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VOLUME 13  
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FEBRUARY - MARCH 2017


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Dr H A C Prasad, Senior Economic Advisor to GOI addressing the Conference. Seen along with him are Mr. K R Sekar, Chairman, Direct Taxes Expert Committee-BCIC, Dr. Parthasarathi Shome, Chairman ITRAF and Mr. Thyagu Valliappa, President-BCIC

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BCIC in the NEWS



Thyagu Valliappa  
President, BCIC

The focus of Union Budget 2017-18 has been "Transform and Energise India" while 'Tax Administration' and 'Ease of Doing Business' also form the core of the 10 themes on which Budget FY 2017-18 is based on. While the implementation of Budget 2017-18 is on course as listed, simultaneously the Union government is inching closer to the implementation of the new Goods and Services Tax regime-the country's most comprehensive and biggest taxation-cum-economic reform since independence.

India's wait for this game-changer 'one-tax regime' is most likely to be over this July as the President of India has given his assent on four GST-supporting legislations earlier passed by Parliament, clearing the decks for the rollout of the historic tax reform.

Since, government froze GST date to July 2017, the talk on GST implementation and integration has taken over the boardroom discussion. The government has reiterated that it is ready to roll out full steam the new law, but is the industry ready to seamlessly integrated into the new law is a question that they are currently grappling, considering

the fact that deciphering rate slabs for the industry is still concern. On the other hand, the government has assured the industry by saying that ripples will be caused by the new law and it will take a while for the ripples to settle as any new law, that too the scale of GST is bound to cause heartburns until the law is understand and implemented by both sides in the indented form and spirit.

Meanwhile, BCIC being one of the foremost proponents of GST, remains committed to smooth roll-out of GST among its membership. To make the process of integration seamless, a series of awareness programmes are being organised for its members and other stakeholders so that companies prepare a clear pathway for its successful implementation. BCIC Taxation Expert Committee over the last two years is constructively providing its inputs and suggestions to the Government besides creating awareness on GST through a range of initiatives.

On the same line of economic growth Karnataka Chief Minister Siddaramaiah presented a "Progressive Budget" for fiscal 2017-18. The budget equally focuses on rural-urban development and tries to address the regional imbalances. Specifically, on the tax side, the State Budget is in the right direction- one of the front runners in implementation of GST.

In line with the direction set in the Union Budget 2017, the State Budget also provides thrust to rural development. Be it education, health, irrigation, family welfare, sports, horticulture, sericulture, water resources, medical etc., every sector has a got a budget allocation, quite of few of them populist though, with an eye on the next year's elections.

The State Government's directional thrust for infrastructure development especially in and around Bangalore which is very essential to safeguard the 'Brand Bengaluru' in the Global community. CM's nod to start the rail link between Silk Board and K R Puram is a great initiative and will mostly ease Bangalore's IT workforce commuting woes. Similarly, the thrust to kick start the second phase of Namma Metro will do a lot of good. Various proposals and allocations to BMTCL, BMRCL, BDA and BBMP are a clear indication of the focus and attention to address the infrastructure needs of Bengaluru. As a direct result, all this will certainly attract fresh investments into the State.

We would have liked to see a greater thrust to promote industrial development in the State. Better clarity on land allotment, uniform property tax system, abolition of Labour License and steps to improve the power and infrastructure in the State would have done a lot of good.

Dear Members, the economic growth buoyance both at India and Karnataka is at the best. It is for the government and industry to work in tandem to reap business opportunities that is waiting to be tapped.

Pre – Budget Discussion on the Union Budget

January 19, 2017



Mr. S S N Moorthy, IRS, Retd. Former Chairman, Central Board of Direct Taxes, delivering the keynote address

For the first time a pre-budget discussion session was organised by BCIC so that members get a feel of what the Union Budget would be like when Finance Minister Mr. Arun Jaitley presented his proposals to the nation

All the speakers felt that Budget 2017-18 was a marquee budget as a slew of policy-oriented announcements and targets will be set for boosting infrastructure, public sector, manufacturing sector, finance and capital market reforms, agriculture sector and investment in education and Skilling and similar socio-economic verticals, which will spur all round economic growth and also clearly set a road map for the next two-three years of Modi Government.

With the Union Government already announcing the date for GST rollout as July 2017 it had largely ended anxiety of the industry as far the uncertain timeline was concerned. With the consensus from majority of the States and ironing out of certain contentious issues raised by GST Council, it was now certain that the NDA Government is all set to rollout GST Law. Only aspect remaining was that the Union Government needs to close all loops as far the integration of the Law pan India is concerned so that this will allow seamless implementation of the new law

During last budget the Finance Minister emphasized on reducing tax litigation with quick resolution mechanism put in place, sending all the right signals both to domestic and overseas investing community that there is no tax issue



Mr. Shekar Viswanathan, Vice Chairman & Whole Time Director, Toyota Kirloskar Motor Pvt Ltd, responding to a query

uncertainty. Further, the introduction of Voluntary Disclosure Scheme and offering of settlement mechanism by waiving penalties was also a big way forward policy announcement which culminated in Demonetization of currency.

Mr. Thyagu Valliappa, President, BCIC welcoming the gathering said: "The emphasis on resolving tax disputes, guidelines on PPP investments, introduction of a comprehensive Tax Amnesty Bill, new derivative policy, simplification and rationalisation of tax will have far reaching positive impact on the macro economy".

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## Meetings with Government Officials



- Meeting convened to discuss regarding participation in Make in India-Karnataka Conference on February 2, 2017
- Meeting with Office Bearers and Senior Representatives of Industry Associations on February 6, 2017
- Meeting of the 12th Consultative Committee convened by the Department of Commercial Taxes on February 14, 2017
- Pre-Budget Meeting - State Budget 2017-18 convened under the Chairmanship of the Hon'ble Chief Minister of Karnataka scheduled for Feb 17, 2017

## New Members of BCIC



- Balaji & Sivashankar
- Berrykem India Pvt Ltd
- MP Filtri India Pvt Ltd
- Kalarikal Agro Foods
- New Horizon College of Engineering
- Jiffle Technologies Pvt Ltd
- Balakrishnan S & Associates
- Promantia Global Consulting LLP, Bangalore
- Saicorp Industrial Trailers



Key speakers at the interactive session

Mr. K R Sekar, Chairman, Direct Taxes Expert Committee, BCIC said: "Finance Ministry's commitment to provide stability in tax regime by way of implementing GAAR from April 2017, reduction in corporate tax effective rate by one percentile point for new companies, rationalization of subsidies, phase out of exemptions were all very encouraging initiatives announced by the Finance Minister during last budget.

Overall, the speakers felt that the forthcoming Budget will try to provide a stable, predictable and consistent policy framework to facilitate long-term investment decisions. We hope the Finance Minister will do an excellent balancing act by focusing his attention on all sectors without overtly hurting or appeasing any individual section of the Society.

Luminaries like Mr. S S N Moorthy, IRS, Retd. Former Chairman, Central Board of Direct Taxes, Mr. Shekar Viswanathan, Vice Chairman & Whole Time Director, Toyota Kirloskar Motor Pvt Ltd, Mr. V Balakrishnan, Former CFO Infosys Ltd, Mr. P V Srinivasan, Chairman, Indirect Taxes Expert Committee, BCIC and Advisor, Wipro Ltd. Mr. Madhusudhan G Rao, Chief Financial Officer – (Vice President - Finance), & India Controller, Ingersoll-Rand and Mr. K Balasubramanian, Co-Chairman, Direct Taxes Expert Committee, BCIC and VP and Global Head - Corporate Tax, Wipro shared their long years of expertise on budget making and its nuances and also what to expect on Budget Day. Over 100 delegates participated in the conference. BOX

### BCIC's Key recommendations submitted to Finance Ministry:

- Reduction in corporate tax Rate
- Clarity on implications of Place of Effective Management:
- Depreciation claim on goodwill/ non-compete fee
- Allowability of Corporate Social Responsibility ("CSR") expenses as deduction under section 37
- Incentivizing growth and investments
- Removal of time limit for availment of MAT credit
- Rationalisation of Income tax rates:
- Relaxation of penal provision to first time filers of tax returns
- Online monitoring of Applications of Rectification under section 154
- Carry backward of Business Losses to be allowed
- Refund of excess TDS remittance
- Deduction u/s 40A(3): The limit under section 40A(3) be raised
- Tax deduction for the cost incurred due to grant of Employee Stock Options to the employees



Participants at the Pre-Budget session

In summary, all the speakers felt that while global economy is just beginning to show signs of recovery, the Indian economy is already poised with positive growth momentum and optimism. This is also reflected by various statements made by global consulting firms as well as an improvement in overall credit ratings. A positive policy environment of attracting investment and job creation would go a long way in ensuring that the growth targets are met.

## Live Telecast of the Union Budget 2017-18

February 1, 2017



Union Budget - Live session in progress

Bangalore Chamber of Industry and Commerce (BCIC) organized a Live telecast of the Union Budget 2017-18 on February 1, 2017.

Welcoming the Union Budget, Bangalore Chamber of Industry and Commerce (BCIC) termed it as a "Growth Focused Budget" that will boost macroeconomics of the country despite serious crises in the global economy and political uncertainties, with specific emphasis on the development of core sectors especially infrastructure, Agriculture, Rural sectors for the next two years.



BCIC Members watching the live telecast of the Union Budget 2017-18

The hallmark of the Finance Minister's presentation was a promise of containing Fiscal Deficit for FY17-18 to 3.2 percent of the GDP and targeting to further prune it to 3 percent in the next two years without compromising on the spending on development schemes.

Mr. Thyagu Valliappa, President, BCIC said: "The Budget has a slew of policy oriented announcements and targets set for infrastructure, manufacturing, digital India, public sector, social sector, finance and corporate and income tax reforms, agriculture sector and investment on Education, Skill development which we believe will spur overall economic growth as it clearly sets the right tone for the next the two years". He further added that this budget is focussed on "efficiency and transparency on the long term ultimately aiming at improving and spurring the economy under the prevalent difficult challenging financial space due to demonetisation and de-globalisation effect."

Mr. Thyagu Valliappa further said: "The huge capex push to inter-city, metro railway, road connectivity and development of Tier-II airports will radically improve the mobility of masses." He also said: "Labour reforms are yet another important announcement in this budget. We need to see how the implementation is effected to bring in reforms in this critical sector. The focus on Skill development and emphasis on college education is also a welcome measure."

## INDIA - THE NEXT MANUFACTURING DESTINATION

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**30 October - 1 November, 2017**

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Manufacturing has emerged as one of the top most and high growth sectors in India. Hon'ble Prime Minister of India, Mr. Narendra Modi, had launched the 'Make in India' program to place India on the world map as a manufacturing hub and give global recognition to the Indian economy. India is expected to become the fifth largest manufacturing country in the world by the end of year 2020.

The Government of India has set an ambitious target of increasing the contribution of Manufacturing output to 25 per cent of GDP by 2025, from 16 per cent currently, which is expected upto 90 million domestic jobs by 2025.

India's Manufacturing sector has the potential to touch US\$ 1 trillion by 2025. Business conditions in the Indian manufacturing sector continue to remain positive.

Foreign Direct Investment (FDI) inflows in India's Manufacturing sector grew by 82 per cent year-on-year to US\$ 16.13 billion during April-November 2016.

### INDIA MANUFACTURING SHOW (IMS) – Exhibition & Conference

Over the years, IMS has gone from strength to strength and is today the country's prestigious exhibition for the Manufacturing industry – comprising of organisation - PSUs, Corporate and SMEs from diverse sectors. Last three editions were very successful with participation from 10 Countries and 'who is who' from India also from the Large Corporates, Central and State Governments, PSUs etc.

IMS 2017 being organized by IMS Foundation and Laghu Udyog Bharti- Karnataka along with TAFCON Group caters the need

of Manufacturing and related industry. IMS is an ideal platform for the organizations to showcase their latest Technologies, Machinery & Equipment, R&D, Logistics, Communication, Safety and Health aspect of the following sectors.

Considering the importance of the event, Ministries of Commerce & Industry, Micro, Small & Medium Enterprises, Coal, Mines, Steel, Skill Development & Enterprises, New and Renewable Energy, Defence Production, DRDO, ISRO, Government of India are supporting the same.



**Process in a nutshell**

The Act and the Rules provide a simplified time bound process for FTP as under:

- Draft a scheme and get the same approved by the Board of the respective companies.
- Serve a notice (in Form No.CAA.9) on the jurisdictional Registrar of Companies (RoC), the jurisdictional Official Liquidator (OL) or on any other person affected by the scheme to invite objections or suggestions, if any, within 30 days thereof. The respective companies should also file a declaration of solvency (in Form No.CAA.10) with jurisdictional RoC.
- Convene general meetings of members or their class and creditors of the respective companies to consider the scheme and objections or suggestions, if any received. The notice of such meetings shall be accompanied by a statement which shall be in a format as near as to the format prescribed under Section 230(3) of the Act, declaration of solvency and copy of the scheme.
- The scheme should be approved by members holding not less than 90% of the shares of the respective companies and by the creditors holding not less than 90% in value of the respective companies.
- Though statutory compulsion for voting by poll or e-voting (if applicable) is not provided, it is advisable to adopt such process to evidence voting.
- The scheme can provide for purchase of shares of dissenting shareholders or settlement of debt of dissenting creditors.
- Within seven days of conclusion of the meetings, file the scheme so approved in Form CAA11 with the jurisdictional RoC, OL and RD of the respective companies.
- If the jurisdictional RoC or OL has no objections to the scheme, the Central Government (delegated to Regional Director (RD) vide Notification dated 19th December, 2016) will register and confirm the scheme (in Form CAA.12).
- If the jurisdictional RoC or OL has any objections or if they feel that the scheme is against public interest or against interest of any members or class of members or any creditors or any class of creditors, then the same will be communicated to jurisdictional RD of the respective companies. Thereafter, if the RD is of opinion that the Scheme is not in public interest or in the interest of creditors he has to make an application to NCLT (in Form CAA.13) within 60 days of receipt of the scheme. The NCLT thereafter will consider the application in terms of Section 232 of the Act by following the procedure laid down under the Rules. Once a reference is made to NCLT, the FTP ends and the regular process under Section 232 commences.
- The confirmation to the scheme provided by RD shall be filed within 30 days of receipt of order of confirmation (in Form INC-28).
- If the NCLT approves the Scheme upon reference made by RD, the Order of the NCLT should be filed within 30 days of the receipt of the same.

**Effect of confirmation**

The registration and confirmation (in Form CAA.12) of the scheme will result in:

- Dissolution of the transferor company(ies) without the process of winding up.
- Transfer and vesting of properties and liabilities of transfer company(ies) with the transferee company.
- The charges on the properties of the transferor company(ies) become enforceable as if they were on the property of the transferee company.
- The pending legal proceedings of the transferor company(ies) can be continued against the transferee company.
- If the scheme provides for purchase of shares of dissenting shareholders or settlement of debt of the dissenting creditors, the same shall become the liability of the transferee company.

**Exemption to Listed holding company**

Vide Notification dated 15th February, 2017 SEBI has amended Regulation 37 of SEBI (LODR) Regulations, 2015 by adding sub regulation (6) which exempts from the detailed procedure of seeking no objection of stock exchanges in respect of merger of wholly owned subsidiary company (WoS) with its listed holding company. However this exemption is not available for any other schemes of arrangement (i.e. apart from scheme of merger) in respect of such listed holding company vis-a-vis its WoS.

**Regular route enabled**

Section 233 does not bar the eligible companies to take advantage of the regular route for schemes of arrangement under Section 230 and / or 232 read with Rules. While FTP cuts down on the process costs and time, the very process being administrative in nature, brings with it certain lack of procedural flexibilities. The confirming authority namely the RD has no scope for granting any liberties or exemptions from dispensation of holding meetings of members or creditors. Further the inherent liberty to NCLT under Rule 24 of the Rules to dispense with any other procedure while dealing with matters under Chapter XV of the Act is also not available to RD. Hence the FTP operates as a straight jacket process requiring compliance of each and every process prescribed there under.

In conclusion we hope that FTP will provide the much needed relief to eligible companies in simplifying their corporate restructuring process with savings on cost and time. With the GST becoming a reality, corporate restructuring will become a most sought process by corporate groups with companies in different locations to beat the complex taxation matrix and enlarged compliance requirements.



Mr. Thyagu Vallappa, President, BCIC addressing the press along with Mr. K R Sekar, Chairman, Direct Taxes Committee, BCIC and Partner, Global Business Tax, Deloitte

Welcoming the Budget 2017-18 Mr. K R Sekar, Chairman, Direct Taxes Committee, BCIC and Partner, Global Business Tax, Deloitte said: "We expected corporate tax cut for the big companies, but that has not come through despite the Government promising to reduce it to 25 percent in the next two years. However, reduction in the rate of tax for SMEs from existing 30 to 25 percent is the most welcome measure. This significant change is made to provide the necessary boost to the MSME sector. If MSMEs are able to source lower credit it will provide the necessary impetus to job creation which is very crucial at this point of time."



Industry captains at the Live Budget session

Mr. Sekar further added: "The abolition of FIPB is a step in the right direction and given the current state of Indian economy it sends all the right signals to overseas investors."



Mr. Thyagu Vallappa discussing the finer point listed in the budget

Further he added: "The Finance Minister's announcement to confiscate assets of loan evaders is a very encouraging feature as this will radically reduce NPAs which is eating into government exchequer. Similar is the announcement of cleaning up of political funding. Both these are path-breaking and will radically enhance brand equity of India not only with the domestic but also overseas investors."

In conclusion, BCIC said that the Budget tries to provide a stable, predictable and consistent policy framework to facilitate long-term investment decisions. The Finance Minister has done a balancing act by focusing his attention on all sectors without overtly hurting or appeasing any individual section of the Society and all the policy initiatives seamlessly integrate with the proposed GST rollout post June 2017.

## Post-Budget Analysis of the Union Budget 2017-18

February 2, 2017



Mr. Thyagu Vallappa, President, BCIC delivering the welcome address

BCIC was the first regional Chamber to organise an Interactive Session on Union Budget immediately after Finance Minister Mr. Arun Jaitley presented it to the nation.

In order to deliberate exhaustively on the various provisions and implications of the budget, BCIC joined hands with Deloitte Haskins & Sells in organizing an in-depth analysis both on the Direct and Indirect Taxes amendments by a team of experts drawn from Government, industry and profession.

No Finance Minister ever faced such a tough and difficult situation while presenting any of the Union Budgets in the history of independent India as the budget 2017-18. For the simple reason that three major issues directly stared at him during budget preparations-Demonetisation, De-globalisation / Protectionism and Brexit. Despite all these uncertainties pulling him from behind, Finance Minister Mr. Arun Jaitley presented a Budget that focused on overall growth of the economy.

Delivering his welcome address at the programme, Mr. Thyagu Vallappa, President, BCIC said: "This budget gives the requisite boost to macroeconomics of the country despite serious crises in the global economy and political uncertainties, with specific emphasis on the development of core sectors especially infrastructure, Agriculture, Rural sectors for the next two years."

The hallmark of the Finance Minister's presentation was a promise of containing Fiscal Deficit for FY17-18 to 3.2 percent

of the GDP and targeting to further prune it to 3 percent in the next two years without compromising on the spending on development schemes.

Mr. K R Sekar, Chairman, Direct Taxes Expert Committee, BCIC commenting on the budgets said: "Budget 2017-18 has a slew of policy oriented announcements and targets set for infrastructure, manufacturing, digital India, public sector, social sector, finance and corporate and income tax reforms, agriculture sector and investment on Education, Skill



A section of the Audience

### ■ Controls cost

Doctors, like any professionals, are capable of errors of judgment. Deterring doctors with heavy fines may be important but this could also lead to opportunistic litigation and may force medical professionals to take liability insurance. The cost of such insurance would inevitably be passed on to patients. In order to avoid liability, doctors practice defensive medicine through costly and unproductive techniques in the treatment of a patient. The availability of mediation gives hope and confidence to the doctors to be true to what they need to do, focus better on patient care and practice with equanimity.

### ■ Health care practice improves

Mediation brings the complainant, the doctor and the hospital to the same table along with a neutral third party, who facilitates communication and negotiation. Through direct conversations, they examine the underlying conflict.

The effort in mediation is to understand and learn whereas in the unidimensional adversarial model of litigation, it is to attack and defend. The valuable opportunity to understand and learn from mistakes is not lost in mediation. The healthcare care providers may be able to learn about missed or ignored information that contributed to the harm. Patients could gain more information on what happened and how the malpractice, if any, occurred. Key information regarding the treatment may not always be readily available in reports or may not be comprehensible. The 'Confidentiality' which is statutory or contractually ensured in mediation encourages doctors and hospitals to be more forthcoming. Through this process, systemic changes could evolve proactively and creatively.

### ■ Monetary and Non-monetary facets of compensation gain significance:

In medical negligence cases, suspicion and loss of faith is far deeper than in many other areas of litigation. When there is negligence, money is payable for settlement at mediation. In addition to monetary compensation, non-monetary compensations such as explanations, apologies and acknowledgments are an important facet in such disputes. However these non-monetary factors lose significance in an adversarial process. But in mediation, they form an important part of the settlement terms. Recently in a mediation for medical negligence, the doctor's agreement to undergo additional training formed an important term in the settlement.

### ■ Adverse effects of trivial complaints minimized:

Careers of doctors are being ruined by trivial complaints. Through confidentiality and speedy resolution, there is the possibility of immediate damage control.

### ■ Enforceable binding settlement

The terms of a mediated settlement is enforceable as a court decree where there is pending litigation. If the mediation is done outside the Court, it is a binding contract or can be made to have the same status and effect as if it is an arbitral award under section 74 of the Arbitration and Conciliation Act. Being arrived at by the parties through mutual agreement, the compliance of these terms is high.

Mediation is an opportunity to reach the most satisfying and holistic solution to a medical negligence complaint and must be embraced as the right prescription for medical negligence cases. We need to remind ourselves that litigation is 'the Nuclear Option'

## Merger and Demerger of Companies

GUEST COLUMN



Dr K S Ravichandran  
Partner  
KSR & Co Company  
Secretaries LLP

The process involving merger and demerger of companies, compromises with creditors or any other scheme of arrangement for capital or corporate restructuring, are normally long drawn with multiple regulatory processes and compliances involving huge costs and time. Section 233 of the Companies Act, 2013 (the Act) brings a big relief to small companies, holding and wholly owned subsidiaries (eligible companies) by fast tracking the entire process without any need to approach to NCLT. A small company shall mean a private company with paid-up share capital up to Rs.50,00,000/- and turnover up to Rs.2,00,00,000/-. The government is also empowered to prescribe such class of companies to be covered in this Fast Track Process (FTP). The MCA has since notified Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (the Rules) vide Notification dated 14th December, 2016. Rule 25 of these Rules provides for the FTP. The simplified process for mergers / demergers of such eligible companies is discussed in this edition.

### FTP - A specific carve out

The FTP is a specific carve out for eligible companies under Chapter XV of the Act and hence provisions of Section 230 or Section 232 do not apply. Further, FTP is also available for any other schemes of arrangement or division of undertaking or compromises with creditors or capital restructuring etc. Eligible companies that are solvent are only eligible for FTP.



## Mediation for Medical Negligence

GUEST COLUMN



**Laila Ollapally**  
Founder  
Centre for Advanced  
Mediation Practice

Doctors are human and despite the stringent protocol they habitually follow, they sometimes make mistakes. Medical negligence involves some act or omission by a health care provider due to which the treatment provided falls below certain accepted standards of practice in the medical community resulting in injury or death to the patient.

Patients expect a promise of perfection and an error is an inexcusable failure of that promise of perfection. They feel disappointed and angry. To add insult, when faced with defensive doctors who construe all queries and concerns as an extreme form of criticism or a tight-lipped hospital administration, patients' feelings of frustration and resentment is aggravated. Anger, confusion regarding what happened, revenge and other subjective factors often motivates the patient to file medical negligence complaints in Courts. How can such disputes, fraught with emotion, tension and cathartic revenge be resolved?

The standard philosophical map of the adversarial system of dispute resolution, like litigation or arbitration, is to focus on the injury and the legal elements necessary for a 'negligence' cause of action. In this process, how the complainant wants the problem solved or what the complainant wants from the defendant are secondary. For example, a party's primary need may be a chance to be alone with the defendant doctor for a few minutes in an attempt to release unresolved anger concerning her condition. But this may not fit into the pigeon hole of the legal requirements for a 'negligence' cause of action. On the contrary in mediation, the parties' needs are the building blocks that form the basis of the resolution.

### Mediation is an option.

Doctors and patients need to be informed that litigation is not the only option available. Mediation in medical negligence disputes is accepted as more humane and approachable dispute resolution mechanism. These extremely emotional disputes benefit from an opportunity for the parties to sit together for a dialogue, to find mutually acceptable terms of settlement for closure. In a 1996 report on 'Access to Justice' in the UK, Lord Woolf strongly endorsed the use of mediation for medical negligence disputes. The efficacy of mediation is evidenced in a survey done with mediators by CEDR, a premier dispute resolution agency in UK in 2014. It was found that 86% of the cases that come in for mediation settle, 75% on the same day and 11% shortly afterwards.

The Anuradha Saha case (Balram Prasad V/s Dr. Kunal Saha - CA No.2867/2012) ([judis.nic.in/supremecourt/imgs1.aspx?filename=40897](http://judis.nic.in/supremecourt/imgs1.aspx?filename=40897)) provides interesting insights. Anuradha died in 1998 due to the negligent treatment by three senior doctors in Kolkata. This caused her husband, Dr. Kunal Saha, to begin a 15 year long legal battle up to the Supreme Court to obtain compensation. The compensation awarded by Supreme Court in 2013 was about Rupees 7 crores. The case is viewed as a victory for victims of medical negligence. It has established the precedent for fair compensation in medical negligence cases. As negotiation in mediation is always under the shadow of the law, in the light of the precedent in the Anuradha Saha case, could medical negligence disputes see better and more effective resolution through mediation?

### Speedier resolution

Where compensation is a very significant element (such as after the death of a breadwinner), it needs to be obtained sooner. The aggrieved parties need to be released from the nightmare of the medical negligence and begin to live life again as early as possible. The hospital and doctors need to be released from the burden of litigation as early as possible to continue to effectively engage in the service of healing and not defending law suits. An essential tenet of the mediation process is that it is speedy. Studies as stated earlier, have shown that majority of mediations in private practice resolve in a day and others, a short time thereafter. In the Court annexed programs, mediation has to be completed in 60 days. Mediation thus offers the possibility for the dispute to be resolved quickly.



**Mr. K Balasubramanian, Co-Chairman, Direct Taxes Expert Committee, BCIC and VP and Global Head - Corporate Tax, Wipro Ltd.**  
Anchoring the Post-Budget session

development which we believe will spur overall economic growth as it clearly sets the right tone for the next two years." Budget FY 17-18 also focused on "efficiency and transparency" on the long term ultimately aiming at improving and spurring the economy under the prevalent difficult and challenging financial space due to demonetisation and de-globalisation effect.

The budget provides requisite policy initiatives in the form of capex push to inter-city, metro railway, road connectivity and development of Tier-II airports. These will radically improve the mobility of masses. Labour reforms was yet another important announcement in the budget. Speakers at the programme said that there is need to see how the implementation is effected to bring in reforms in this critical sector.

On the other hand, speakers felt that Finance Minister Mr. Jaitley would announce corporate tax cut for the big companies, but that has not come through despite the

Government promising to reduce it to 25 percent in the next two years. However, reduction in the rate of tax for SMEs from existing 30 to 25 percent was appreciated by the speakers. This significant change is made to provide the necessary boost to the MSME sector. If MSMEs are able to source lower credit it will provide the necessary impetus to job creation which is very crucial at this point of time.

The speakers said that the abolition of FIPB was a step in the right direction and given the current state of Indian economy it sends all the right signals to overseas investors.

The Finance Minister's announcement to confiscate assets of loan evaders is a very encouraging feature as this will radically reduce NPAs which is eating into government exchequer. Similar is the announcement of cleaning up of political funding. Both these are path-breaking and will radically enhance brand equity of India not only with the domestic but also overseas investors.

Overall the speakers felt that the Budget provides a stable, predictable and consistent policy framework to facilitate long-term investment decisions. The Finance Minister has done a balancing act by focusing his attention on all sectors without overtly hurting or appeasing any individual section of the society and all the policy initiatives seamlessly integrate with the proposed GST rollout post June 2017.

In addition to Mr. Y G Parande, Senior Adviser, Deloitte Haskins and Sells, Mr. M Lakshminarayan, Former President, BCIC, Mr. P V Srinivasan, Chairman, Indirect Taxes Expert Committee, BCIC and Advisor, Wipro Ltd and Mr. K Balasubramanian, Co-Chairman, Direct Taxes Expert Committee, BCIC and VP and Global Head - Corporate Tax, Wipro Ltd participated where over 100 delegates were present at the event.



**Mr. Lakshminarayan sharing a lighter moment with his panelists**

## HR/IR Seminar: Impact of Recent Amendments in Employment Laws and Its Relevance

February 9, 2017



Mr. Thyagu Valliappa, President, BCIC delivering the welcome address

Over the last decade, a fundamental paradigm shift has occurred across the Indian economy. National economy has become more closely integrated into an inter-dependent ecosystem and there is a growing appreciation for development of all aspects associated with human resource management. This new ecosystem has not only created new opportunities, but has also thrown up new challenges to HR managers. Development of Compliance and Governance strategies has become critical to the success of any organization, regardless of its size.

In order to get a feel of the latest transformations happening in the Human Resources/Industrial Relations circuits, Bangalore Chamber of Industry and Commerce (BCIC) under the aegis of its Human Capital Services Expert Committee organized a half day seminar on the impact of recent amendments in Employment Laws and its relevance in Bangalore.

It appears that the multiple compliance issues under the statute make it a cumbersome procedure for entrepreneurs to ensure compliance laws in toto. Industry has not just suffered a significant increase in labour costs but also has been facing notices from government departments raising concerns over non-compliance on Law laws.

Mr. Thyagu Valliappa, President, BCIC delivering his welcome address said: "With the neo thinking and global HR/IR culture slowly seeping into the corporate world in the last few years, we have been hearing quite a bit about HR governance. HR governance is important because senior business leaders are finally beginning to realise people are truly an organization's most important asset. And in many industries, personnel costs



Dr. S B Shripad, Joint Labour Commissioner, Labour Department, Government of Karnataka delivering his address

easy to manage and allow the IT team to reduce its workload in terms of creating and maintain data extracts, tables and other connections. The technology solution should help your business manage the regulatory change and allow you to spend less time dealing with tax and regulatory change.

The solution should be able to update and archive itself when the tax laws and rules change. For example, today it is required that many B2C transactions can be summarized at a state-wise level when below 2.5 lacs, how would a business respond if the threshold decreases to 2 lacs? Now the tax team has a point where it should think about maintaining two classes of extracts, reports and compliances. The questions to ask are:

- How long will it take the tax team to research the change?
- How many hours will the requirements take to finalize? Will it be ready in time for the implementation date?

Now this same change from an IT perspective can be just as difficult because it is a required change which should occur in the impacted systems. The limiting step for the IT team will be getting the required information from the tax team and then the questions will be:

- How many IT resources?
- How do we maintain the old mappings and new mappings simultaneously?
- How many IT resources?
- How do we maintain the old mappings and new mappings simultaneously?
- Are there systems which we cannot change and need to think of something different?

Technology is not here to replace the discussions between the parties on how a regulation impacts a business, it serves to create the framework which allows the change to be managed.

A business must be able to report and reconcile the transactional data to be compliant and secure input tax credits. Failure to be compliant with the new regime will cost businesses time and money and the way to transition is reinvent the tax process and bring Tax, IT and Finance teams together.

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## GST: Will Improve Margins For Manufacturers

GUEST COLUMN



**Mr. Pavan Peechara**  
Managing Director  
Udyog Software

Technology solution should help your business manage the regulatory change and allow you to spend less time dealing with tax and regulatory change”

The GST is the largest tax reform in India and its effects on businesses will be felt for years. It will improve margins for manufacturers and make it easier for service providers to lower costs through lower taxes. Overall it is expected to increase the GDP by 1% which will add crores of rupees to the economy.

The efficient, transparent, and cheaper future requires all businesses to pay a cost, which is the ability to report all transactional data to business partners and the government as required. The GST requires an asynchronous submission of information where transactional data must be submitted to the government along with providing the data to the counterparty. Additionally, the counterparties must validate the transaction information to secure the input tax credits. This requirement completes the cycle to create a self-enforcing GST.

A business must be able to report and reconcile the transactional data to be compliant and secure input tax credits. Failure to be complaint with the new regime will cost businesses time and money and the way to transition is reinvent the tax process and bring Tax, IT and Finance teams together.

Tax departments have an opportunity where they can change existing processes to be more efficient. For example, a tax department should use an external tax compliance solution which can enable the tax department and external tax advisors to collaborate on the same data. These solutions can link various source systems to provide the accurate compliance required under the GST.

Tax teams face the challenge of compliance which requires them to work through 37 filings annually and depending on the size of their business requirements to accurately classify, calculate and report hundreds of different transactional possibilities.

IT departments will be challenged by this regime change because multiple source systems will need entire tax procedures revisited and there will certainly be requirements to change and manipulate master data across the entire business. IT teams will be required to create new data extracts as the regime changes and maintain those extracts as time goes on.

Finance teams will be looking at the bottom line and will want the changes that need to occur to be cost effective and in the long run save time and money.

A technology solution which you select should help support the goals of each of the three groups listed above. It should provide the ability to help a tax team file, reconcile and manage different tax returns and allow the tax team to collaborate within and outside the organization. The same solution should be

UdyogSoftware



represent the single largest expense for an employer. Therefore, organisations cannot afford to manage such a prized resource, and a major expense at that in a casual and disorganized manner.”



**Mr. Sudhir Kumar Gupta, Senior Advocate – Supreme Court of India addressing the gathering**

Delivering his introductory remarks Mr. S Subramanyam, Co-Chairman, Human Capital Services Expert Committee, BCIC said having some kind of governance structure in place, both for the HR function itself and for all types of people management issues, helps treat employees fairly, consistently and in compliance with the law and recognized best practices. It also helps in controlling costs and aligning people management practices with an organisation’s overall strategic vision, mission and values.

Dr. S B Shripad, Joint Labour Commissioner, Labour Department, Government of Karnataka delivering his address at the seminar said that the Government is following the approach of ‘Reform to Transform’ through far-reaching structural reforms. The Ministry of Labour and Employment is committed towards job security, wage security and social security for each and every worker. Along with bringing transparency and accountability in enforcement of Labour Laws, the Ministry has taken important initiatives to realize and establish the dignity of



Participants seeking clarifications on HR issues

every worker through provision of social security, enhancing the avenues and quality of employment.

Some of the key topics which were deliberated at the seminar included insights on the new amendments, reforms/changes initiated in the recent past, understanding the changing dynamics, overview on pertinent labour laws, efficient organizational processes, innovation and service excellence, regional labour issues/strategies to name a few.

With all the concerns raised in the corporate circles, there is an urgent need for effective employment Laws so that it facilitates compliance with legal and ethical obligations relating to people management practices. Having proper HR Laws in place can even impact the way an organisation does business and make decisions at the highest levels — right up to and including its Board of Directors.



A section of the audience

In addition to Dr. V Nagaraj, Professor of Law, National Law School of India University, Mr. Sudhir Kumar Gupta, Senior Advocate – Supreme Court of India and Ms. Saraswathi Kasturirangan, Partner, Deloitte Haskins & Sells LLP, Bangalore also shared their insights at the conference where CEOs, HR Heads, Finance Heads, Business Owners, Senior Level Managers, Legal Consultants, Academia participated.



## World-Class Manufacturing Workshop and Visit to TKML & TKAP

February 10, 2017



BCIC delegates at the Toyota Kirloskar Motors Limited manufacturing facility

The Bangalore Chamber of Industry and Commerce (BCIC) under the aegis of Industry Manufacturing Expert Committee and Human Capital Services Expert Committee in its endeavor to impart knowledge and share best practices for its members organized an Industry visit to Toyota Kirloskar Motors Limited (TKML) and Toyota Kirloskar Auto Parts (TKAP).

The objective of the visit was to explore first-hand the cutting-edge manufacturing facilities followed by Toyota Kirloskar Motors Limited (TKML) and Toyota Kirloskar Auto Parts (TKAP) in rolling out high end quality products.

The participants interacted with the senior leadership team on the lean management innovation that Toyota practices in its manufacturing processes. The Team also shared key principles of lean manufacturing philosophy with the visiting participants that basically focuses on embedding quality in the assembly lines itself.

The participants also were run through the fundamentals of Toyota Production System (TPS) through daily Management which is very essential to run any manufacturing facility. The Toyota Production System (TPS) was established based on two concepts: The first is called "Jidoka" (which can be loosely translated as "automation with a human touch") which means

that when a problem occurs, the equipment stops immediately, preventing defective products from being produced; The second is the concept of "Just-in-Time," in which each process produces only what is needed by the next process in a continuous flow. Based on the basic philosophies of Jidoka and Just-in-Time, the TPS can efficiently and quickly produce vehicles of sound quality, one at a time, that fully satisfy customer requirements.

Working with TPS allows companies to produce high-quality, cost-effective products, that are delivered to customers on time. The production respects the environment, which includes recycling of products at the end of their lifetime. And it also creates a safe workplace, both for the employees and the customers.

### Toyota Shop Floor

At the Toyota Factory located in Bidadi, the visiting delegates experienced first-hand how meticulously each of the processes is planned at the manufacturing facility to roll out end-to-end finished product. This plant visit was followed up by the Toyota Technical Training Institute (TTTI) at Toyota Kirloskar Auto Parts wherein it was emphasised that every employ who joins Toyota first goes through a gruelling training and orientation programme and only then the workmen gets into the real time shop floor line.

And a globalised world needs comprehensive accounting standards that can be consistently applied and facilitate comparability across companies and jurisdictions."

He further said: "In today's increasingly complex business environment, finance leaders are facing a hailstorm of accounting, regulatory and management challenges, creating pressure to change and adopt new methods and technologies to stay relevant in the age of disruption and to deliver greater value to the business."



Mr. Niranjan Raman, Director, Assurance, PricewaterhouseCoopers anchoring a session on Employee Benefits

The impact of Ind AS adoption cascades beyond accounting. For example, implementing Ind AS is likely to impact key performance metrics, thus requiring thoughtful communication with the board of directors, shareholders and other stakeholders. Internally, Ind AS implementation can have a wide-ranging impact on a company's budgeting and reporting processes, IT systems, internal control systems, income taxes and contractual arrangements.

Other areas to focus on include credit rating, compliance with debt covenants, dividend distribution, employee KPI and incentive programmes, and managerial remuneration. Successful Ind AS implementation requires a thorough strategic assessment, a robust step-by-step plan, alignment of resources and training, effective project management as well as smooth integration of the various changes into the company's normal business operations.

Speakers felt that Ind AS implementation exercise needs to establish sustainable processes to continue to produce meaningful information long after the conversion exercise is completed. At the end, it is important that all changes brought by Ind AS adoption are embedded into the company's processes and systems. The goal is to embrace the transformation and achieve a stage of 'business as usual' for the company.

Key points discussed at the conference

- When adopting Ind AS, companies need to carefully plan for their transition strategy.
- There are important questions that companies need to ask themselves and more importantly be prepared to answer with a clear action plan specially on issues like
- Communications with key stakeholders
- Operations, infrastructure and regulatory aspects and of course
- Human capital strategies

If these aspects are addressed early, companies can increase their chances of ensuring a smooth and effective conversion into Ind AS. Failure to do so this may lead to financial chaos which is anyway the last thing that a company would prefer.

The conference was spread across five technical sessions each addressing a specific topic vis-à-vis:

- 1 Impact of Ind-AS on Revenue recognition (Excise Duties, Free of Cost materials, Subventions, Warranties, Schemes)
- 2 Impact of Ind-AS on Financial instruments, Foreign Currency translations, Derivatives
- 3 Impact of Ind-AS on Employee Benefits, Property Plant & Equipment
- 4 Impact of Ind-AS on M&A, Consolidation, Operating Segments, Related Party Disclosures
- 5 Impact of Ind-AS on Transition Provisions & Carve outs

In addition to Mr. Shyamak R Tata, Managing Partner for the Audit Practice of Deloitte Haskins & Sells LLP who delivered the keynote address, the technical sessions were addressed by Mr. N Jagannathan Chakravarthi, Co-Chairman, Banking, Finance and Corporate Affairs Expert Committee, BCIC, Mr. CA Shraavan Guduthur, Vice Chairman, Institute of Chartered Accountants of India, Bangalore Chapter, Mr. S Kannan, CFO, Arvind Retail, Mr. Venkat Narayan Konanki, Executive Director & CFO, Prestige Estates Projects Ltd, Mr. Sanjay Banthia, Partner, Walker Chandok & Co, CA Pritesh K Shah, Associate Director, Audit and Assurance, SR Batliboi & Associates Mr. Madhu Sudan Kankani, Partner, KPMG, Mr. Pradeep M S, Director – Financial Accounting Standards & Services, Ernst & Young, CA Niranjan Raman, Director, Assurance, PricewaterhouseCoopers, Mr. Raghavendra G S, Global CFO, Unilog, Mr. Dipanjan Basu, CFO, Myntra, Ms. Preeti Chandrashekhar, FIAI, India Business Leader – Retirement, Health and Benefits, Mercer, CA Vikas Bagaria, Partner, Deloitte Haskins & Sells, Mr. G S Venkatraman, AVP – Finance Controller, Mindtree Ltd, Ms. Poonam Ramrakhani, Chief Audit Officer, Caterpillar India Ltd, CA Alok Saraf, Director, Financial Reporting Advisory Services, Grant Thornton, Mr. T M Muralidharan, VP-Finance, Mangalore Fertilizer & Chemicals and Ms. Sharmila R, Director – Assurance, PricewaterhouseCoopers spoke at the technical sessions.



Mr. Vikas Bagaria, Partner, Deloitte Haskins & Sells facilitated a session on M&A, Consolidation

## Conference on Indian Accounting Standards (Ind-AS)

March 25, 2017



Mr. Shyamak R Tata, Managing Partner - Audit Practice, Deloitte Haskins & Sells delivering the keynote address at the Conference

Bangalore Chamber of Industry and Commerce (BCIC) in association with Institute of Chartered Accountants of India, Bangalore Chapter organized a daylong Conference on Indian Accounting Standards (Ind-AS) in Bangalore.

The timing of the conference was such that entities migrating to Ind-AS got practical exposure on how to handle the transition. Speakers shared their insights on how entities have adopted to the new Accounting standard with minimal impact on their financial reporting. Contracts and terms of purchase/sale may need to undergo change to align with new requirements. The Accounting policy disclosures and manner of drafting policies were also shared with the participants.



Mr. Shyamak R Tata, anchoring the session on revenue recognition

Ind-AS comprises 40 accounting standards that provide extensive guidance and entail a significant change in the financial reporting framework used by Indian companies to report their financial results. The program focused on experience sharing and normal challenges which can be expected while adopting to the new Accounting standards.

Typical challenges explained related to Revenue recognition, restatement of financial Instruments, Fixed Assets, Employee benefits, M&A, Related party disclosures etc. Ind-AS also provides for carve-outs or one-time permission for entities to leverage while switching to the new standard. Practical insights on how entities can leverage these carve outs to minimise impacts was a definite value add to all participants.

The Ministry of Corporate Affairs (MCA), through its notification on 16 February 2015, issued the Indian Accounting Standards (Ind-AS), which are converged with the International Financial Reporting Standards (IFRS). The MCA also issued an implementation road map for companies, other than insurance, banking and non-banking finance companies, mandating the adoption of Ind-AS in a phased manner.

Mr. N Venkatakrishnan, Chairman, Banking, Finance and Corporate Affairs Expert Committee, BCIC said: "When businesses were simple and transactions were local, accounting standards were simple and local GAAP was sufficient enough to maintain the books. But today, businesses have become complex.



Mr. N Jagannathan Chakravarthi, Co-Chairman, Banking, Finance and Corporate Affairs Expert Committee, BCIC moderating a session on impact of Financial Instruments

## Waste Water Treatment Business Mission from Japan B2B Meetings with JETRO Water Delegation

February 21, 2017

The water and waste water management industry is rapidly gaining prominence due to growing environmental awareness, which spurs the need to provide sustainable water solutions and deploy effective green waste management techniques. Some key areas for waste management include solid waste management, electronic waste management, industrial waste management, and nuclear waste management.



Jetro officer showcasing business opportunities to members

The fact that due to the recent preference for following a sustainable practice, the need for water conservation, such as rainwater harvesting and water treatment technologies, is increasing. Industry analysis shows that this helps handle water management problems in big communities and commercial establishments.

Keeping this in mind, BCIC organized a B2B meeting with the visiting Waste Water Treatment Business Mission from Japan. The main objective of the Business Mission was to explore partnership opportunities with local business enterprises on managing waste water.

Six Japanese companies, viz: Rural Environment Research Association, Itochu Chemical Frontier Corporation, Air Water India Pvt. Ltd, Tomoe Engineering Co., Ltd., Kurita Machinery Mfg.co., Ltd., and Fujita Corporation were part of the B2B business delegation. The Waste Water Treatment Business Mission provided a one stop platform for BCIC members to explore business and service opportunities and also technology knowhow on Waste Water Treatment and allied industries

Mr. M N Thippeswamy, Chief Engineer (Retd.) - Bangalore Water Supply and Sewage Board - BWSSB delivered a presentation on the topic "Business Opportunities in Water Sector in Karnataka". Mr. Thippeswamy said nearly 62,000 MLD sewage is generated in urban area of India and only 23,277 MLD is treated, meaning that 70 percent of sewage generated in urban India goes untreated.

He said: "While 79 STPs don't work, 145 are under construction and 70 are proposed, according to the Central Pollution Control Board's (CPCB). The rest is randomly dumped in rivers, seas, lakes and wells, polluting three-fourths of the country's water bodies".

The B2B meeting provided a one stop platform for BCIC members to explore business and service opportunities and also technology knowhow on Waste Water Treatment and allied industries from the visiting Japanese Business Mission. The Business Mission, showcased its expertise in the Waste Water Treatment Business which is very relevant to a country like India, more so in a place like Bangalore. Some of the important regions of expertise shared by the six companies related to:

- Sewage treatment technology by using microorganism
- Reusing of treated water for irrigation
- Removal of contaminated materials
- Quality management improvement
- Removal of heavy metals, such as mercury, lead, cadmium, contained in industrial wastewater.
- Prevention of corrosion/scaling on boiler operations to enable boiler safety and efficiency
- Stable supply of oxygen gas for raw materials,
- Methods for absorbing and removing fluorine,
- Monitoring and instruction through remote system



Mr. Raju Bhatnagar, Secretary General, BCIC, briefing the participants at the B2B meeting

BCIC hopes that JETRO will provide the requisite guidance for Indian companies especially the Medium and Small Enterprises to expand their business horizon in Japan by forging new alliances in the form of new technology, business collaboration and exchange of ideas.

The BCIC Tech Symposia 2017:  
#TechNXT: Emerging Trends @ Technology  
February 13, 2017



Smt. Paakajam Sridevi, Senior Vice President and Chairperson, ICT Expert Committee, BCIC, setting the theme for the Tech Symposia

Bangalore Chamber of Industry and Commerce (BCIC) under the aegis of its ICT Expert Committee is organized a Half-day Tech Symposia 2017: #TechNXT: Emerging Trends @ Technology in Bangalore.

The main objective of holding this Tech Symposia was to acquaint mid-level technologists as to what are the emerging trends in technological arena. The knowledge dissemination

platform basically aimed at giving a peek at a whole spectrum of innovation and its impact/influence on the industry.

The Symposia, being the first in the series, covered neo technology platforms like Blockchain, ChatBots Engineering, IoT and CleanTech. Industries are increasingly using these technologies to compete in the razor share business environment.



Mr. Shailesh Daxini, Former Country Head, Zynga



Mr. Vivek Ramaswamy, Director-Architecture, Fidelity



Mr. Thyagu Valliappa greeting Mr. Joseph Burke, Deputy Secretary, Pennsylvania Department of Community & Economic Development, Office of International Business Development at the session

Pennsylvania is also the Knowledge hub as it home to 3rd-largest number of colleges and universities in the U.S and four of the top 50 universities in the U.S. - the University of Pennsylvania, Carnegie Mellon University, Lehigh University and Pennsylvania State University. Companies of all sizes and industries, such as - GlaxoSmithKline and BAE (United Kingdom), B. Braun and Bayer (Germany), Gruma Corp (Mexico), Nissin Foods, Toshiba and Olympus (Japan), Teva (Israel), Foxconn (Taiwan) - have found a place in Pennsylvania's business community.

With highly pro-active policy initiatives and coupled with an open-arm invitation that Pennsylvania has been extending over the years, Indian companies can aggressively pursue and explore business prospects in this North American nation. The Indian market has been growing consistently, and there are great opportunities to expand trade and investment between India and Pennsylvania, particularly in the energy and manufacturing sectors.



A section of the Participants

As far India is concerned, Pennsylvania is seeking partnership in the areas of ICT, Food & beverage, advanced manufacturing Shipping and logistics.



Key speakers who participated at the Seminar

Mr. Achutha Bachalli K, Chairman and CEO, Unilog Content Solutions Pvt. Ltd, Ms. Sushama Kanetkar, Authorized Representative Director for India, Commonwealth of Pennsylvania and Ms. Supriya Kanetkar, Authorized Representative Associate Director for India, Commonwealth of Pennsylvania also spoke at the event.

## Interactive Session on Investment opportunities in the State of Pennsylvania

March 24, 2017



Mr. Thyagu Valliappa, President, BCIC delivering the Welcome address

An interactive session was jointly organised by BCIC and Pennsylvania Trade & Investment Office – India on the topic "Investment Opportunities in Pennsylvania in Bangalore."

The interactive session showcased business opportunities that this nation offers to Indian entrepreneurs and also enlighten entrepreneurs on the regulatory and other nuances of doing business in this beautiful North American nation.



Mr. Gian Savona, President, Columbia Research Labs, delivering the presentation at the seminar

Mr. Thyagu Valliappa, President, BCIC said that the "Chamber has been having a long standing working relationship with Pennsylvania Trade and Investment Office which runs to over decade now. This bonding has enabled us to work more closely in promoting business and trade opportunities between these two nations."

Pennsylvania showcased business opportunities that this nation offers to Indian entrepreneurs and also drew attention to BCIC members on the regulatory and other nuances of doing business in this North American nation.

The Chamber has been regularly hosting various delegations from Pennsylvania and has been acting as an associate with Pennsylvania Trade and Investment Office in promoting business between the two nations.

Mr. Joseph Burke, Deputy Secretary, Pennsylvania Department of Community and Economic Development, Office of International Business Development for Pennsylvania said that incentives and benefits that Pennsylvania offers to businesses make it a great place to locate a company or find venture capital. He said that Pennsylvania provides the capital necessary for growth and innovation for companies ranging from incubation to mature and global entities.

BCIC Tech Symposia was a continuum series of events, each one providing insights of the latest technology trends and startups. It provided an interactive platform for participants to actively get engaged in the sounding board that generates productive ideas, activities and alliances.

Mr. Vivek Ramaswamy, Director-Architecture, Fidelity delivering a presentation said that the Blockchain technology is one of the most important developments in the recent past. A blockchain is a public ledger of all Bitcoin transactions that have ever been executed. It is constantly growing as 'completed' blocks are added to it with a new set of recordings. The blocks are added to the blockchain in a linear, chronological order.



A Participant seeking clarification

However, it does come with a few negatives:

- The technology is not ready for prime time,
- The Energy consumed is un-sustainable
- Government or power interests will stifle it
- Old paradigm will usurp it
- Blockchain is a job killer. Read automation
- Criminals will use it.



Mr. Anirudh Sharma, Co-Founder, Graviky LABS

While Mr. Harshit Shrivastava, Co-Founder, Intugine touching up the upcoming trends in technology said that rapid innovations are happening in the domains of device portability, voice, visual and wearable spaces like: Gravity sensing, acceleration sensing, Magnetic field sensing, Indoor location tracking, Temperature sensing, Voice detection, Touch detection, Powerful onboard processing and Wireless data transmission.

Mr. Shallesh Daxni, Former Country Head, Zynga delivering a presentation on the Emerging Technologies pointed out that evolving technologies are offering huge business windows for domestic and overseas companies. Indian companies have already kick-started with predictive analytics, deep learning, artificial intelligence and distributed computing which will help companies to re-strategise themselves to face disruptive technologies over-riding in the coming new future.

In addition to Smt. Pankajam Sridevi, Chairperson, ICT Expert Committee, BCIC, Mr. Anirudh Sharma, Co-Founder, Graviky LABS and Ms. Sasi Tadepalli, Principal Group Engineering Manager, Microsoft shared their thoughts at the Technology conference which was attended by over 100 tech-oriented participants.



A section of the audience



Ms. Sasi Tadepalli, Principal Group Engineering Manager, Microsoft

Workshop on Lean: Techniques to Improve Production Processes

February 17, 2017



Mr. Thyagu Valliappa, President, BCIC delivering the welcome address

It is common knowledge that for most companies it is nothing short of a battle for survival in today's highly competitive, razor sharp global economy. As a knight in shining armor, the concept of Lean manufacturing offers companies tested and proven processes to reduce costs, eliminate waste, increase productivity, maintain high levels of quality and still make that elusive profit.

Lean Management is a method that improves processes through continuous improvement and elimination of waste. It is a system that can be used not only in Manufacturing/production space but any other domain that you are looking to streamline processes such as retail, hospitals or any such offices. It requires top-down commitment and bottom-up involvement.

Mr. Thyagu Valliappa, President, BCIC delivering the Welcome address said: "A key aspect of Lean is embedding quality into the process. Through application of this fundamental rule, problems are highlighted immediately and addressed just as quickly and the end roll out will always be a top-end superior product."

While Lean Manufacturing is now turning out to be embedded in the process of every company we are now closing in on towards yet another high end concept that of Smart Manufacturing or Industry 4.0 as it is known in technical parlance. Smart Manufacturing is the current trend of automation and data exchange in manufacturing technologies

including cyber-physical systems (CPS), the Internet of things (IoT) and cloud computing.

Industry 4.0 creates what has been called a "Smart Factory" within the modular structured smart factories, cyber-physical systems monitor physical processes, creating a virtual copy of the physical world and make decentralized decisions.

Over the Internet of Things, cyber-physical systems communicate and cooperate with each other and with humans in real time, and via the Internet of Services, both internal and cross-organizational services are offered and used by participants of the value chain.



Mr. KS Sharma, President, Laghu Udyog Bharati addressing the gathering

Chipping around that little white dimpled ball on lush expanses of green has for decades served as a great setting to talk business, network, revel in bonhomie and just lighten up.

An avid golfer will tell you that a round of golf is not about direct business, it is about understanding one's competitor –meaning the way the competitor pulls off and maneuvers the white apple, you can judge how the business person in him reacts to a challenging situation, is he capable of handling adversities, how about being there but still maintaining a level head. This body lingo of the opponent on the greens will give a clear or atleast a caricature insight into the mind of his opponent. This is just enough to strategize the next move in the actual boardroom. That explains a lot.

Golf is not only a very technically demanding sport; it is also an ideal field to draw out leadership lessons for the workplace. Many organisations are increasingly borrowing notes from golf on leadership. Perhaps this is the reason why often it is stated that Golf as a sport develops the spirit of 'ownership'.

It is an accepted norm that Leadership is about remaining stoic and steady in the face of adversity or temptation. Which other sport other than golf can teach you this simple mantra. Like in the greens, it teaches the life skills to tackle limitations and capabilities challenges and opportunities, skills, technique, strategy, stance, experience, innovation and what not. Once at the greens, the golfer has no one and nothing to blame - not the club, caddy or the course. Similar is the case while on the leadership's hot seat - you have nobody to blame for your inequities or indecisiveness.

In addition, hitting greens also simply means "admiring wonders of nature and also isolation from noise and pollution which has colossally adds to the stressful and over-worked corporate lifestyle."

Apart from the usual excitement that playing golf exudes, the ambiance of the 'Greens' creates a stronger bonding among the corporate community for a more meaningful exchange of ideas and views on business with an emphasis on translating their competitive spirit of the game into their portals of business.





## 7th Edition of the BCIC Corporate Golf Tournament 2017

March 11, 2017



Mr. Ahmedali, Chairman, Corporate Golf Committee-BCIC addressing the golfers

The most eagerly awaited BCIC's annual Golfing event was kicked with a bang this time, as it was bigger and the crème de la crème corporate honchos, expats and government officials were all there in full force to hit the greens.

The theme of the **Seventh Edition** of Corporate Golf event organized by **Bangalore Chamber of Industry and Commerce** was **'Corporate Leadership and Spirit of Ownership'**. BCIC's Corporate Golf Tournament is gaining leadership position among corporate leaders, senior bureaucrats, Consul/Trade representatives and celebrities alike in the city as it is keenly contested with passion and exhilaration.

**Mr. N Ahmedali, Chairman, Golf Committee, BCIC** says: "Many believe that Golf is a corporate game mainly because of the networking opportunities it provides. While this is generally true; Golf provides great opportunity to acquire leadership skills. Golf and Leadership workshops are very common in the West and except for a couple of ones that I have been associated with, I am yet to see much happening in this field in India. The moment Bangalore Chamber of Industry and Commerce decided to have this as an annual corporate event in 2009, we have been working on improving it, year-on-year, primarily to provide opportunities to senior corporate leaders and government officials to come together on a common platform so that through Golf they build an enduring partnership and relationship."

On weekends, the corporate boardroom tussle seamlessly integrates into the expanse of the greens. The style and lingo may change a bit but the expression and stoic-ness nevertheless remains the same. As one tees off the greens, changing strategies and new plans can be overheard. Only silence and applause are maneuvered with clubs and the white apple as caddies fail to follow discussion.

This being the bigger canvas of golfing, it is sometimes quite intriguing as well. What do Golfers, the usual lot being high-flying, number-crunching boardroom-staring fellas do for three-four hours at the greens? Does corporate Golf extend beyond business? Does the overtly looking lazing around tantamount to any learning experience? Does it help strike a business deal which otherwise not possible in well upholstered, Air-conditioned, teakwood lined, brightly lit boardrooms?

Any golfer would agree that "Golf encourages character building. Everything from preparation, managing resources and the environment, execution, to decision-making, integrity, handling pressure...you name it and it is ingrained the moment you begin to Tee. Golf allows unhurried conversations in an open and uninhibited, intimidating environment. May be that is the reason why we often hear that business deals are struck while teeing on the green expanses.

Though Mr. Ahmed Ali didn't fail to mention that playing golf is also a test of skills, besides getting a reality check on "integrity and passion" which anyway are key constituents for running zero-stress and successful enterprises he says: "Golf may seem simple from the outside, but it's one of the most complicated sports to date. So many factors go into every single shot, that no matter how long you play the sport, no two shots will ever be exactly the same. Before even getting into the complexity of the swing, one must first take into account the distance, wind, elevation change, firmness of the ground, pin placement and, depending on what shot it is, shape/slope of the fairway or green. This must all be done within 40 seconds of getting to your ball, as taking longer can result in a penalty. After this, a perfect harmonization of movements is required to swing the club 100 miles an hour and hit a tiny ball with an even tinier sweet spot."



Mr. Vaidesh Subramanyam, P.Eng. CQE MBA (Ivey), conducting the workshop

Modern information and communication technologies vis-à-vis: Cyber-Physical Systems, big data or cloud computing will help predict the possibility to increase productivity, quality and flexibility within the manufacturing industry and thus to understand advantages within the competition. Clearly, Industry 4.0—when realized fully—will revolutionize the

- Latest trends in Manufacturing
- Process Engineering: Modelling and Detailing
- Variation Reduction efforts
- Conflict Management/leadership
- Engineering Analysis
- Finite Element Analysis Mold Flow...
- Mould designs and database conversions;



Mr. T R Parasuraman, Deputy Managing Director, Toyota Industries Engine India explaining the nuances of Lean Management

current business models of designing, manufacturing and delivering products and services.

With Smart Manufacturing or Industry 4.0, manufacturers are moving towards a new level of interconnected and intelligent manufacturing system which incorporates the latest advances in manufacturing science, information science, data science and automation tools. The greater digital interconnectedness between various parts of the supply and production chains, is going to make manufacturing ultra-efficient, ultra-sophisticated, and ultra-productive.

This is precisely what the key speaker **Mr. Vaidesh Subramanyam, P.Eng. CQE MBA (Ivey)** focused on:



A section of the audience

The workshop attended largely by assembly line and shop floor managers were comprehensively taken through various aspects of lean management and other manufacturing processes by the key faculty Mr. Vaidesh Subramanyam. The participants were also acquainted to how companies now need to cope up with the rapidly changing manufacturing space if it needs to match the increasing competition in the market place.

Other speakers who spoke at the Workshop included Mr. K S Sharma, President, Laghu Udyog Bharati, Mr. T R Parasuraman, Deputy Managing Director, Toyota Industries Engine India, Mr. Narayana Prasanna, Secretary, Laghu Udyog Bharati and Mr. B S Srinivasan, Vice President, Laghu Udyog Bharati.

## Two - Day International Tax Conference on Changed Paradigm of Tax Bases and Tax Administration

March 4, 2017



Dr H A C Prasad, Senior Economic Advisor to GOI, addressing the Conference. Seen along with him are Mr. K R Sekar, Chairman, Direct Taxes Expert Committee-BCIC, Dr. Parthasarathi Shome, Chairman ITRAF and Mr. Thyagu Valliappa, President-BCIC

Bangalore Chamber of Industry and Commerce (BCIC) under the aegis of its Direct Taxes Expert Committee organized its flagship Two - Day "International Tax Conference on "Changing Paradigm of Tax Bases" in Bangalore.

Delivering his keynote address Senior Economic Advisor to Government of India Dr. H A C Prasad said that despite street expectations that demonetization would severely cripple the domestic economy, on the contrary, it has been quite buoyant.

Dr. Prasad said that most Economic Sectors have done exceedingly well despite the contraction of money supply due to demonetization. Dr. Prasad said: "As per the second Advance Estimates (AE) provided by the Central Statistical Organisation (CSO), the Indian Economy is estimated to register growth of 7.1 per cent in 2016-17 as compared to the growth rate of 7.9 per cent in 2015-16. Growth in the third quarter of 2016-17 works out to 7.0 per cent as against 6.9 per cent in the same quarter of previous year."

He further added: "For 2016-17 full year 7.1 per cent growth is expected which is remarkable given the weak and unsettled global economy and all the dark clouds hovering over Demonetisation effect. Thus the Indian economy is one bright spot in the global landscape becoming one of the fastest growing big emerging market economies in the world despite global headwinds."

He stated that the "estimate for the GDP had not completely included the informal sector and therefore this number could change. However, the significant growth in the agricultural sector to 4.4 percent and the fact that Petroleum / Oil industry was not impacted in a significant manner because of the window of opportunity provided for utilizing the now demonetized currency notes."



Dr. Prasad seen along with Mr. K R Sekar, Chairman, Direct Taxes Expert Committee-BCIC, Dr. Parthasarathi Shome, Chairman ITRAF, Mr. Thyagu Valliappa, President-BCIC and Mr. Raju Bhatnagar Secretary General-BCIC

In other words, Industry 4.0 uses Modern information and communication technologies and predict the possibility to increase productivity, quality and flexibility within the industry.

The benefits of Industry 4.0

- If Industry 4.0 is properly applied it will revolutionize the current business models of designing, manufacturing and delivering products and services.
- With Smart Manufacturing or Industry 4.0, manufacturers are moving towards a new level of interconnected and intelligent manufacturing system
- This incorporates the latest advances in manufacturing science, information science, data science and automation tools.
- The greater digital interconnectedness between various parts of the supply and production chains, is going to make manufacturing ultra-efficient, ultra-sophisticated, and ultra-productive.



Key speakers at the workshop

A smart factory is centered on the interconnectedness of autonomous, situationally controlled, knowledge-configuring, sensor-based, spatially distributed manufacturing resources. Like manufacturing machines, robots, conveyor and storage systems and utilities, including their planning and control systems. In the factory situation machine-to-machine (M2M) communications allow the manufacturer to build an intelligent network along the entire value chain and manufacturing booths can communicate, sense and actuate with each other autonomously, significantly reducing interventions by human operators.



Mr. A N Chandramouli, Past President BCIC Anchoring a session on the Smart Factory Approach

The vision for a smart factory is allowing manufactured products to control their own manufacturing by sharing the needs of the production machines. A smart factory will also schedule manufacturing priorities on demand, as well as urgent requirements for products in the manufacturing line. Even to the extent, that Manufacturing machines monitor themselves and in case of predicted failures, they will activate the maintenance procedure to eliminate any fault.



Prof. Dr. D. P. F. Möller at the workshop

The Workshop highlighted the opportunities smart manufacturing brings to manufacturers in terms of improvements in efficiency and sustainability.

The workshop exhaustively also discussed issues related to the manufacturing processes and how the neo businesses need to cope up with the rapidly changing manufacturing space by incorporating Industry 4.0 principles if it wants to compete and stay in business.

Prof. Dr. K. B. Akhilesh, IISc, Dept. Management Studies, Prof. Dr. D P F Möller, Clausthal University of Technology-Germany, Prof. Dr. R E Haas, Indian Institute of Science, Bangalore, Mr. A N Chandramouli, Past President, BCIC and Managing Director, Starrag India, Dr. S Devarajan, Chairman, Industry and Manufacturing Expert Committee-BCIC and Senior Vice President, Production Engg, TVS Motors, Mr. Arjun Gurudev, Independent Consultant and Entrepreneur, Mr. Pravin Pathak, Deputy General Manager-Project Head Industry 4.0 – Bosch and Mr. Hardik Mistry, Deputy General Manager, Komet Group spoke at the Workshop where over 100 regulators, domain experts, industry captains and professionals participated.



A section of the audience

## Workshop on Digital Manufacturing / Industry 4.0: The Smart Factory Approach

March 9, 2017



Mr. Thyagu Vallappa, President, BCIC delivering the Welcome address. Seen along with him are Prof. Dr. D. P. F. Möller, Clausthal University of Technology Germany, Prof. Dr. R. E. Haas, Indian Institute of Science, Bangalore and Prof. Dr. K. B. Akhilesh, IISc, Dept. Management Studies

Industry 4.0 is the current trend of automation and data exchange in manufacturing technologies across the spectrum. This includes cyber-physical systems (CPS), the Internet of Things (IoT) and cloud computing. Digital manufacturing or Industry 4.0 creates what is called a "Smart Factory approach" within the modular structured smart factories. The Core element in the context of digital manufacturing is the smart manufacturing or the intelligent manufacturing system.



Prof. Dr. D. P. F. Möller, Clausthal University of Technology Germany interacting with participants

To familiarise participants on the latest know-how on industry 4.0 and its implementation, Bangalore Chamber of Industry and Commerce (BCIC) under the aegis of its Industry Manufacturing Expert Committee organized a Workshop on Digital Manufacturing / Industry 4.0 in Bangalore.

Mr. Thyagu Vallappa, President, BCIC delivering his welcome speech said: "With Smart Manufacturing or Industry 4.0, manufacturers are moving towards a new level of interconnected and intelligent manufacturing system which incorporates the latest advances in manufacturing science, information science, data science and automation tools. The greater digital interconnectedness between various parts of the supply and production chains, is going to make manufacturing ultra-efficient, ultra-sophisticated, and ultra-productive."

Digital manufacturing can be introduced as a sequence of Industrial Innovations beginning with: First and Second Industrial Revolution focused on mechanization. The Third Industrial Revolution was based on Automation and basically focused on Lean Production and now the Fourth Industrial Revolution what is called the Industry 4.0 is assisted by virtualization i.e cyber-physical systems CPS, smart machines, smart products and mobile devices basically resulting in the smart factory paradigm.



Dr. Parthasarathi Shome making his observations. Mr. Sunil Dhareshwar, VP, Taxation, Infosys Limited who chaired the technical session on "Tax Administrative Reforms – Lessons Learnt and Way Forward" is seen along with Mr. P K Prasad - Former CIT International Taxation and Advisor – PWC and Ms. Promila Bhardwaj - Pr. DGIT - International Taxation (Retd)



Mr. Arun Giri, Taxsutra Anchoring a session on Tax at Board Room

Dr. Prasad said that November 8, 2016 Demonetization was an historical measure, which had considerable implications on the economy. He said that the aim was fourfold (i) curb corruption (bribes), (ii) check counterfeiting, (iii) counter the use of high denomination notes by militants and (iv) fight the accumulation of 'black money'.

Listing out the positive impacts of demonetization Dr. Prasad said: "Long term benefits will result in reduced corruption, greater, digitization, increase flow of financial savings and greater formalisation of the economy—all these will lead to higher GDP growth and Tax revenues."

Commenting on the consolidation of Fiscal Deficit Dr. Prasad said that the government is moving in the right direction and is expected to keep the FD at 3 percent in the next three years as promised by the Modi government. He said: "Fiscal Deficit targets as per budget 2016-17 is 3.5 per cent for 2016-17. While the FRBM has recommended fiscal deficit roadmap of 3 percent for the next three years, taking note of the need for adherence to fiscal consolidation, without compromising the requirement of public investment, Budget 2016-17 has set the target for 2017-18 at 3.2 percent (instead of 3 percent) but remains committed to the 3 percent target in the following year."



A session on Multilateral Treaties and limitation of benefits in progress.

BCIC Events

Noting his observations on the global economy Dr. Prasad said: "The picture for emerging market and developing economies (EMDEs) remains much more diverse. The growth rate in China was a bit stronger than expected, supported by continued policy stimulus. But activity was weaker than expected in some Latin American countries currently in recession, such as Argentina and Brazil, as well as in Turkey, which faced a sharp contraction in tourism revenues. Activity in Russia was slightly better than expected, in part reflecting firmer oil prices."



Mr. Aneya Kunte, Executive Editor and Co-Founder, Taxsutra moderating a session on GAAR, POEM and Foreign Tax Credit

He further said: "While the balance of risks is viewed as being to the downside, there are also upside risks to near-term growth. Specifically, global activity could accelerate more strongly if policy stimulus turns out to be larger than currently projected in the United States or China. Notable negative risks to activity include a possible shift towards inward-looking policy platforms and protectionism, a sharper than expected tightening in global financial conditions that could interact with balance sheet weaknesses in parts of the euro area and in some emerging market economies, increased geopolitical tensions, and a more severe slowdown in China. He acknowledged that the change of Administration had injected an element of unpredictability on the global firmament."

Mr. Thyagu Vallappa, President, BCIC delivering his Welcome address said: "A quick glance through the recent tax



Mr. Sharath Rao, Partner, BMR Advisors anchored a session on Transfer Pricing - India's Approach

trends indicates that the Tax systems the world over shows that many have undergone significant changes especially during the last twenty years, as many countries across the ideological spectrum and with varying levels of development have undertaken reforms."



Mr. K Balasubramian, Co Chairman, Direct Taxes Expert Committee, BCIC introducing Mr. S. Ganesh, Senior Advocate

The wave of tax reforms that began in the mid-1990s and accelerated in the 2000s was motivated by a number of factors. In many developing countries, pressing fiscal imbalance was the driving force. Tax policy was employed as a principal instrument to correct severe budgetary pressures. In others, the transition from a planned economy to a market economy necessitated wide ranging tax reforms.



A session on Indirect Transfer - Issues in progress

Mr. K R Sekar, Chairman, Direct Taxes, Expert Committee addressing the gathering said: "Another motivation was the internationalization of economic activities arising from increasing globalization. On the one hand, globalization entailed significant reduction in tariffs, and replacements had to be found for this important and relatively easily administered revenue source. On the other, globalization emphasized the need to minimize both efficiency and compliance costs of the tax system."

Besides efficiency considerations, these tax reforms had to address the issues of replacing public enterprise profits with taxes as a principal source of revenue and of aligning tax policy to change in the development strategy.

The evolution of the Indian tax system was also driven by similar concerns. As far India was concerned, the BOP crisis led to introduction of New Economic Policy in 1991. Thus opening up the economy and integrating to the concept of globalized village.



Participants at the two-day International Tax Conference

In many developing countries, the immediate reason for tax reforms, has been the need to enhance revenues to meet impending fiscal crises. As one renowned economist puts it crisply, "fiscal crisis has been proven to be the mother of tax reform".

One of the most important reasons for recent tax reforms in many developing and transitional economies has been to evolve a tax

system to meet the requirements of international competition and prepare for integration with regard to globalization.

This is where the relevance of BEPS, GAAR, POEM, International Tax jurisprudence, Tax at Boardroom, Multilateral treaties, Transfer Pricing comes into the picture.

Meanwhile, over 100 economists, tax professionals and other domain experts deliberated on a slew of issues like BEPS, GAAR, POEM, International Tax jurisprudence, Tax at Boardroom, Multilateral treaties, Transfer Pricing to list a few at the two-day conference.



A section of the audience

