



Gateway

Volume 3 Issue 3

May-June 2017

President's Message



Dear Friends,

The growth for the financial year 2018 is projected to be 7.6% and according to a recent study by a global research agency it is estimated that it would touch 7.9 % by December 2017. This would mean that the Indian economy is entering a productive growth phase, driven by favourable external demand, improving corporate balance

sheets and private recovery, says the report.

The implementation of GST in India on July 01, 2017, the biggest tax reform since India's Independence to create one common market for 1.3 billion people, with the concept 'one nation, one market, and one tax', is certainly believed to facilitate overseas investments and trade. Though there will be some initial hiccups, considering the long term benefits we should stand united and support the cause.

Global corporations view India as one of the key markets from where future growth is likely to emerge. The growth in India's consumer market would be primarily driven by a favourable population composition and increasing disposable incomes. If India continues to grow at the current pace, average household incomes will triple over the next two decades, making the country the world's fifth-largest consumer economy by 2025, up from the current 12th position.

The Government of India has also allowed 100 per cent FDI in online retail of goods and services through the automatic route thereby providing clarity on the existing businesses of e-commerce companies operating in India.

I would think it is time that India focuses on infrastructure projects with foreign participation for an accelerated economic growth. I am confident that the current year will bring better growth than the previous year. Growth is essential for a country which has high population. I am reminded of a Japanese proverb that says 'when Bonsai stops growing, you know it's dead' (Bonsai ga seichō o tomeru to, shinda koto wakarū).

Regards,

N. Kumar

IJCCI Chamber Day Meet Chief Guest Mr. M.M. MURUGAPPAN Vice-Chairman, Murugappa Group



Chief Guest addressing the gathering



Consul General Mr. Seiji Baba addressing the gathering



Mr. T.P. Imbichammad, Chairman, Avalon Group addressing the gathering



A cross-section of the audience

Understanding the new GST regime



IJCCI conducted a special meeting on Gearing up for GST on 10th June 2017 to understand and migrate into the new GST regime smoothly. The meeting was Presided Over by Mr.C.P.Rao, Chief Commissioner of Service tax and Central Excise, CBEC.

Mr. C.P. Rao in his Keynote Address presented the regulator's perspective about GST, covered the Central Government's reforms in Indirect taxes - conceptualization of VAT and evolution of GST regime - since 2000; Benefits of GST over the existing indirect tax regime seamless Indirect tax structure across India ;Government's initiatives to roll out the GST reform etc.

A brain-storming session on GST by Mr.Sivakumar Ramjee of Grant Thornton India covered the basic concepts of supply; taxes subsumed in GST; benefits & challenges etc. The Panel members clarified the doubts and answered the questions of the participants at the Open Floor.

Japan's tourism, real estate sectors actively seeking foreign workers

Japan's hotel operators and real estate firms are ramping up their hiring of foreign workers to capitalize on booming in-bound tourism and increasing property investment from wealthy overseas buyers. "Working for Japan's travel industry is very demanding in terms of customer service." "I like my job and wages are good", says a foreigner employed in a travel company in Japan. Hotels operated by TKP have received many group-tour orders from people in other Asian countries. Syla Co., a Tokyo-based real estate company that mainly sells condominiums for investment, has intentionally sought to hire individuals from Taiwan, China or South Korea over the past three years. They are tasked with selling condominiums to Taiwanese, Chinese and South Korean investors.

Expecting its condo sales to Asian customers to increase in the future, the company hopes foreign employees will play a greater role in its marketing operations. Neo Career, a staffing agency had introduced about 500 workers, mostly in their 20s to 30s, to some 500 Japanese companies, including retail chains and travel-related companies. It plans to introduce Vietnamese and Indian engineers to Japanese venture firms and midsize companies. *(The Japan Times)*

Job availability in Japan climbs to highest level

Job availability rose to its highest level in over four decades in May this year. Labour is in short supply, Japan's jobless rate rose to 3.1 percent in May from 2.8 per cent in April, partly because people quit their jobs in search of better employment.

Strong exports to Asia have boosted Japan's economy, which has been in its third-longest expansion phase in the post-war era. Companies, gradually stepping up output, are in an increasingly intense hunt for workers. 149 positions were available for every 100 people seeking employment. Labour shortages are particularly severe in the non-manufacturing sector. Companies are facing difficulty in finding workers as job seekers tend to view conditions offered as unappealing. The unemployment rate for men rose 0.3 point to 3.2 per cent, while joblessness for women increased 0.3 point to 2.9 per cent.

On the back of the export-led recovery, domestic demand has also shown signs of picking up, even though economists say private consumption lacks strength as wage growth is tepid. Household spending fell 0.1 per cent from a year ago. Spending remains weak but there are also moves toward recovery. Japanese consumers reduced spending on clothes, shoes, food and housing. But spending on transportation, communication services and social expenses have increased.

(Japan times)

IJCCI CONGRATS ISRO

The Geosynchronous Satellite Launch Vehicle-Mark III (GSLV-Mk III), the heaviest rocket ever made by India and capable of carrying large payloads carrying communication satellite GSAT-19 (to help improve telecommunication and broadcasting areas) was launched successfully from the Satish Dhawan Space Centre in Sriharikota on June 6, 2017.

This is India's first fully functional rocket with a cryogenic engine that uses liquid propellants - liquid oxygen and liquid hydrogen. The GSLV Mark III is capable of launching four-tonne class satellites in the Geosynchronous Transfer Orbit (GTO).

The Indian Space Research Organisation has also been working on some critical technologies in recent years for the human spaceflight mission.

IJCCI wishes many more laurels to ISRO. The Indian Space Research Organisation has been working on some critical technologies in recent years for the human spaceflight mission.

Excerpts from the speech by Mr. M. M. Murugappan, on 11th May 2017

“It is indeed a great privilege for me to be here this evening on the occasion of the 28th Chamber Day of the IJCCI. It is for the Murugappa group, and the Murugappa Family a great honour too as the association with Japan goes back to over 70 years. Six of our constituent businesses are joint ventures with Japanese companies, some over many years and some of recent origin, and two of my illustrious predecessors have been decorated by the Emperor of Japan. So it is a long history we cherish and I am indeed very grateful to the IJCCI for inviting me to the Chamber Day this evening.

If I step back and look at a classical definition of what a Chamber of Commerce is, simply stated, it is an organisation of business persons designed to both promote and protect their business interests in various ways, but in a sound, rational and an honest manner. However as I see, the IJCCI is all this and much more, which is indeed most commendable. Apart from furthering the interests of Japanese and Indian businesses, through contact and collaboration, it has extended its reach towards help developing a much greater understanding of the rich history and heritage that our two countries can be proud of, providing opportunities to learn about language and cultures, and contributing towards appropriate advocacy through well researched policy papers. A unique aspect which particularly caught my attention is the initiative to enhance the bilateral cooperation between Japan and India through the Centre For Japanese Studies whose diversity in scope, spanning, art, culture management, university interface etc. is indeed impressive. I have no doubt that this initiative will go a long way in both strengthening and enhancing the bonds between our two countries and our people.

An interesting feature that caught my attention was the student managed Kouryu Kurabu or Interaction Club, a forum for students with Japanese language and other interests to share thoughts and learn from each other. The IJCCI has in its website a You Tube clip which bears testimony to this platform. It contains a skit and a song in Japanese rendered by Indian student members whose Japanese was impeccable. Personally, my knowledge of the language is limited but it did seem very authentic and more than anything it was thoroughly enjoyable viewing, as much as the joy I saw in the students performing.

Touching upon Bilateral Ties between India and Japan some important features emerge:

- These ties have been free of dispute.
- The partnerships between India and Japan are based on sound principles and pragmatism.
- In their first meeting between our two Prime Ministers in 2014, private investments over 3.5 trillion Japanese Yen were committed and a doubling of Japanese companies in India over 5 years.

- Approximately 5000 Japanese companies are operating in India.
- India-Japan trade in 2015-16 was 14.51 billion USD, 1/3 as export from India and 2/3 imports into India from Japan.

Given this wonderful background of both concept and commitment towards furthering business, trade and cultural relationships between India and Japan, I have a few thoughts for the Chamber, which I hope the Board will deliberate and take forward for membership and for our two countries. Today, the relationship between India and Japan is strong and sound. Bilateral trade arrangements are being enhanced; Japan has also made commitments to assist India with parts of infrastructure development. Further the Prime Ministers of our two countries have declared 2017 ‘The Year of Japan-India Friendly Relations’.

It will be good to identify certain clusters of excellence, not necessarily in major metropolitan cities, particularly amongst Small and Medium scale industries in Japan and India, and make suitable introductions through seminars, study exchanges, facilitation desks etc. This can be done through counterpart organisations in Japan and in India as required. These industries have great products, wide experiences, and good technologies but at times lack a window to the world which IJCCI could provide. While automotive components is a well established cluster, there could be opportunities in textiles and garments, marine products, handicrafts, agricultural produce, farming practices etc.

Finally, as the world becomes increasingly more connected, I believe that people, their attitudes and aspirations make a country. It is therefore important to now raise the levels of learning from just a language skill to that of a higher learning and research at university.

The Centre For Japanese Studies could well set its sights higher by say a cooperation with IIT Madras which already has a centre for Chinese Studies, which perhaps can move towards Asian studies in a comprehensive manner, sparked by a catalytic thought, perhaps from IJCCI. This will take time as there is a lot of planning and pedagogy involved, but there is always a start.

Such initiatives will naturally require commitment and resources which the IJCCI is working towards and thus, I am certain that as an organisation it will be really in the forefront to foster good will, learning and cooperation between Japan and India. Towards this, I wish IJCCI its leadership and membership all success with the gratitude of having our Group as part of the membership and inviting me to take part in the Chamber day today. Thank you for the opportunity and the occasion”.

No women employees? Still need a Creche?

There is growing awareness of the importance of diversity at the workplace, especially gender diversity. While the software, IT, ITES and the financial sectors have already benefitted from inclusivity in hiring and promotion structures, one of the sectors still to catch up is the manufacturing and industrial sector. Diversity and inclusivity are requirements under Indian law, under various provisions of the Constitution and other laws. Unfortunately most manufacturers have relegated their diversity practices to the corporate offices and have failed to ensure gender diversity on the shop floor and in factories. This trend however is changing with more and more companies especially in the South Indian States hiring women employees on the shop / factory floor.

Traditionally managers and factory occupiers have viewed women employees as a hindrance, believing that this will lead to increased compliance and increased cost on the floor. Women employees when provided with adequate facilities at the workplace tend to be more diligent and focussed workers thereby leading to higher productivity and profitability. The legal system in India too has introduced several amendments and clarifications to ensure that certain benefits, traditionally thought to have been only applicable if a company employs a certain number of women, must be provided by companies / employers regardless of whether women are employed there or not.

Some of the salient and recent changes are found in relation to provisions of crèche facility in companies (whether women are employed or not) and adherence to the prevention of sexual harassment law, whether or not the company employs women in the workforce.

With effect from 1st July 2017, under the Maternity Benefit Act 1961, all organisations with fifty or more employees (regardless of gender of these employees) must mandatorily provide free of cost, a crèche facility at the workplace (or within 500 mtrs of the workplace) for children of employees. The amended law makes it clear that companies / organisations need to ensure that the facility is provided for children of employees, including male employees. The legislature has been forward-thinking in this approach and is encouraging corporate India to embrace a more holistic approach at the workplace....encouraging men to participate in what were otherwise considered solely the woman's domain. The law encourages male employees to also make use of the crèche facility at the workplace. Therefore the economic burden that comes with bearing the costs for providing a crèche

facility under the maternity benefit Act does not lie only on companies that employ women, but also must be shared by companies that employ few or even no women.

It is noteworthy to mention that under the Factories Act 1948, a crèche facility is mandatory only where the factory employees thirty (30) or more women at the workplace. The mandatory requirement under the Maternity Benefit Act has no such provision and whether or not the factory / establishment employs any women, they are mandated to provide the crèche facility where they have 50 or more employees in all (male or female).

Under the Factories Act, any factory employing 30 or more women is required to provide and maintain a suitable room or rooms for the use of children under the age of six years of such women. The Act and rules also explain the type of facility, including ventilation, lighting, cleanliness and sanitation and certain States under State Rules mandate free milk and refreshment for the children and breaks for the mothers for feeding at the creche. The amendment to the Maternity Benefit Act does not go into all this detail as of now although it is expected that the rules will provide these details in due course. Currently, the only mandate is the provision of the crèche facility for children of all employees and provision of four visit breaks for feeding mothers to feed their infants. This includes the interval of rest allowed to a woman.

Clarifications have been issued permitting companies to group together with neighbouring companies / establishments, pool their resources together and use joint crèche facilities (within 500 mts of their locations) for children of all their employees.

Companies and especially HR and senior management can therefore now play an important role in bridging the gender disparity gap and ensuring a more neutral workplace as also a more balanced division of childcare responsibilities.

Note that this amendment comes into effect from 1 July 2017 and all companies / organisations employing fifty or more persons is bound to abide by the same.

Some of the leading manufacturing companies in Tamil Nadu have embraced the theme of reducing gender parity at the workplace and increasing diversity. Companies such as the Ashok Leyland, Murugappa group, Rane (Madras) group, Tata Capital, Farida Shoes and several other organisations have made giant leaps in closing the disparity in employment and work conditions for men and women at the workplace and are pioneers in some of their benefit schemes for employees ensuring a better and more productive workforce.

by Mrs. Hufriz Wadia, Advocate and Solicitor, Partner at Kochhar & Co., Chennai

EDITORIAL BOARD : N. Kumar, President, IJCCI; N. Krishnaswami, Chairman, IJCCI; Krishna Prasad, Managing Director, Mot Juste Communication; Suguna Ramamoorthy, Secretary-General, IJCCI. **For Private Circulation only.**
Editor : Suguna Ramamoorthy; Publisher : IJCCI; Designing & Printing : J.G.S. Johnson - 93845 93262

Indo-Japan Chamber of Commerce & Industry (IJCCI), No. 21, Kavignar Barathidasan Road, Teynempet, Chennai - 600 018, Tamilnadu, India.
Phone : 044-2435 2010 / 2435 4779, Email : indo-japan@ijcci.com, Web : www.ijcci.com