



Gateway

Volume 1 Issue 3 August-September 2015



Dear Friends,

I have great pleasure in meeting you once again through the columns of *Gateway*. With the festive season upon us, let me start by wishing you all the very best of success and happiness in the months ahead.

I am extremely happy that an important economic event took place in Chennai – the Tamil Nadu Global Investors Meet on September 9-10, 2015. As many as nine countries have partnered the event with the Tamil Nadu Government and the State has received MoUs worth Rs. 2,42,160 crore in the maiden Global Investors Meet. My sincere appreciation and congratulations to the Hon'ble Chief Minister of Tamil Nadu and her Government for their bold initiative.

It was also special that the Japan-India Business Cooperation Committee delegation, Tokyo, lead by Mr. Muneo Kurauchi, Chairman, Standing Committee of JIBCC, interacted with IJCCI members on September 9, 2015 amidst their tight schedule. I await the culmination of mutually beneficial and fruitful business relations of our businessmen with overseas businessmen.

I am also happy to share with our friends that IJCCI will soon be inaugurating a Centre for Japanese Studies. As all of us know that the 21st Century is very important in the history of Japan-India relations. Our two countries working together closely on various important matters such as economy, safety, security etc. would bring in prosperity and peace to both the countries. IJCCI Centre for Japanese Studies will be supported by a Brains Trust of academicians, intellectuals, businessmen, senior civil servants and diplomats, from Japan and India. The ultimate objective of IJCCI in establishing this Centre is to explore, educate and exploit the potentials of Japan-India relations in every sphere of activity. IJCCI will bring out a quarterly *White Paper* on Japan-India relations under the auspices of Centre for Japanese Studies.

I assure you friends that IJCCI will put its best foot forward in building symbiotic relations between our two countries.

With warm regards,

N Kumar



Mr. R. Ramakrishna Raja & Mr. T.P. Imbichammad, Directors of IJCCI, with Japanese businessmen at the IJCCI-JIBCC networking meeting on September 9, 2015, when the 14-member delegation visited Chennai for the Tamil Nadu Global Investors Meet.



Tamil Nadu – An Investors' Paradise



The Government of Tamil Nadu held the maiden Global Investors Meet in Chennai on Nov. 9-10, 2015, with the vision of inclusive growth through investment flows, growth in employment, regional development and environmentally sustainable long-term developments in the State.

The ambition and the meticulous planning of the Chief Minister Dr. J. Jayalalithaa and her dynamic team of Ministers and Officers received unprecedented results. The maiden event of the State received support from 9 partner countries – Australia, Canada, France, Italy, Japan, Korea, Russia, Singapore and the United Kingdom. The event witnessed a galaxy of foreign delegates – diplomats and businessmen, besides Indians.

On both days there were country-specific seminars. The dais was shared by foreign diplomats and heads of successful multinational companies. At the country-specific seminars the multinational companies with their roots in Tamil Nadu made presentations about their growth and forging close economic relations between Tamil Nadu and the respective countries.

Senior Officials of the Tamil Nadu Government showcased the business opportunities available for exploitation in the State. Every seminar had an Interaction Session and each of the seminar halls was overflowing

with sector-specific participating companies and interested visitors. There were Indian and international exhibitors' pavilions witnessing a bee of activities.

An exclusive seminar 'Vision 2023 of the Tamil Nadu Government' enabling mega infrastructure projects addressed the challenges to be faced by the State, the strategies to be adopted and the solutions to be arrived at, and was

ing the cumulative investments attracted through all MoUs signed by the Government of Tamil Nadu between 1991 and 2011, said the Chief Minister. She said that the investments will be operationalised under a single window scheme within 30 days of application, with one high-ranking administrative officer assigned to each project, and added that a major part of the investment was planned for the

Global Investors Meet 2015 – An abstract

Department	No of MOUs	Investment	Employment
Industries	50	1,04,286.00	114455
Energy	15	1,07,136.00	15850
MSME*	—	16,532.67	—
IT	17	10,950.00	205500
Textiles	10	1,954.83	65010
Animal Husbandry	4	500.00	500
Agriculture	2	800.00	68750
Total	98	242159.5	470065

* MSME department has signed 10,073 MoUs in 32 districts of the State during the Roadshows conducted.

For further details, please visit: <http://tamilnadugim.com>

Chaired by the State Govt. Senior Officials, with participation of leading multi-sector, multinational companies.

The Chief Minister of Tamil Nadu, Dr. J. Jayalalithaa, was present on both the inaugural and the valedictory functions. The total amount of investment finalised during the two days is Rs. 2,42,160 crore, exceed-

southern districts. The Chief Minister expressed her wish that the State would become the most favoured investment destination in India and amongst the top 3 investment destinations in Asia. She also expressed her desire to conduct the Global Investors Meet every 2 years in Chennai, with the next meet being scheduled in 2017.

Culture



Nara was the ancient and first capital of united Japan. She was established in 710 and remained as the capital till 784, when it moved to Nagaoka and subsequently to Kyoto in 794. Buddhism flourished during the Nara

Nara

the ancient and first capital of united Japan

period and many monasteries were built in Japan. It is said that the capital moved because the monasteries gained such political influence, that it represented a threat to the Emperor and Central Government of Japan.

Nara today has 8 UNESCO world heritage sites and is second only to Kyoto in showcasing the great

Japanese cultural legacy. Reflecting strong early Chinese influences, the temples, administration and architecture in Nara were later on supplanted by increasing Japanese originality and authenticity.

Nara is less commercial than Kyoto as a tourist destination and is home to beautiful parks and monasteries that preserve the legacy of Japan in a time warp. Some Kerala-style temples in Nara are bigger with more grandeur and serene landscapes.

Nara's star attraction is the Todaiji or Great Buddha temple where one is greeted by two fierce guardians, splendidly sculpted in wood, as one enters the gates of the temple. Nara is about one hour away by train from Osaka and Kyoto.



Shinto is the oldest religion of Japan. It not only precedes Buddhism, but also co-exists with Buddhism to this day. The name Shinto comes from the Chinese characters for Shen or Divine Being and Tao or Way, meaning 'Way of the Spirits'. The essence of Shinto is the Japanese devotion to invisible spirits that have powers to intervene to make life better. Shinto believes in rituals to commune with the spirits and to that

extent it bears some resemblance to Hinduism. Shintoism believes that divine spirits are everywhere, but a key aspect of Shintoism is ancestral worship. It is believed that our ancestors are constantly watching over us and their appeasement leads to positive effects. The reigning Shinto spirits are called 'Kami'. Shintoism does not consider these divine spirits as gods and it allows followers to practise multiple religions.

Japan is littered with beautiful Shinto shrines and it is common to see



many Japanese and foreign visitors at the shrines. Shinto does not strive to explain the world, yet it serves as a great spiritual practice and a way of life for the Japanese people.

Source: Adapted from BBC religion.

Japanese Delegation Visit

IJCCI is receiving a 14-member Japanese Business Delegation from UNIDO, Japan, and is organising interaction programmes/B2B meetings/seminar in Chennai on 7th December, 2015.

Sector: Water Supply and Water Management Technologies and Facilities (including wastewater treatment facilities for housing blocks,

factories, industrial parks, infrastructural facilities, etc).

Who can participate: Interested Indian organisations – private sector/public sector companies involved in the said line of activity.

Procedure for participation: Send a detailed write-up of the activity of the participating organisation, with name of participant, address, e-mail id

and telephone numbers to: INDO-JAPAN CHAMBER OF COMMERCE AND INDUSTRY, 21, KB Dasan Road, Teynampet, Chennai 600 018, Tamil Nadu (please refrain from sending details thro' e-mail).

Participation by prior Regn. & Confirmation by IJCCI.

Last date for receiving applications: November 14, 2015.

Goods and Services Tax (GST)

In continuation of our previous article, the Select Committee has submitted its report to Rajya Sabha on July 22, 2015. The Committee endorsed most of the existing clauses in the GST Bill as-is with specific recommendations on amendments required in few instances. Though there are roadblocks, the Government is optimistic that GST will be rolled out by 2016.

The following demands were put forth by the major opposition party:

- The Standard rate of GST (aggregate rate of GST – central GST plus state GST) should be around 18% and not 24%-25%
- The proposed 1% non-creditable GST on goods in the course of interstate trade should be omitted completely.
- Tobacco, electricity and petroleum products should be subsumed in GST.
- Constitution Amendment Bill should provide for mechanism of Dispute Resolution between States.

We have examined below a few of these demands:

Revenue Neutral Rate (RNR)

While the States are concerned about the RNR (Standard rate of GST – aggregate rate of GST – central GST plus state GST) from revenue perspective, it is also a matter of concern for Trade and Industry.

A high RNR would push up the price to the consumer and would affect demand. Besides, high rate would encourage tax evasion and would be detrimental to the interests of the organised compliant entities. RNR higher than 18-20% would be counterproductive.

However, the Select Committee on addressing the above issue, has clearly given a direction to the GST Council to opt for a broad base and moderate tax rate and avoid multiplicity of taxes.

Levy of additional 1% tax on Interstate Supply

The proposal for the levy of 1% non-creditable tax on interstate supply of goods has been the key point of controversy on the grounds of its cascading effect. The idea behind this 1% tax is that it would be retained by the origin State and is ostensibly to compensate the origin State. While there may be a case for the origin State to demand additional compensation (since under the proposed GST the tax credit on interstate supply would accrue to the destination State), the compensation should not be by levy of additional tax. Ideally, the Central Government should compensate from its share of the tax pool. In any case, the Central Government has already agreed to compensate revenue loss to the States (100% in 1st 3 years, 75% in the 4th year and 50% in the 5th year) and the origin States would be compensated. From a business perspective, the 1% levy on interstate supply of goods (including interstate stock transfers) would be an additional cost and cascading, in effect. The 1% levy would be an additional cost on procurement and also on distribution and would have a multiplier effect when the goods move through different States, in the supply chain. However, the recommendations of the Select Committee on the above issue did not suggest a complete omission of this levy, but has partly addressed it by substituting the term “supply” for purposes of additional tax levy in clause 18 of the GST Bill with the term “all forms of supply made for a consideration”, thereby mitigating the additional levy tax on interstate stock transfers.

Will GST be rolled out with few States joining later?

One of the clauses of the Bill (clause 20) not much deliberated in the public

domain is the Transitory Provision which provides that the present levies subsumed in GST would cease to be effective one year from the date the Bill becomes Law.

Implementation of GST without all States joining on Day 1 is impossible and not feasible in the GST framework designed to ensure seamless flow of credit to the destination State.

Some of other key issues are

- Robust IT infrastructure (GST Network) should be in place to ensure proper recording of interstate supply of goods and services so as to ensure seamless flow of credit to the destination State.
- Central and State legislations on GST and relevant rules and procedures are to be drafted and deliberated.
- GST administrations in the Centre and States have to be educated and sensitised on implementation.
- Procedural issues in dual administration by the Central and State administrations are to be streamlined.
- All Stakeholders, down to the consumer, have to be educated.
- Besides, Trade and Industry need time to understand the law, tweak IT infrastructure and supply chain, train staff and educate suppliers and distributors.

While some of the concerns, in the Bill, are real and the Parliament should deliberate and arrive at a practical consensus, it is hoped that the Government would sagaciously handle the political issues and go the extra mile to accommodate the dissidents to ensure smooth implementation of the new tax regime in light of creating a single, cooperative and unified Indian market and making the economy stronger and more powerful.


We look forward to implementation of a practical and industry-friendly GST!

S. Sridharan

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