Positioning India to Capture Global Supply Chains and Grow Economic Opportunity

A Joint U.S.-India Business Council & Economic Laws Practice Occasional White Paper

July 2020

Dear Minister Goyal,

As you are well aware, COVID-19 has revealed the vulnerabilities of well-established international supply chains and acted as a catalyst for companies to reconfigure value chain networks with a focus on resiliency and reliability. With India – and the rest of the world – still combatting an unprecedented global pandemic, it is more important than ever to implement policies and practices that ensure the safety of our citizens, support economic reopening, and create a business environment that will support strong future growth.

To that end, the U.S. - India Business Council (USIBC) and Economic Laws Practice (ELP) conducted a survey of USIBC member companies to solicit recommendations on the policy reforms, regulations, and incentives that will make India a more attractive investment destination. The USIBC membership includes some of the world's largest multinational companies, and this report represents a cross-section of those companies, with inputs drawn from every major sector.

Both USIBC and our members have worked extensively with the Government of India (GoI) to achieve shared economic and development goals. We seek to continue that partnership through this report. We would also appreciate the opportunity to meet with you virtually to discuss the survey results and explore how we can work with the GoI to take this supply chain initiative forward.

We look forward to hearing from you and playing an active role in the next phase of India's growth story.

Yours Sincerely,

Nisha Biswal (President, U.S.-India Business Council)

Suhail Nathani (Managing Partner, Economic Laws Practice)

Dear Minister Goyal,

As the Chair of the U.S. – India Business Council's Task Force on Supply Chain Standards and Practices, I have been asked to share some perspective on the attached submission of recommendations developed through the collaboration of ELP and USIBC. Both organizations have put forth an important effort. I am sure that you are also receiving valuable input from other organizations.

Before I turn to the substance of our comments, please allow me to share our admiration and respect for you and the Ministry. We have been humbled by the opportunity in recent years to work with your colleagues on issues critical to India. The cadre of Ministry and other Government of India (GoI) officials are setting a best practice for other countries on how to collaborate with civil society and business for the betterment of all the people of India.

With respect, we believe for India to achieve the gains that other large economies enjoy, particularly with regard to attracting new investments in India's manufacturing sector - India's supply chain and logistics ecosystem needs to be standardized.

Today, this standardization of the supply chain and logistics ecosystem will address a well-known issue. India has modern manufacturing with intellectual and human capital as good as anywhere else in the world. But the products manufactured in India are inefficiently moved to domestic and international markets. A standardized ecosystem will change that and help improve both India's economic growth and environmental sustainability. This ecosystem will also in the future reduce the potential transmission of disease that can result from the traditional movement of goods.

We believe India must define supply chain and logistics standards based on the nation's unique circumstances and that the GoI, as has been the case with other modern economies, armed with appropriate stakeholder input, must drive this standardization.

In summary, a modern supply chain and logistics ecosystem is one of the force multipliers of the modern economy and will help attract more investment to India, ultimately driving a healthier and more competitive future for India.

Now to the remainder of our recommendations. Whenever government asks for suggestions, we in business often offer up either our pain points or opportunities. We talk about what we as companies and or industries find to be the most challenging issues that government can help us address.

In this case, we want to do more than that. The USIBC members believe we have a responsibility not just to raise problems but also to work with the GoI to define made-in-India solutions. We propose the following:

- USIBC will identify a small group of members that have expertise in the areas of supply chain, customs, tax (direct and indirect), labour and intellectual property
- Each of the small groups would join with GoI experts in one or more conference calls to define potential solutions that could prove wins for the economy and the people of India.

This suggestion is rooted in the experience that the USIBC Task Force on Supply Chain Standards had in working with the GST Council. I have never experienced such a positive experience working with government. While all participants of the discussion recognized their responsibilities to their respective organizations, everyone from government and commerce focused on the greater good and a great deal of progress was accomplished.

In closing, we humbly request the opportunity to join your colleagues to discuss these issues (and others that may arise) and produce a report to you that identifies potential solutions. While we understand that we may not immediately resolve all issues, we nonetheless consider this a next step forward as government and business collaborate for the wellbeing of your great country.

Sincerely,

Mike Mullin

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I. Supply Chain & Logistics Reforms and Incentives

As India's growth trajectory moves it closer to becoming a leading logistics hub – connecting Asia to the Middle East, Europe, Africa, and beyond – our members stress the importance of customs modernization and trade facilitation reforms that will attract new supply chains to India. These reforms are vital to India's growth in manufacturing under the *Make in India* agenda, and can support increased exports, boost India's attractiveness as an investment target for major multinational companies and raise India's ranking on indices like the World Bank's Ease of Doing Business ranking. While trade facilitation helps all firms, the Organisation for Economic Co-operation and Development's (OECD) work shows that improvements in the trade facilitation environment benefit smaller firms particularly. Trade facilitation reforms reduce fixed and variable trade costs, helping micro, small and medium-sized enterprises (MSMEs) become importers and exporters and increase trade volumes.

In addition to adopting World Trade Organization (WTO) Facilitation Agreement (TFA) measures, the GoI could also improve its supply chain efficiencies by taking the following steps to make India a more attractive destination.

1. **WTO Trade Facilitation Agreement**

   The Government should focus on further embracing the WTO TFA. The TFA provides a ready-made blueprint to meet global standards in import and export customs processing. The GoI has made great strides in this area, and swift implementation and ambitiously meeting all of the commitments is a milestone that this Administration can meet.

   We also encourage the rapid implementation of the commitments undertaken as part of the WTO TFA to modernize customs processes, specifically, the enabling of pre-arrival processing, clearance, and release of inbound shipments. Particular emphasis should be placed on making the customs process completely paperless, since today the burdensome requirement for document retention creates high administrative costs. Moving to digital documentation will enable carriers to automate the process and support e-document validation.

2. **Supply Chain Ecosystem Standardization**

The USIBC Task Force on Supply Chain Standards and Practices has undertaken real-world trials to show the value of developing an India-centric approach to a standardized supply chain and logistics ecosystem. Such an ecosystem will allow India to achieve the gains that other large economies enjoy, particularly with regard to attracting investment and promoting economic efficiency and environmental sustainability.

The movement of goods, whether loaded by hand or by equipment, depends on trucks, loading docks, material handling equipment, warehousing, and roads that all work together. The compatibility of the multiple pieces of this ecosystem depends on standardized unit load devices that carry the goods that fit in a truck that fit on the loading dock that fit on the highway. For example, the number of truck sizes doesn't matter as long as from the smallest to the largest truck India requires each to share a volume of weight and cube that fits on a one or more unit load devices that each carry one ton.

Such an ecosystem will support India's ambitions to be a manufacturing base for exports and allow the seamless movement of goods across multi-modal channel, which is possible with the well-configured unit load and mutual compatibility of devices and infrastructure. In addition, as supply chains evolve and different business models are created, this will allow India to improve the nation's sustainability.

3. **Eliminate Export Value Limit in Courier Mode**

The GoI should eliminate the export limit in courier mode altogether to further boost exports from India, increase India's competitive advantage as a manufacturing centre, and facilitate exports for MSMEs that engage in cross-border e-commerce

4. **Bulk Clearance & Returns**

Facilitate the bulk clearance of e-commerce import/export shipments (i.e., enable clearance of a consolidated document such as a manifest with minimal details). Additionally, simplify the process for e-commerce return shipments, which would facilitate cross-border trade and promote domestic e-commerce growth and investment.

5. **Courier Mode & OGA Integration**

Expand recent customs improvements (e.g., single window clearance via cargo mode) to courier clearance mode, and seamlessly integrate other government agencies' clearances in order to eliminate redundancies and maximize the benefit of the single window. Also ensure customs response messages are sent back to the courier companies. These reforms should also be expanded to all courier clearance ports.

6. **Commodities**

There are commodity restrictions for processing in courier mode. The Mumbai customs authorities recently issued a standing order for the strict adherence to these restrictions and require these commodities to move in cargo mode.

7. **Risk Management**

Strengthen risk-based targeting processes to ensure that all government agencies deploy the highest standards and minimize physical inspections. Despite the fact that customs has introduced EDI, post-customs clearance still depends on an officer individually approving each shipment and the lack of sufficient staffing leads to daily delays. However, customs' risk engine is capable of identifying the risk through the TFA-based risk management system, so the post-clearance review is redundant.

8. **Suspension or Revocation of Courier Registration Provisions**

In the case of express operators, which provide speed and connectivity of supply chains to global markets, this essential capability is diminished when it is burdened by excessive regulatory oversight and investigations. The courier registration issued to an authorized courier under the courier Imports and Exports (Electronic Declaration and Processing) Regulations, 2010 (Courier Regulations 1998 for manual clearances) is the basis of its operations and crucial to providing express delivery to its customers. Express operators are often threatened with investigations and sudden license suspension/revocation when unscrupulous shippers/consignees misuse the express network for their unlawful purposes. Depending on the size, customer base and scale of operations of an authorized courier, suspension implies immediate cessation of its operations which affects thousands of customers (exporters and importers) immediately. Express companies manage entire supply chains and provide door-to-door service for express transportation, and courier customs clearance is just one aspect of the entire chain. When licenses are suspended, this brings the entire chain to a sudden and abrupt stop. In order to maintain business continuity, this harsh and coercive measure of suspending or revoking courier registrations should not be a regular method of punishment. Customs should act with the same sensitivity towards the Express Industry as the other industry regulators in the Aviation, Banking and Telecom sector act towards operators in their sectors wherein suspension is not resorted to in the larger interest of customers and trade. The current suspension or revocation of courier registration provisions under the Courier Regulations have a wide ambit by disrupting the business continuity and need appropriate modifications to keep the supply chain connected. Rather than targeting the express operators, which are also being harmed by this unlawful use, the GoI should seek to uniformly collaborate and partner with them, which will better drive the bad actors out of the network to the benefit of all.

9. **Common Single Window Clearance System**

The GoI should consider introducing a common single window clearance system which is common for approvals from state government and GoI (i.e. land, labour, construction permits, power connections, Goods and Services Tax (GST), Permanent Account Number (PAN), etc.). Establish a time-bound mechanism for investors to receive sanctions and receipts, with limited conditions to be met.

10. **Regulatory Consistency in Processes and Interpretation**

It is important that customs ensure basic rule of law tenets are enforced by the local customs official across all ports in India while allowing for discretion through consistent processes, interpretation and application of customs rules/regulations. This would not only enhance exports and help drive the resumption of manufacturing and economic activities in a post COVID-19 environment, but would attract supply chains by providing confidence that they could connect their goods to the global markets in a more efficient manner.

11. **Customs and Foreign Exchange Management Act (FEMA) Regulations**:

There is no specific regulation to cover re-usable packaging materials. The Bill of Export and Bill of Import is in name of the party whose goods have been loaded onto the reusable packing (i.e., exporter and importer). Hence, there is no document available for 're-usable packaging company' to earn forex because of export for such re-usable packaging material. Similarly, there is no document available in name of 're-usable packaging company' in case of import.

There should be some mechanism to generate bill of entry in multiple names (importer and 're-usable packaging company') to discharge customs duty in case of import, similarly mechanism is required to obtain proof of export in multiple names (exporter and 're-usable packaging company').

Currently companies are using one time use packaging material which creates additional costs for customers. This cost can be reduced if re-usable packaging material is used. This will also reduce the negative impact of "one time use packaging materials" on carbon footprint/sustainability. With reusable packaging, there would be less damage in-transit leading to product safety and lesser dispute.

Temporary imports of reusable packaging should be on aggregate basis and not on unique identification numbers or tag ID basis to promote sustainable solutions like reusable packaging.

12. **Platform Integration**

We encourage the GoI to fully integrate the Express Cargo Clearance System (ECCS) and Indian Customs Electronic Data Interchange (EDI) Gateway (Icegate) with the e-Way Bill portal so that all data under Part A will be automatically populated and only Part B needs to be filled. This small but impactful change will help to save administrative time and cost for both the government and companies. When it comes to supporting MSMEs, every opportunity to streamline processes like this translates into lower costs and easier cross-border processes to meet their customers' expectations.

13. **Increase Customs Personnel**

Deploying an adequate number of customs officials to increase manpower at courier and cargo terminals will reduce dwell time and allow 24x7 customs clearance at major airports. In the COVID-19 environment, this can be done in a way that maintains health and safety while also enabling the continuity of business for economic resilience. Without adequate personnel, parcels encounter a bottleneck in the customs process, leading to service failures – or perhaps even the delay in the delivery of critical supplies or equipment.

14. **Authorized Economic Operators (AEO)**

Simplify the AEO criteria based on express industry norms, such as the World Customs Organization's Customs AEO Validator Guide and Mutual Recognition Agreements (MRA) Strategy Guide.

It should be noted that express operators perform multiple activities/functions. Currently the AEO does not clearly define express operators. Express operators make substantial investment in infrastructure, equipment and process, which makes it critical that category of Integrators get introduced in AEO.

15. **Cold Chain Development**

The cold chain industry remains underdeveloped in India. Addressing this issue has the potential to promote greater growth in the agricultural and healthcare/pharmaceutical sector. The GoI could improve cold chain storage in India by encouraging private investments in this area. The GoI should undertake a policy review to develop specific norms for major fresh agriculture produce in consultation with industry. In addition, it should help formulate master plans to link commodity clusters, storage, and retail/consumer markets. The Warehousing Development and Regulatory Authority (WDRA) should introduce parameters for inclusion of major agricultural produce in cold chain to be eligible for warehouse financing.

16. **Centralised KYC Repository**

Rationalisation of Know Your Customer (KYC) norms is a critical requirement in current times as security is a key concern of the government and customers. Hence, we recommend that a central depository of KYC documents must be created to facilitate trade and minimize the burden on importers/exporters.

17. **Perishable Goods**

Exports of perishables from India through courier including e-commerce should be allowed subject to proper due diligence and clearances. This can be an effective route for increasing exports and linking to global supply chains.

18. **Expanding Definition of Essential Services**

Multinationals will seek to move manufacturing to nations that can both balance continued production and handle future crises to preserve core capabilities and avoid major supply chain disruptions. Put simply, supply chain resilience has become as important as supply chain efficiency. To satisfy such requirements, it is imperative for India to lay out clear industry guidelines and Standard Operating Procedures (SOPs) for responses to such crises in future. By aligning India's definition of "essential services and industries" to that of other major economies, India can meet the requirement for supply chain resilience and emerge from the crisis ready to compete for new investment. In addition to existing essential industries, the following export related sectors could be added to the list of essential services and industries:

a. Automotive
b. Aerospace & Defense
c. Chemical Manufacturing
d. Medical Equipment and Pharmaceutical
e. Nuclear Energy
f. Oil & Gas
g. Power Generation
h. Raw Material Processing Industries (e.g., Steel)
i. Supply Chain & Logistics and Courier Services

19. **Detentions**

Hold back only problematic shipments in situations where there are e-Way Bill-related issues, instead of detaining the whole vehicle.

20. **Use SEZ Model to Sell India Story**

Portals like investindia.gov.in and makeinindia.com should highlight the benefits of special economic zones (SEZ) and carry a specific/dedicated section covering them.

21. **Implement Air Freight Stations (AFS)**

Implement the Air Freight Station (AFS) policy to enable air freight imports and exports to overcome the infrastructure bottlenecks at Indian airports that require extensive and time-consuming investments. AFS implementation would reduce processing time and costs for exporters and importers.

22. **100% Foreign Direct Investment (FDI) in Cargo Airlines**

The GoI is positioned to attract supply chains and has shown industry that it is interested in freely connecting to global markets. To enhance capacity building for domestic air cargo and accelerate manufacturing for self-reliance and exports, the GoI should allow FDI up to 100% in cargo airlines by foreign airlines to integrate India with global supply chain with optimization of resources and introduction of world class expertise in express cargo operations in the country.

23. **Infrastructure and Connectivity**

The infrastructure and logistical connectivity to the ports and the national highways needs to be upgraded to contend with those of competitive destinations in Southeast Asia. Such quality infrastructure needs central government financing. There is good precedent of central funding in the development of the Delhi-Mumbai Industrial Corridor. The National Investment and Infrastructure Fund (NIIF) should look actively look at creating such assets. Land and infrastructure of a quality and price that is comparable with those of alternative destinations is naturally essential for success.

24. **eCommerce Exports**

eCommerce Export Zones (EEZs) should be established as the top 40 MSME clusters in India, with the following facilities:

i. A world-class, pre-built, shared warehouse for MSME traders;
ii. Product certification and testing labs for key destination markets; and
iii. GST input tax credit refunds within 24 hours of goods entering the EEZ or a GST waiver for all services availed within the EEZ, including logistics.

25. **Economy Postal Mode of India Post**

The economy postal mode of India Post should be integrated into the logistics chain to track the delivery of global shipments. This would enable domestic producers to compete with foreign sellers in the global market at a lower total cost of operations. In addition to this, it is recommended that the India Post network:

i. Increase the number of foreign post offices from the present 28, as well as the Parcel Network Optimization Project (PNOP);
ii. Initiate pick-up services from manufactures or exporters

II. Tax Recommendations

USIBC is encouraged by the GoI's stated focus on improving the taxation framework to stimulate investment and economic growth in India. This includes key reforms such as the continued implementation of the GST regime, and ongoing focus on moving India to a cashless, digitally-driven economy.

A significant positive step toward improving the investment climate would be to further reduce tax uncertainty for multinational companies and institutional investors in India. In today's economic environment, scarce capital is allocated to markets offering optimal returns. Global businesses allocate investments where post-tax returns for a given risk profile are highest. When tax costs are uncertain, particularly in a foreign country, investors normally provide for them on a most conservative basis. Therefore, tax uncertainty results in an increase of risk when investing in any given project and drives investors to either withhold investments or require a higher rate of return to account for this risk, thus raising the cost of capital in the uncertain market.

Additionally, the GoI could better utilize its tax framework to incentivize investment into the country by considering the following:

Direct Taxation

1. **Reinstatement of the SEZ Tax Holiday and Other SEZ Incentives**

The GoI has removed tax holiday with effect from April 1, 2020 (Sunset clause). This was one of the major attractions for a company to operate out of SEZ unit and hence capacity utilization in SEZ remains uncertain. Hence an extension or alternative will help boost exports. The requirement of being net foreign exchange earners may also be dispensed with. Further, INR denomination for goods for domestic sales should be extended to services.

2. **Relaxation on Intercompany Loans Being Deemed as Dividends**

Relaxation on section 2 (22)(e) of the Income Tax Act to avoid intercompany loans being treated as deemed dividend. This will enable the surplus funds of one group company to be used to give short term loan to another group company without attracting dividend tax. This will address liquidity issues being faced by such firms.

3. **Implementation of Tax Holidays for Companies Shifting Their Base from China to India**

Announcement of tax holidays for companies shifting their base from China to India:

(A) While the corporate tax rate for new companies entering India is low, compared to several Asian destinations, an additional incentive would be needed.

(B) We need to be competitive from an overall perspective, and to attract investment, we need to take measures to offset the other benefits that China offers, like their impressive supply chain.

4. **Tax Litigation**

Greater tax certainty and reduction in dispute resolution timeline, and easing of the resolution process will greatly improve investor confidence.

5. **Tax Interface**

Taxpayers to be treated like customers by tax authorities, marking a change in the approach towards tax management. Commissioners should be allowed to hold the responsibility and accountability for large business accounts.

Sector-based Indirect Taxation Reform

6. **Simplification of Regulations on Interstate Transport**

Clarify and simplify regulations in the Goods and Services Act regarding the interstate movement of vehicles loaded with export-import goods. Consignment intended for export, or movement of import consignment should be subjected to reduce physical scrutiny in view time sensitiveness and reduced risk of tax evasion. Minor procedural lapse or human error in documentation should not be reason for detention of goods.

7. **Zero-rate Status on International Freight and Transport Services**

Allow for zero-rate status on international freight and courier transport services for both exports and imports, including ancillary services. In no event should government exempt international courier service from taxes, unless exemption is also given for all

procurements, including those liable to tax under reverse charge mechanism. Alternatively, such exemption should not increase cost burden on service providers by way of input tax reversals.

8. **Exemption of Ocean Import Freight from GST**

Exempt ocean import freight from the GST. Currently, air import/export freight and ocean export freight are exempted from GST, but there is a 5% GST on ocean import. This anomaly should be ironed out by way of granting similar exemption to ocean import freight.

9. **Refund of Integrated GST (IGST) Paid on Ocean Freight**

Levy of IGST in the hands of importer was a vexed issue, especially in scenarios wherein exporter engages the overseas shipping line on CIF basis. Courts have ruled that in such cases, importer is not liable to pay IGST, since importer has not availed the services. Refund claim arising on account of such wrongly paid IGST should be refunded expeditiously.

10. **Reform of Regulations on e-Way Bill**

a. Exemption of International Shipments from e-Way Bill Requirements

Exempt international import and export consignments from the e-Way Bill requirements, since the consignments can be tracked via customs documentation/air waybill in the GST network common portal.

b. **Reduction of Penalties for Errors on e-Way Bill**

Keep penalties in the case of error on any part of the e-Way Bill to a nominal amount. Penalties equal to the value of the good plus taxes impose a significant financial burden on a logistics service provider, despite not being at fault. Further, penalties are being imposed or goods are being detained for minor procedural lapse and relief is available only after approaching the Court. Suitable relaxation should be provided.

c. **Expanding Authority to Generate e-Way Bills**

Allow transporters to generate e-Way Bills. Responsibility rests on the registered person who causes the movement of goods, so primary liability to generate an e-Way Bill is on the consignor. However, if the consignor fails to do so, the transporter should also provide it.

d. **Clarification of Exemptions on e-Way Bills**

Revise Rule 138 of the Central GST (CGST) to clarify e-Way Bill exemptions. There is currently no provision in the e-Way Bill rule stating that an e-Way Bill is not required in scenarios where the goods are exempted from GST. Annexure to Rule 138 of CGST covers only limit goods which enjoy e-Way Bill exemption – if the goods under consignment are listed among these items, there should be no need to generate e-Way Bill.

11. **Payment of GST on Collection Basis**

Given the current situation, there could be significant delay in receipt of consideration from customers. In order to provide respite from severe cash position, temporary option to pay GST on collection basis should be provided. Such option should also be extended to reverse charge liability.

The transportation sector has been greatly impacted by the COVID-19 pandemic. To boost the industry, a preferential GST rate of 5% with availability of input tax credit should be extended to all participants, including goods transport operators.

12. **Rationalization of GST Rates for Multi-modal Transportation**

Multi-modal transportation of goods attracts a higher rate of GST of 12%. However, various components of such services independently attract lower GST rate of 5%. Given this, GST rate on such services should be rationalized. Alternatively, an option should be available to separately charge GST on individual components of services, at applicable rates treating the same as independent supplies. Clarification should be issued to obviate the risk of service classification as composite or mixed supply.

13. **Expanding Availability of Input Tax Credits Across Inter-state Warehousing Services**

Warehousing services are classified as intra-state supplies and state specific taxes are applicable. If recipient is based in other states, then credit of taxes charged on warehousing services is unavailable. This is causing undue increase on cost and resolution should be provided for such situations.

14. **Permitting Use of Input Tax Credit to Discharge GST Liability**

GST liability can only be discharged by cash payment. This results in situation of accumulation of input tax credit and consequently resulting in cash flow issues. Through legislative amendment, an option should be available to discharge reverse charge liability by utilization of input tax credit.

15. **Relaxation in Conditions to Claim Input Tax Credit**

GST law prescribes onerous conditions to avail input tax credit, which penalizes recipient for errors committed by supplier. The law should be suitably amended to ensure that errors or lapse on part of supplier (e.g., such as return filing, disclosure errors, etc.) do not impact recipients' ability to claim credit.

16. **Inclusion of Petroleum Crude, High Speed Diesel, Motor Spirit, Natural Gas, and Aviation Turbine Fuel Within the Ambit of GST**

Exclusion of above goods from ambit of GST has resulted in incremental cost of such goods on account of embedded tax, which is not available as input tax credit. The said goods, which were temporarily kept outside the purview of GST, should now be introduced within the GST ambit to reduce the cost and thereby, reducing the cost of services.

III. General Reforms and Incentives

The regulatory reforms and proposed incentives laid out below cut across all sectors. Addressing these concerns can play a significant role in increasing investment into the country. Although many of the issues represent long-standing concerns of the business and investor communities, the GoI has made improvements over the years, as best indicated by year over year improvements in the Ease of Doing Business ranking. Despite the improvements, India's potential as a global manufacturing hub remains largely untapped, illustrating the need for continued efforts to implement effective reforms.

1. **Land Law Reforms**

There are more than 1,200 laws related to land, alongside about 150 centre laws, in just eight of India's 29 states. Obtaining regulatory approvals for land acquisition is a tedious and time-consuming process, as the approvals are spread across the project lifecycle and required from different ministries/government departments. The government has taken some positive steps to make this easier like digitisation of land records and automation of acquisition process, favourable changes of laws, single-window approvals at Ministry of Environment and Forest (MoEF) but more can be done to attract investments.

State governments should make available a pool of land in different states which is available on-tap basis with transparent pricing and no road blocks around acquisition. For the specific end use of setting up industrial units, allow debt raising for investment in land so that potential investors can tap into it before they start bringing in equity as equity approvals may be time consuming in large corporations. Media reports have mentioned a total area of 462th ha. identified across the country for the purpose, across Maharashtra, Gujarat, Tamil Nadu and Andhra Pradesh. This would be a positive move.

2. **Simplification of Labor Laws**

Both state legislatures and the Parliament have legislative powers to enact labor legislation and grant dispensations by exercising administrative powers. This has led to a complex web of differing labor regulations across India. Certain legislation is applicable based on the threshold of the number of employees employed by the establishment but given that states have the ability to change these thresholds, it makes understanding of labor legislations complex and increases costs for implementation. A minimum code which is uniform across the country should be implemented and should not have provisions open to interpretation. For example, the definition of "workmen", despite 73 years of the enactment of the Industrial Disputes Act, 1947, is still shrouded in obscurity. Retrenchment of workmen should not require any state government approval and employers should have the ability to freely hire and fire employees.

3. **Registration of Intellectual Property (IP)**

In the past few years, the government of India has made great strides in dedicating resources and staff to attend to IP administration and registration. But though wait times have significantly decreased, the efforts of small and large-scale innovators remain frustrated by lack of coordination between the state and national authorities for pharmaceutical products, burdensome notification and reporting requirements, and a time-consuming patent opposition process out of step with international norms. Taken together, these challenges can complicate the process to bring a develop, produce, and distribute a product to Indian consumers.

4. **Transparency in the Regulatory Process**

It is important to ensure that laws and regulations for conducting business in India give the public the opportunity to review and provide comments. Although there will be interest groups that oppose all forms of regulation, considering the viewpoints of all stakeholders before legislation is passed will prevent the practice of making frequent amendments later, which serves to increase regulatory uncertainty.

5. **Consistency Perspective**

Multinational corporations want to be assured that the decisions taken, and approvals provided by the current local, state or central government will not change when a new government takes charge.

6. **Common Application for All Incentive Schemes**

Simplify the pool and application/disbursement process by establishing a unified authority to sanction all incentives. Currently, the process requires an investor to approach multiple departments to get grants.

7. **FDI Approvals and Security Clearance**

The GoI should review if it is possible to reduce the time taken to clear investment approvals (through the Foreign Investment Facilitation Portal) and security clearance (in sectors where it is required) to two or three weeks.

8. **Clubbing Incorporation and FDI Approval Process**

The Simplified Proforma for Incorporating a Company Electronically, commonly known as the SPICe form, has the option to also apply for Employee's Provident Fund (EPF) and Employee's State Insurance (ESI) registrations. For companies that require FDI, companies could also be provided the option of applying for FDI approvals from the relevant regulator (through the Foreign Investment Facilitation Portal) in the SPICe form. This can reduce the aggregate time required for establishing a presence in India.

9. **Fast Track Visas**

While difficult to do during the current COVID-19 situation, going forward, the GoI could consider fast tracking visa schemes or approval processes for overseas investor representatives to stay in India until they establish operations.

10. **Attracting Electronic Design Companies**

Although The National Policy on Electronics (2019), mentions both manufacturing and electronic design companies in its scope, the reduced corporate taxation rate is only applicable to manufacturing companies and not design led companies. This is acting as a deterrent for design led supply chains to migrate to India.

11. **100% FDI in Insurance Companies**

Multiple life and non-life foreign insurance companies stand ready to invest and grow their businesses in India, provided they and their joint venture partners are free to adopt ownership, management and control arrangements that suit their objectives. This requires the removal of the FDI caps that limit foreign investment in the sector to 49%. Capital inflows will help expand insurance supply and product offerings, increasing access to safety nets for businesses and individuals. These outcomes are important to promoting entrepreneurship and innovation and enabling hundreds of millions of Indians who presently lack insurance to insulate themselves from sources of financial shock like illness or the death of a family breadwinner. Growth in this sector can also increase the supply of investment capital to business, thereby accelerating economic growth, as insurance companies must invest their float—the premium received for their products—to generate returns sufficient to cover their contractual obligations.

12. **Extend the Duration of the Production Linked Incentive (PLI) Scheme**

The period of the Production Linked Incentive (PLI) Scheme is currently five years. Although this is a positive step, five years is not enough time for a company to become independent and promote domestic memory products in India for export. Considering the huge amount of capital expenditure (more than $300M), we suggest at least 10 years for the subsidy.