

INDIA ASKS FOR US INVESTMENTS IN SMART CITIES, INDUSTRIAL HUBS

NEW DELHI: India sought investments in smart cities and industrial corridors in the first video conference meeting on 'investment in manufacturing' on Thursday, just days before American president Barack Obama visits India. India highlighted the ease of doing business measures taken by it in the last seven months, including scrapping a number of licensing requirements besides as liberalisation of foreign direct investment (FDI) norms in defence, railways, construction and medical devices.

India also updated the American side about the committee to fast-track and facilitate US investments into India and the 'Make in India' programme to give a push to 25 manufacturing sectors. Two meetings of that committee have taken place so far, where companies, including Amazon, Cisco, Morgan Stanley, BAE Systems and Ford raised issues related to taxation, connectivity, logistics, etc with the Indian side.

India is of view that US companies should produce at low cost for the Indian market and export at a higher price. "They should relocate their R&D as the future of companies is in India", said a government official.

US has been the sixth largest investor in India for the last 14 years, investing close to \$13 billion since April 2000. IN 2013-14, US companies invested close to \$1.1 billion in India. It is not clear what the US side wanted.

The US companies had been asking for clarity on FDI policy in ecommerce. At present, FDI is allowed only in business to business sale and not business to consumer as sought by Amazon. Amazon has been lobbying for 49% FDI in e-commerce for B2C sale. There has also been concern about law governing Value Added Tax (VAT) to overcome clashes with local tax authorities that has affected its operations in Karnataka.



Local content requirement is also a major source of contention between US and India. US dragged India to dispute at WTO earlier this year over the local content requirement in the first and the second phase of the National Solar Mission, which it has alleged discriminated against the US producers of solar cells and modules. India and US will hold as many as 20 official level face-to-face or video conferencing meetings over the next one year to iron out varied bilateral trade issues.

In the video conference meeting last week on intellectual property rights, US had raised the issue of a specific law on trade secrets protection in India to encourage its companies to invest in R&D in India. India also sought an update on the copyrights issue, where it has shared a list of 400 websites indulging in piracy.

The dialogues are an extension of the trade policy forum (TPF) that took place after a gap of four years in November that saw comprehensive discussions on all aspects of bilateral trade and investment cochaired by commerce and industry minister Nirmala Sitharaman and her US counterpart Michael Froman.