

Modi to Germany Inc: India 'bright spot' for investment

Will not resort to retrospective taxation... not going for imposition of MAT on FPIs: PM

BENGALURU: Positioning India as a "bright spot" for investment in the current global slowdown, Prime Minister Narendra Modi on Tuesday said it makes strong business sense to be in the country, assuring investors of simple and predictable tax regime as well as IPR protection. He also said government hopes to roll out the Goods and Services Tax next year.

"We have introduced the GST Bill in Parliament; we hope to roll it out in 2016," he told top business leaders at the Indo-German Summit here, sharing the dais with visiting German Chancellor Angela Merkel. Highlighting "decisive steps" taken by his government, Modi said it was working on a new bankruptcy code, forming the Company Law Tribunal and is keen to "see that genuine investors and honest tax payers get quick and fair decisions on tax matters".

He said government had taken a number of steps to remove long pending concerns of investors, including expediting regulatory clearances, increasing the validity period of Industrial Licences across the board and delicensing a number of defence items.

"We have clearly articulated that we will not resort to retrospective taxation and reinforced this position by not going for imposition of Minimum Alternate Tax on FPIs," he said, projecting resolution of an issue that was of major concern for investors. "Thus, just in 15 months, we have successfully restored the credibility of India



in the eyes of global players," he told the business leaders -- the who's who of the India Inc, particularly the IT sector, as also the German industry.

On Intellectual Property Rights, Modi said India is committed to protecting IPR of all innovators as well as entrepreneurs, and a comprehensive National IPR policy is being finalised that would be progressive and forward looking.

"I can say that never before India was so well prepared to absorb talent, technology and investment from outside." Stressing that the necessary conditions to propel the Indian economy to a high growth trajectory do exist today, he said it makes strong business sense to be in India. "It makes even better business sense to Make in India." "At a time of global slowdown, India represents a bright spot for investments. We are fortunate to be sailing in the right direction," Modi said, but cautioned that "we cannot afford

to be complacent". As a result of his government's initiatives, Modi said, the sentiments for private investment and inflow of foreign investment have turned positive. The GDP is above 7 per cent and FDI inflows have gone up by 40 per cent compared with the corresponding period of the previous year.

Many international financial institutions including the World Bank, IMF, OECD and others are predicting even faster growth in the coming years, he said, adding that rating agency Moody's has upgraded the outlook of India to positive. On Indo-German economic partnership, Modi said it remained below its full potential. "We are particularly keen to develop the sectors where Germany is strong." Projecting "immense" opportunities for German Companies, he said they range from building 50 million houses to setting up 100 smart cities; modernisation of railway network and stations to

setting up of new railway corridors; generation of 175 GW of renewable energy to construction of transmission and distribution networks, and building National Highways, bridges, and Metro rails.

"Such a huge potential for creation and production will not be available in any one country. More importantly, no one place on the earth can offer the potential for consumption on such a massive scale," Modi said. Seeking to give thrust to tech investment, he said India was on the threshold of a big IT revolution and "we are at the tipping point where technology is going to be leveraged to meet the aspirations of our 1.25 billion citizens".

These initiatives provide additional avenues for investment in modern technology and human resources, he said. "It is the software of India that will move the hardware across the world; It is the talent of India that will master the technology; It is the market of India that will motivate manufacturing," he said.

Five B2B (business-to-business) agreements were exchanged in the presence of Modi and Merkel at the event. In her address, Merkel said "Indian investors are warmly welcome in Germany. I can only encourage you to become even more engaged in Germany." She also pushed for resumption of negotiations on the India-EU free trade pact, stalled over a row over Indian drugs exports, saying it would not only pave the way for German companies to come to India "but the reverse is also true".

International cooperation