for some time now; and in collaboration with **Indian Chamber of Commerce** and **The Friends of Europe**.

Indian Chamber of Commerce will be led by Mr. Aditya V Agarwal, Vice Chairman of the Emami Group. In addition to the Mr. Agarwal, the Secretary general Dr. Rajeev Singh and a delegation from ICC will participate.

The objective of the Trade and Investment Partnership Summit (TIPS) is to create awareness on international business opportunities and feasibility of cross-border expansion for Indian and European business. The other objectives of the TIPS is to build a platform for communication between large, small and medium-sized enterprises in India and the EU for integrating resources and technical know-how. TIPS also promotes entrepreneurship, enhance mutual understanding and economic integration, and provide comprehensive services for international operations to the Indian and European enterprises. The Summit will make comprehensive overview on the strategic fundamentals of India-EU bilateral relationship in content and context and will suggest ways to give it a strategic dimension through a full spectrum of industry leaders, policy makers, senior executives in the corporate sector and representatives of the European Commission and trade bodies. In this sense the TIPS 2015, a unique business and leadership platform, will bring together more than 175 business leaders, thought leaders, policy makers, regulators, representatives of the European Commission and trade and business bodies and government representatives from Europe and India with an eye to create an innovative way to strengthen the existing trade and economic partnership between European Union and India.

The Working Paper for the Summit can be accessed through the link: which details the issues the Conference will deliberate.
http://www.eicc.be/Events/UpComingEvents/TIPS2015/Working%20Paper%20TIPS%202015.pdf

The TIPS 2015 takes place in an unpredictable economic and social environment in Europe. Europe is in the throes of a crisis of identity - perhaps the most profound since the creation of the European Union - and one that springs from deep economic distress in many of its member states and political division both within and without. The Summit also takes place in the shadow of the skewed pattern of global growth, its implications for bilateral relationships, and to understand the need for greater emphasis that EU and India are required to put on bilateral relationships. While India is taking measures to reset its economic and social priorities, the European Union is confronted with huge challenges. The Eurozone crisis is affecting the economic and political stability of several some Member States. the short term the European Union seems to have rescued its single currency, but it has not yet put an end to the crisis. The current economic, political, constitutional, social, and cultural interpretations of the European crisis is unsettling the law makers and is affecting trade with many countries including India. Although Europe's economic and political substance is still strong, Euro zone debt problem is likely to remain a concern in the near future.

Participation in the Summit is by invitation and those who are interested are requested to contact the EICC Secretary General on mail ID: info@eiccglobal.eu; Sunil.prasad@coditel.net;

TIPS 2015 Pre-Summit business event in Barcelona on 18 September

TIPS 2015 Pre-Summit seminar on the topic "**Building Business Bridges with India's New Context**" will be held in Barcelona on 18 September. The objective of the Seminar is to promote Spain-India trade and economic relations with selected business leaders and representatives of the business interest groups in Spain. The event would discuss the current state of Spain-India relations and how Indian and Spanish businesses can work together in the context of new economic and business policies in India.

This seminar is being organised by the AIA Group which is corporate member of the Chamber and our Board members in Spain together with EICC Residence Director in the country. The venue is: Casa Asia Sant Antoni Maria Claret, 167 Pabellón de Sant Manuel, Recinte Modernista de Sant Pau 08025 Barcelona. The seminar will bring together leading business leaders along with representatives of trade bodies and companies in Span. For further information about the Pre-Summit meeting, please contact: Ms. Regina Llopis, CEO AIA, ELEQUANT,GRIDQUANT España on mail ID: llopisr@aia.es or Gour Saraff on mail ID: gsaraff@hotmail.com

Digital India: CEOs commit to invest Rs 4.5 trillion

Top CEOs from India and abroad on 1 July committed to invest Rs 4.5 lakh crore for the Modi government's ambitious 'Digital India' campaign to provide telephony and fast internet for all, with more than half of the promised investments announced by Mukesh Ambani alone.

The Reliance Industries Chairman was joined by top industry leaders like Sunil Bharti Mittal (Rs one lakh crore), Kumar Mangalam Birla (US $9 billion or about Rs 54,000 crore), and Anil Agarwal (Rs 40,000 crore) with large investment announcements.

His younger brother Anil Ambani, Chairman of Reliance Group, also announced an investment of Rs 10,000 crore to expand businesses across digital, cloud and telecom space.

The launch ceremony of Digital India week by Prime Minister Narendra Modi, at the packed Indira Gandhi Indoor Stadium, was attended by who's who of India Inc, as also top executives of a number of foreign companies, who committed huge investments in creation of infrastructure and setting up of manufacturing units. The investments announced will lead to creation of 18 lakh jobs, IT and Telecom Minister Ravi Shankar Prasad said at the event.

Reliance Industries Chairman Mukesh Ambani pledged an investment of over Rs 2,50,000 crore in rollout of wireless broadband infrastructure and manufcture of mobile handsets. The company is working with leading device manufacturers encouraging them to Make in India smartphones and internet devices at an affordable price, he said.

Bharti group chief Sunil Mittal said his group will invest more than Rs 1 lakh crore in the next five years in networks and deeper infrastructure for taking 4G connectivity to the masses, e-health and taking e-education in every village. The company will also collaborate with various manufacturers around the world to start manufacturing in the country to provide electronic products at the most affordable and reduce the burden of electronics import in this country.

Aditya Birla group, which owns the country's third largest mobile operator Idea Cellular, will invest US $7 billion over the next five years in network rollout, broadband and wi-fi deployment, its Chairman Kumar Mangalam Birla said. Besides, he also announced a US $2 billion investment over the next five years specifically for Digital India plans.

"Our investments in the telecom industry have been in excess of US $15 billion wherein we have laid 1 lakh kms of fibre...to further improve this digital infrastructure, we plan to invest an additional US $7 billion over the next five years in areas such as network rollout, broadband and Wi-Fi deployment," Birla said.

Digital India Week is part of a campaign to universalise phone connectivity and provide fast Internet connections for all to create an IT-enabled society.

The tech push, under which the government on its own is investing Rs 113,000 crore, aims to provide electronic governance, bridge digital divide and bring in large investments in technology manufacturing.

It aims to stop net imports of technology and electronics by 2020, while creating over 100 million jobs.

Billionaire Anil Agarwal-led Sterlite Technologies will set up a LCD panel manufacturing plant in the country with an investment of Rs 40,000 crore, which will generate about 50,000 jobs.

Besides, the firm, which makes optical fibres used in high speed Internet services, is also working on a project to connect defence establishments through optical fibres in Jammu & Kashmir (J&K).

"Sterlite Technologies under the Digital India theme will also set up a LCD manufacturing plant in the country with an investment of Rs 40,000 crore which will generate about 50,000 jobs," Agarwal said.

Besides, Japanese firm Nidec Corporation announced to invest US $1 billion in India and employee 25,000 people over next 10 years.

Taiwan-based Delta Electronics, which deals in energy products, announced to invest US $500 million over next 10 years with the hope that this investment will create 20,000 new jobs in the country.

Tata Sons Chairman Cyrus P Mistry announced to hire 60,000 people this year at the group's IT arm Tata Consultancy Services.

Home grown mobile company Lava International Chairman and MD Hari Om Rai said that it will provide employment to 1 lakh people but did not disclose specific details.

Digital India initiative of Prime Minister Modi aims to establish 4 lakhs internethubs in 2.5 lakh villages in next four years. By 2020 government aimes that India does not require to import any IT realated good. This mega initaive further aims to connect 2.4 lakh schools and all universities with internet and also aims to create 1.7 crore direct and 8 crore of indirect jobs in coming years.

Government aims high, wants to be among top 30 countries in ease of doing business index

India has set itself the ambitious task of climbing into the top 30 of the World Bank's ease of doing business rankings in three years and is confident of breaking into the top 100 in this year's list, which is to be released soon.

The Department of Industrial Policy & Promotion has sought help from the World Bank to achieve this target and recently held a meeting to discuss this.

"We have started preparing the road map to push India further up the rankings next year," a senior government official said. "The session was conducted to identify what India needs to do more and with timelines after interaction with the stakeholders. The target is to break into the top 30 in the next three years."

India was ranked 142nd out of 189 countries - below Sri Lanka and Pakistan- in the World Bank's ease of doing business rankings benchmarked to June 2014. The list is based on 10 parameters such as starting a business, dealing with construction permits, getting electricity, paying taxes, enforcing contracts and resolving insolvency.

An eight-member World Bank team that met central and state government officials signaled that enforcing contracts is a key area of concern for India. Onno Ruhl, the World Bank's country director for India, also participated in the session, which deliberated issues such as making it easier to start a business, getting construction permits and enforcing contracts.

The government and World Bank took stock of progress on reforms related to construction permits in Mumbai and New Delhi, getting an electricity connection and doing business. The government looked at global best practices in key areas that could be adopted in India.

"The challenges are on two issues essentially — one is enforcement of contracts, where the judiciary needs to take action, and the other is the insolvency law, which the TK Viswanathan committee is working on," the official said. "A lot of work has already been done on cutting paperwork and procedures." In enforcement of contracts, the World Bank follows the evolution of a sale of a goods dispute, tracking the time, cost and number of procedures involved from the moment the plaintiff files a lawsuit until actual payment. India requires 1,420 days and 46 procedures in enforcement of contracts and is ranked 186 on this count.

On the overall ranking in the current year, the official said, "We expect India to emerge as the biggest reformer with a substantial improvement in our rankings. We have done what best was possible in the last eight months. In fact, the work has already started for next year."

India is ranked 137 in resolving insolvencies. Last year, the government set up a committee on bankruptcy law reform chaired by former law secretary TK Viswanathan, which released its interim report earlier this year. The interim report will form the basis for a new law on bankruptcy and look at corporate insolvency in the country.

Foreign direct investment inflows into India more than doubled to $3.6 billion in April from $1.7 billion a year earlier and increased 71% from the previous month.

Among steps taken to improve ease of doing business in the country are the withdrawal of the requirement of minimum paid-up capital and common seal for companies, allowing single-step incorporation of companies and integration of 14 government services on an online single-window portal. Cross-border trade has been made easier by cutting the number of forms for export and import to three from seven and nine, respectively. The DIPP will come out with its own ease of doing business rankings for the states by August 15. It will assess states on seven parameters, including setting up of a business, allotment of land and obtaining construction permit, complying with labour regulations and environment procedures and obtaining infrastructure-related utilities.

India Sees Stable Growth Momentum, China Slowdown Likely: OECD

India is seeing "stable growth momentum" even as economic activities are expected to slow down in China, the US and many other major economies, according to the Organisation for Economic Cooperation and Development (OECD).

The readings are based on composite leading indicators (CLIs) that are designed to anticipate turning points in economic activity relative to trend.

Paris-based think tank OECD has said the indicators continue to point to firming growth in the euro area, including France and Italy, and to stable growth momentum in Germany, Japan and India.

India's CLI stood at 99.5 in May and the grouping's latest report is based on readings for that month.

In June, OECD - a grouping of 34 countries - had pegged India's growth to remain "strong and stable" at 7.3 per cent in 2015 on the back of revival in investments.

India has surpassed China to become the world's fastest growing economy by clocking 7.5 per cent growth for the three months ended March. In 2014-15, the economy had expanded 7.3 per cent.

Earlier this month, Finance Minister Arun Jaitley said the country is no longer satisfied being in the 6 to 8 per cent growth.

"It wants to transcend to another level and aim for 8 to 10 per cent growth... We wish to grow faster because we have a huge challenge of eradicating poverty ahead of us," he had said.

Meanwhile, OECD in its statement said that CLIs point to easing growth in the US, Canada, China as well as the UK, albeit from relatively high levels.

Going by the indicators, Russia is showing tentative signs of a positive change in growth momentum whereas in Brazil a loss in momentum is expected.

Listing cost for SMEs among lowest in India, report says

Listing expenses for small and medium enterprises in India is among the lowest worldwide and the country has seen “significant” changes with respect to such entities tapping the capital market, according to IOSCO. The report from the global groupings of securities regulators also comes at a time when many small and medium sized enterprises (SMEs) are looking to get listed in India.

In its detailed report on ‘SME Financing through Capital Markets’, IOSCO said these entities continue to face impediments in many jurisdictions. “The jurisdiction that has had significant changes is India, as the number of companies in the SME market jumped from eight in 2012 (from June) to 109 in 2014 (till June) and market capitalisation in the same period, increased from USD 41 million to USD 2,078 million in 2014,” the International Organisation of Securities Commissions (IOSCO) said.

The grouping’s members, that includes India’s Securities and Exchange Board of India (Sebi), together regulate over 95 per cent of the world’s securities markets in more than 115 jurisdictions. With regard to India, the report said listing cost for SMEs is as low as 0.49 per cent of the total offered amount. “The overall cost as a percentage of the offered amount differs widely. It is up to 20-30 per cent in Singapore and as low as 0.49 per cent in India.”

Some other examples are 12-15 per cent in Canada (Ontario), 5-10 per cent in Dubai, 10 per cent in Greece, 4.2 per cent in Korea, 1.8 per cent in Macedonia, 8-20 percent in Malaysia, 10 per cent in Morocco, 6-7 per cent in New Zealand, 16.6 per cent in Spain and 11 per cent in UK, it said.

IOSCO noted that impediments such as fear of losing ownership and relatively high regulatory costs discourage SMEs from raising funds from capital markets. To address the issues, most jurisdictions surveyed have been reviewing their respective regulatory frameworks and taking specific initiatives to facilitate SME access to capital markets, IOSCO said in the report released recently.

According to PTI, the findings are based on a survey of member jurisdictions, including India. Going by the survey, bank loans are the primary source of financing for publicly as well as privately held SMEs in most jurisdictions, followed by equity finance, venture capital and other related governmental and international funds.

“Capital markets also offered other funding alternatives, including equity financing via listing on alternative exchange boards, issuance of debt securities, crowd funding, Sukuk funds, securitisation and government initiatives that encourage private investment,” it added.

Indian stock exchanges – BSE and NSE – have separate SME trading platforms, both of which were launched in 2012. Currently, about 94 SMEs are trading on the BSE platform and at least six more entities have lined up to get listed there.

M&A activities up by 11.4% in H1 of 2015 to $19.2 bn

During the first half of 2015, M&A activities rose by 11.4% to 178 deals valued at $19.2 billion, as against 56 announcements worth of $17.2 billion in the same period last year.

This is also the highest half-year deal volume on Mergermarket record (since 2001), according to Mergermarket Regional Trend Report.

"Foreign players, further attracted by the newly elected government's tax exemption, continued to increase their presence in India. Inbound activity increased by 39.5% to $9 billion from the prior half-year period," said in the report.

Technology sector was the most targeted sector in H1 2015 by deal count, with 20 announcements amounting to $883 million.

India's e-commerce packaging demand is rising by almost 200% each year, where local companies are excessively seeking investment for such expansion. Therefore, the inflow of foreign investment can be expected to ride on an encouraging growth trajectory.

Outbound M&A rose by 38%, with Indian companies spending $925 million abroad since the beginning of 2015 as compared to $650m in H1 2014. US was ranked first as an investment destination, accounting for 13.4% of all India's overseas expenditure with nine deals out of the total 27 outbound deals announced during this first half-year period.

Consumer firms continue to attract a high level of activity with the 16 deals reaching the highest number of M&A transactions on in the sector on Mergermarket record. The total $4.6 billion worth of Consumer deals was boosted by one of the year's flagship domestic transactions, Pantaloons

Fashion & Retail's takeover of Madura Garments Lifestyle Retail Company for a $1.2bn.

Another landmark deal was the Indian natural resource company Vedanta's acquisition of a 40.1% stake in Cairn India for a $2.2 billion, leading to the Energy, Mining, & Utilities sector to become the second most active sector, where 21 deals were valued at $3.1 billion.

Private equity buyout activity has posted more than $1 billion worth of deals for the last five quarters, resulting in H1 2015 seeing a 63.4% increase by value to $3.2bn from H1 2014.

Technology continued to be the most targets for buyouts with 16 deals valued at $1.1 billion, followed by Pharma, Medical & and Consumer deals.

The emerging Pharma, Medical & Biotech sector was comprised of several high profile secondary buyouts, including TPG Growth increasing its stake in Sutures India for $50 million, and Capital International buying out ChrysCapital's stake in Mankind Pharma for $200 million in May.

India's exit activity has already seen 26 deals, only one more is needed to make it the highest annual total on record, while the value has also exceeded every other total since 2008 at $2.7 billion.

Auto industry to employ 15 million people by 2022: NSDC

Around 15 million people are expected to be employed in the automobile industry directly by 2022, according to a report by National Skill Development Corporation (NSDC). Currently, about 19.1 million people are employed in the automobile sector directly or indirectly. This includes manufacturing in OEM, auto components, raw material factories, automobile dealers, service centres, and other enabler sectors. The report stated that key growth drivers are going to be India and other BRIC nations for the global automotive industry. Factors like availability of cheap labour and favourable investing environment is prodding more companies to look at India as a manufacturing base and shifting their operations from Europe to India, and other south-east Asian countries, the report said.

Industry growth, changing technology, growing economy, larger income at disposal and dwindling first hand life-cycle of cars have triggered requirements for fresh skilling and up-skilling in the sector, the report stated.

Out of 7.6 million employed in manufacturing, 72% of the employees are working in component sub-sector.

Among auto component manufacturing companies, a majority of the workforce is employed in tier-III cities.

Presently, more than 70% of the auto component companies are SMEs. Further, the automotive sector has 56% of workforce which is second highest after telecom sector.

Dilip Chenoy, managing director & CEO, National Skill Development Corporation (NSDC), said that the automobile industry accounts for 22-25% of the country's manufacturing gross domestic product.

FDI in the sector is allowed to 100% under the automatic route. Therefore, an addition of one manpower at the OEM would lead to generating eight jobs at the vendor's end.

"So much is happening in the sector due to a push by the government initiatives. To meet the incremental human resource requirement in the sector the entire ecosystem has been scaling up its training initiatives in this sector and aligning themselves to industry recognised national occupational standards," said Chenoy.

"There is an urgent need to update the courses with the change in technology implemented at the plants. We need to emphasise on the promotion of small and medium scale enterprise as they have an immense potential of providing jobs at the entry level," he added.

Bar Council of India not adverse to India opening legal sector

Bar Council of India (BCI) and Society of Indian Law Firms (SILF) have agreed "in principle" with the government's proposal to gradually open up the legal sector to foreign players but insist that this should be on a reciprocal basis.

The view among top lawyers and lawyers' bodies is that in the era of global integration, legal services should not remain closed for foreign lawyers. The government has begun consultations on a gradual opening up of the legal services sector to foreign players with the safeguard that litigation services will remain the exclusive domain of Indian lawyers. Opening up legal services to foreign competition has been a major area of concern for Indian lawyers with BCI consistently opposing the entry of foreign lawyers into litigation."We are ready for it but foreign countries should also allow us to practice there," ex-chairman and present member of BCI Biri Singh Sinsinwar told TOI, signaling a softening in stand.

Associate Managing Trustee of BCI Rajinder Singh Rana said consultations are on with the government to frame a policy. SILF president Lalit Bhasin also supported the government proposal but suggested that it should be done in a phased manner.

Senior advocates and known constitutional experts Rajeev Dhavan, P P Rao and C A Sunderam welcomed the Centre's initiative towards opening up of legal sector saying it is in national interest and would bring more competition and professionalism.

PP Rao, however, cautioned that it would expose Indian Bar's vulnerability as bulk of them is not well trained. "There is nothing wrong in allowing foreign lawyers and law firms to come to India and provide their services. But interest of Indian Bars has to be safeguarded. Indian lawyers are not as well equipped as lawyers from US and UK," he said.

With India evolving as a hot destination for multinational companies for making investment and the increasing corporate disputes, the foreign law firms are eyeing to enter the legal market. Some of the firms have approached the Supreme Court seeking its direction to the government to allow them to operate in the country. The SC agreed to hear their plea and sought response from BCI and the Centre for doing away with restrictions on their entry.

India set to become world's most populous country by 2022 - U.N.

India is set to overtake China and become the world's most populous country in less than a decade - six years sooner than previously forecast, the United Nations said.

Fast-growing Nigeria is on course to outstrip the United States by about 2050 to become the country with the third largest population, the United Nations predicted.

The current global population of 7.3 billion is forecast to reach 9.7 billion in 2050 and 11.2 billion in 2100, slightly above the last set of U.N. projections.

Most growth will happen in developing regions, particularly Africa, according to the report World Population Prospects.

The demographic forecasts are crucial for designing and implementing the new global development goals being launched later this year to replace the Millennium Development Goals.

John Wilmoth, head of the U.N. population division, said the concentration of growth in the poorest countries would make it harder to eradicate poverty, combat hunger and expand schooling and health systems.

The world's two largest nations, China and India, have well over 1 billion people each and are likely to switch places by 2022 - six years earlier than previously forecast.

Experts predict Africa will account for more than half the world's population growth in the next 35 years.

Ten African countries - Angola, Burundi, Democratic Republic of Congo, Malawi, Mali, Niger, Somalia, Uganda, Tanzania and Zambia - are projected to increase their populations five-fold or more by 2100.

Future population growth is highly dependent on the path of future fertility, as relatively small changes in fertility can, projected over decades, generate large differences in total population, the report said.

In recent years, fertility has declined in almost all parts of the world, while life expectancy has increased significantly in the poorest countries, rising from 56 to 62 since the beginning of the century.

Declining fertility and rising life expectancy mean the world is getting greyer, and most regions will have an aging population, starting with Europe where one third of the population is projected to be over 60 by 2050, the report said.

Globally, the number of people aged 80 or over - currently 125 million - is projected to more than triple by 2050 and to increase more than seven times by 2100.

But populations in many regions are still young. In Africa, children under 15 account for two fifths of the population.

"The large number of young people (in Africa) who will reach adulthood in the coming years and have children of their own, ensures that the region will play a central role in shaping the size and distribution of the world's population over the coming decades," the report said.

India Inc invests $ 15 billion in US, creates 91,000 jobs

One Senator (John Cornyn) boasted of his state, Texas, being the top recipient of Indian investment; "As you might have heard, we like being Number One," he preened. "We are coming after you, Texas!" called out California Congressman (Ami Bera), surprised that his state did not make the Top Five foreign investment destinations for Indian companies, although it ranked second in job creation by India Inc. A Wyoming Congresswoman admitted her state was not exactly teeming with Indian investment, but it still held enough attraction — and raw materials — to draw a Tata chemicals plant to the state.

For more than an hour in a Capitol Hill meeting room, a score of U.S lawmakers thanked Indian companies and invited India Inc to do more at an event where the Confederation of Indian Industry (CII) and the auditing firm Grant Thornton (GT) released a report showing India-based companies invested $15 billion and created 91,000 jobs across the United States. In what is becoming an annual exercise, the report "Indian Roots, American Soil," is aimed at countering the perception that India Inc is an outsourcing menace that only bleeds American jobs.

To the contrary, the total value of tangible investments made by 100 India-based companies that responded to a survey exceeds $15.3 billion, the report said, calculating that average amount of investment received from Indian companies per state at $443 million. The top five states in which Indian companies have contributed the highest foreign direct investment were identified as: Texas ($3.84 billion), Pennsylvania ($3.56 billion), Minnesota ($1.8 billion), New York ($1.01 billion) and New Jersey ($1 billion). And the top five states in which Indian companies have generated maximum employment: New Jersey (9.278 jobs), California (8.937 jobs), Texas (6,230 jobs), Illinois (4,779 jobs) and New York (4,134 jobs).

Small wonder lawmakers from Texas were chuffed, teasing their counterparts from other states that there was more coming. But even within Texas, lawmakers from Houston twitted lawmakers from Dallas and vice-versa (including boasting about the best Indian food) in a lighthearted display of one-upmanship that showed that when it comes to attracting investments and jobs, U.S lawmakers will go to any extent, even lobbying for local restaurants.

All this is good news for India Inc., which has periodically been under the cosh for sponging American jobs, although some critics say it speaks poorly for New Delhi that its industry leaders find the business environment in India so lousy that they would much rather invest in America. According to the CII-GT report, 84.5% of companies surveyed plan to make more investments in the United States, and 90% of the companies plan to hire more employees locally in the next five years.

If that happens, future reports might show U.S lawmakers breaking out into bhangra.

India, US sign FATCA; pact to help detect and discourage offshore tax evasion

India and the United States have inked an accord that will help detect and discourage offshore tax evasion and shield Indian financial entities such as banks, insurance companies, custodians and broking houses from facing penal taxes in the US for failing to disclose the dealings of American citizens and US entities.
The Foreign Account Tax Compliance Act or FATCA was signed Sundayby Revenue Secretary Shaktikanta Das and US Ambassador Richard Verma.

"FATCA is a mutual effort to combat tax evasion and it would be mutually beneficial for both the countries... FATCA would detect, discourage offshore tax evasion. This kind of exchange of information is top priority for governments," Verma said.

India has opted to sign inter-governmental agreement with the US under FATCA, which will save financial institutions the bother of inking the agreement individually with the US. Talking to the media after signing the agreement, Das said, "We reassured the US government of the binding commitment to...fight the menace of evasion and bring transparency in the matters of payment of taxes which are legitimately due to the government."

FATCA was enacted by the US in 2010 as part of the Hiring Incentives to Restore Employment (HIRE) Act to combat tax evasion by US nationals holding investments in offshore accounts. The law seeks to facilitate flow of financial information between countries.

Under the inter-governmental agreement, Indian financial institutions will have to reveal information about US tax payers to the revenue department which will be passed on to the US tax authorities. The law also requires foreign financial institutions to report directly to the US Internal Revenue Service details of accounts held by US taxpayers or foreign entities in which US taxpayers hold a substantial ownership interest. Any entity failing to register will face a higher withholding tax rate of 30% on payments from all US firms that they deal with. But Indian financial entities will not face this trouble as the government will directly share information with the US authorities.

The US revenue authorities will in turn provide similar information about Indian account holders in the United States. This automatic exchange of information is scheduled to begin on September 30.

"The signing of IGA is a reaffirmation of the shared commitment of India and USA towards tax transparency and the fight against offshore tax evasion and avoidance...The agreement underscores growing international cooperation to end tax evasion everywhere," a finance ministry statement said.

The US has IGAs with more than 110 jurisdictions and is engaged in related discussions with many other jurisdictions.

FATCA further lends a hand in India's fight against black money. The country has stepped up efforts to tackle the menace by putting in place a new law. It has already inked a multilateral agreement on automatic information exchange and will start receiving information from 2017 onwards.

Experts said the industry needs to improve its infrastructure. "It is imperative that the industry stakeholders ready themselves for implementing the required infrastructure and processes, which is required to meet the exacting requirements of these regulations," said Himanish Chaudhuri, partner-governance, risk and compliance at KPMG in India. He said while it is expected that there will be operational challenges in the near term, there are definite long term benefits from this system of automatic and periodic exchange of taxpayer information.
