

Mr. Amitabh Kant
Secretary,
DIPP, Ministry of Commerce and Industry,
Government of India

10th June, 2014

Dear Sir,

Suggestions for the Government of India by JCCII 2014

The 'Strategic and Global Partnership' between Japan and India have attained ever greater heights during the last year in every aspect be it economic or cultural or social issues. We are indeed pleased with the progress achieved in liberalisation and globalization, which are essential for the congruent growth of our two nations, and for the world as a whole.

Historically, Japan and India have shared common societal values, ethics, professionalism and ethos. The standards set by both of us need to be sustained to deepen our collaboration and rapport.

There is no question that reinvigorating the economy is the first and foremost agenda of the new government. The entire world is eagerly waiting the revival of the Indian economy. It is in this context that we, JCCII, are anticipating at the earliest a strong and clear commitment to, and implementation of, reforms and economic revitalization measures.

It is indeed a positive indication that Foreign Direct Investment (FDI) in India has increased significantly. Consequently, the number of Japanese companies operating in India stands at 1072, as of October 2013, which is an increase of 146 from the previous year. Furthermore, all Japanese corporate entities, including branch offices, have grown manifold to 2542, which is quite remarkable.

We from JCCII, therefore, gratefully applaud the efforts of the Government of India, for the noteworthy steps taken to enhance the business environment in India. We appreciate that last year, initiatives have been taken by the Government of India in certain cases.

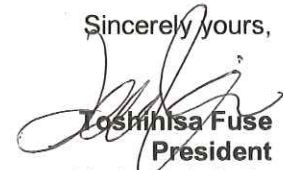
Despite the aforesaid optimistic features, there are certain issues we wish to highlight for your kind consideration to facilitate our operations in India, which are detailed below. The concerns primarily include the tax system, the banking sector, logistics and distribution segment, visa and the pivotal infrastructure sector.

Hence we seek your urgent intervention to resolve the issues, which are important factors for Japanese corporate entities. The mitigation of these issues will positively remove the roadblocks of investment and business expansion in India.

We are indeed privileged to have the opportunity to interact with top level Indian government officials, including your good self and the topmost level of the PMO and DEA, among others.

We request you to kindly examine our suggestions and work together with us to enhance the existing business environment, which would among other things, increase local employment opportunities and advance our bilateral relationship.

Sincerely yours,



Yoshinisa Fuse
President

Japan Chamber of Commerce and Industry in India

Japan Chamber of Commerce and Industry in India (JCCII)

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Suggestions for the Government of India by JCCII 2014

1. TAX SYSTEM

1-1	Provisions for “roll back” and “firewall” should be introduced to the current Advance Pricing Agreement Scheme.
1-2	Indian subsidiaries of “Sogo Shosha” should be recognized as service providers, not traders in the Transfer Price Taxation.
1-3	The Indian Tax Department should avoid unreasonable Permanent Establishment (PE) requisition and PE taxation against the parent company and the overseas group companies.
1-4	Goods and Services Tax (GST) should be introduced at the earliest.
1-5	Minimum Alternative Tax applied to the Special Economic Zone should be limited as to companies’ condition.
1-6	Refund of Special Additional Duty (SAD) should be executed promptly. SAD should be abolished at the earliest.
1-7	Basic Custom Duty on Inverter component parts should be eliminated and treated as same as finished products of Inverter.
1-8	Maximum Retail Price stickers should be pasted at Domestic Tariff Area warehouses after import custom formality.
1-9	Import duty for Digital Cameras should be maintained at the existing rate of 0%.

2. BANKING SECTOR

2-1	Condition of External Commercial Borrowing (ECB) should be relaxed (financing working capital less than 7 years should be allowed and the process of automatic route should be relaxed, etc). ECB availed by a subsidiary in India from its parent company in abroad can be on-lent to the sub-subsidiary in India.
2-2	Foreign banks should be allowed to open branch offices in the metropolitan area more liberally and promptly.
2-3	Liquidity Coverage Ratio (LCR) requirement under Basel III should not be applied to a branch of foreign bank in India, but to the headquarter of foreign bank.

3. INSURANCE SECTOR

3-1	Foreign direct investment limit in the Indian insurance industry should be relaxed to 49% from 26% currently.
3-2	Obligatory cession to General Insurance Corporation of India (GIC Re) should be phased out. In the meantime, ceding commission on obligatory cession with GIC Re should be enhanced

4. LOGISTICS AND DISTRIBUTION

4.1	<p>Electronic Data Interface at customs named “ICE-Gate System” should be integrated with other related systems to establish a high value-added Single Window System.</p> <p>The customs office should be open for 24 hours/7 days a week at major airports for import of commercial and industrial cargos.</p> <p>"Advance Ruling scheme" should be established.</p>
4.2	<p>The technical term in Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET) list should be clarified, because the criteria used are unclear.</p>
4.3	<p>The process of issuance of Special Valuation Branch (SVB) Order should be streamlined and appropriate time frame for application disposal should be prescribed.</p> <p>In order to address this issue, SVB is requested to assign officers with the full time charge for faster disposal of SVB applications.</p>

5. STEEL PRODUCTS

5-1	<p>Exemptions of mandatory certification for specific steel products should be considered which has no impact of damaging Indian consumer’s interest.</p> <p>Work load of obtaining IS certification should be reduced.</p> <p>Clear notification should be made to customs authority regarding the information of mandatory certification, and nodal point for consultation should be designated.</p>
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6. HEALTHCARE

6-1	<p>Registration Process for Medical Devices Approved by Japanese Ministry of Health, Labor and Welfare (MHLW) should be simplified.</p>
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7. JAPANESE LAWYERS

7-1	<p>Japanese lawyers should be admitted to conduct activities in India: to provide legal services regarding Japanese laws, etc.</p> <p>Opportunities should be created for the Japan Federation of Bar Association to explain to the Bar Council of India (BCI).</p>
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8. INTELLECTUAL PROPERTY RIGHTS

8-1	<p>Accelerated examination system for patent applications should be introduced.</p> <p>A statutory law that prevents activities such as dead copies of the forms of other’s products as unfair competition should be established.</p>
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8-2	<p>The scope of the Foreign Filing License (FFL) should be relaxed</p> <p>Submission of information and undertaking regarding foreign applications should be abolished.</p> <p>The submission of the statement regarding the working of the patented invention should be abolished or relaxed</p>
8-3	<p>Patent application should be published within the statutory period as set out in the Patent Act, 1970.</p> <p>Intellectual Property information disclosed from Controller General of Patents Designs and Trademarks should be accurate enough for search.</p> <p>Procedures of opposition to registration of trademark should be done in a timely manner.</p>

9. VISA / RESIDENTIAL PERMIT

9-1	Business Visa and Employment Visa issuance procedures should be improved.
9-2	<p>The validity of Residential Permit should be prolonged.</p> <p>On-Line application of Residential Permit should be introduced at the earliest.</p>

10. PROCEDURE

10-1	Indian Union Government & State Government should promote advance of Japanese Small & Medium industries into Indian Market.
10-2	Simple Merger Procedure which will not require the approval of High Court should be introduced instead of the existing scheme, Scheme of Arrangement.

11. INFRASTRUCTURE

11-0	Essential infrastructure such as logistics/electricity/industrial park, in particular, in Chennai, Bangalore, Kolkata and Haryana should be completed or resolved at the earliest. In order to expedite the development of such infrastructure, Central Government should strengthen relations with State Governments.
11-1	Development of the Ring Roads toward implementation of Chennai Bangalore Industrial Corridor (CBIC) should be of high priority and completed at the earliest.
11-2	Constructions of the Roads and Bridges in Chennai City should be completed at the earliest.
11-3	Connectivity in and around Bangalore should be improved and construction of the Roads therein should be completed at the earliest.
11-4	Operation in Chennai port should be assessed by the experts and countermeasures should be implemented.
11-5	<p>Car parking yard in Kamarajar port (Ex. Ennore Port) should be expanded.</p> <p>The facilities for the Over Dimension Cargo at Ennore Port should be installed.</p> <p>Counter-swelling measure should be studied and implemented.</p>

11-6	Road construction of NH8 (especially, Gurgaon - Manesar - Bawal - Neemrana) shall be further promoted at the earliest.
11-7	An arterial direct road between Haryana and UP state by-passing Delhi should be constructed at the earliest. The improvement of the section between Sohna and Jewar of Delhi Eastern Peripheral Expressway in particular should be considered as a matter of priority.
11-8	Short and medium term measures may be adopted to solve decreasing "Draft" problem at Haldia Dock Complex (HDC).
11-9	Improvement of NH6 for a stretch of 300 km from Bahargora in Jharkhand to Sambalpur in Odisha should be taken up at the earliest.
11-10	The proposed construction of power plant such as the Ultra Mega Power Projects should be implemented in a timely manner and facilitated. Efficiency in the operation of the State Electricity Board or State Electricity Corporation should be improved.
11-11	Industrial parks should contain various features/functions comparable to international practices.
11-12	India Government and the Tamil Nadu state government should jointly promote the industrial park projects.