



Chairman's Message

The year gone by has been an important one for the global economy. Most countries have been impacted due to the slowdown and India is no exception. The GDP which was growing at an enviable rate of over 9% is now expected to grow at around 7 percent and even at that rate, India's growth will be three times the rate of global expansion and second only to China. This is largely due to the resilience and the strong fundamentals of the Indian economy. India and China are perhaps the two economies that have weathered the impact of the slowdown. We hope that by the 4th quarter of this year, the turnaround in India will be more visible and pronounced.

The impact on the world economy has been quite adverse particularly due to the financial crisis emanating from the developed countries. This resulted in shrinkage of inward capital flows from the developed markets and had an adverse effect on growth of many developing countries. Recently, the world leaders got together in London at the G-20 Summit and agreed on a series of steps to restore growth and prevent a crisis of this magnitude from happening again. The initiatives agreed upon include tripling the IMF's lending capacity; rejecting protectionism and regulatory reforms for financial institutions. All these are initiatives meant to generate demand and provide capital to sustain the same on a continuing basis.

For the Indian economy, infrastructure development at a faster pace is an important key thrust area. The government itself is investing significantly in the infrastructure development and that will lead to derived demand for essential industrial inputs. Liberalization of the FDI regulations in various sectors would also attract funds required for infrastructure development and job creation. The government may want to consider relaxing the FDI in sectors such as retail, telecom, civil aviation and insurance to further boost the economy.

In spite of the difficult global environment, inflow of foreign capital to India increased sharply in 2008 as the domestic demand remained resilient. The aggregate inflow of FDI is more than double in 2008 over 2007. FDI inflows are expected to remain significant in 2009-2010 and thereafter. I am however concerned that the share of U.S. in the total FDI inflows has declined from 10.7 per cent in 2005 to 5.4 per cent in 2008. This is despite the fact that many of the large U.S. companies have reaffirmed their commitment to expand their operations in India. It is our belief that once sectoral caps on foreign ownership in insurance, media and other sectors are removed with greater transparency, FDI from U.S. would increase and will also result in technology transfer and expertise.

Indo-US relations have grown from strength to strength. Both governments recognized the need for placing this bilateral relationship as the centre piece of their foreign policy. The Indo-US civil Nuclear Cooperation deal is a historic watershed in the growing relationship between the two countries. While for India it will provide technology and will help us bridge the energy gap so critically needed for the economic development of the country, for the U.S. based companies, it will provide greater area for investment and trade. The agreement

reopened the gates for India to import nuclear fuel and technology after 33 years of international freeze. Consequent to the signing of the agreement, the ban imposed by the 45 Nations Nuclear Suppliers Group was lifted thereby opening similar opportunities of technology transfer and trade with other developed countries. The U.S. recognizes that India is emerging as one of the world's leading economic and political powers and is keen to work together to address the regional and global challenges. Ambassador Mulford addressed AMCHAM soon after the NSG waiver to India and outlined the positive outcome of the Indo-U.S. civil nuclear deal. This was reaffirmed by President Obama and Prime Minister Manmohan Singh, during their first meeting in London on the occasion of G-20 Summit.

As I conclude my one year tenure as Chairman of AMCHAM, I can say with great humility and satisfaction that it has been an eventful year for AMCHAM. In April 2008, we appointed a new Executive Director and Deputy Executive Director. The new team organized nearly 150 events across the country through the year and facilitated interaction with U.S. and Indian Government officials and other important visiting delegations from the U.S. In doing so, they received the support of the Chairmen of the various Committees of AMCHAM. The Chamber undertook a range of activities in engaging with several stakeholders with a view to sensitize them of the important role being played by the US based companies in India in the economic landscape of India. The American companies are an integral and important component of the social and economic framework of the Indian economy. Their contribution by way of generating employment, revenue, technology transfer and a score of other important indices of performance and benchmarking are noteworthy. Many of the companies are in core industries and are recognized for their niche role in the country.

I wish to list here some of the more significant activities undertaken by AMCHAM India. While engaging with the external stakeholders, we were able to present to them the important role being played by member companies in the arena of economic development, corporate citizenship, governance, environment management and sustainability. AMCHAM along with Ernst & Young also brought out a Study on 'Contributions by U.S. Technology Companies towards Education in India'. This Report shows that Corporate Social Responsibility has become an integral part of a large number of companies, reflecting their commitment to the society.

In the area of policy formulation, our Chamber engaged with the policy makers both at the Federal level and at the state level by undertaking visits and interaction with the Chief Ministers, Ministers and Secretaries. This helped present our concerns to the government and expectations from the government in the area of policy formulation to address our issues. Among others, AMCHAM organized a meeting with Mr. Ajay Shankar, Secretary, Department of Industrial Policy and Promotion, and shared our views on the new FDI policy. This was followed up with a RoundTable on FDI, which was addressed by experts on the subject.

The US Embassy has always been an anchor for our Chamber and its members. We have had a continuous dialogue with the Embassy officials across the hierarchy and have received very valuable support all along especially from the Commercial, Economic and Visa Sections. They have been instrumental in suitably sensitizing the Indian and the US Government in getting redressal on issues that come up from time-to-time.

The Chamber has several sectoral committees. These have been very active in propagating both to the internal and the external stakeholders' relevant information and views. The Tax & Tariff Committee organized events on Corporate Governance, Transfer Pricing, International Taxation, Service Tax, Provident Fund, etc. The Defense Committee participated in a big way at the Aero India 2009 organized by the Ministry of Defense and CII in Bangalore in February, this year. The Medical Equipment and Devices Committee met regularly to discuss some critical and important issues relating to labeling and imports and deliberated with the Government of India for suitable resolution. The IPR Committee is organizing an event on IPR towards the end of this month jointly with the U.S. Embassy.

The Chairmen of the regional chapters of AMCHAM have played a very active role in their respective areas by engaging with the external stakeholders and sensitizing them appropriately on issues of concern of member industries. Members of the Executive Board had an opportunity of calling on the Chief Minister of Andhra Pradesh, Dr. Y.S. Rajasekhara Reddy, in Hyderabad and Chief Minister of West Bengal, Mr. Buddhadev Bhattacharya, in Kolkata. The members of AMCHAM, who participated in these meetings, raised issues faced by the U.S. companies and business in India.

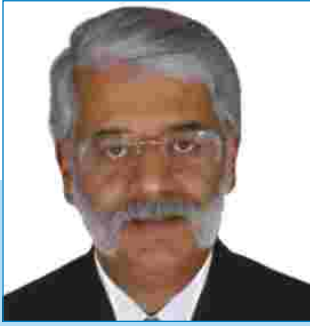
Besides these activities, AMCHAM organized, for the first time, a Golf Tournament, which was well attended and received excellent support of members. The Annual Christmas Ball held in a festive mood in December 2008 was well attended. On 20th January 2009, AMCHAM celebrated the Inauguration of the U.S. President, Mr. Barack Obama, at the American Embassy in New Delhi.

For me personally, I have received very valuable support and guidance from all the members of the Executive Committee of our Board. I take this opportunity to thank the members of the Executive Committee and in particular to Mr. Amrit Kiran Singh, Hony. Secretary, the two Vice Chairmans, Mr. Shyamal Mukherjee and Mr. Virat Bhatia and Mr. Atul Dhawan, who as the Hony. Treasurer guided us on financial matters. I also wish to thank Mr. Richard Rekhy, COO of KPMG for agreeing to get the AMCHAM accounts audited on pro bono basis.

Finally I would like to thank all the members of AMCHAM, the office bearers, the Secretariat and the team at AMCHAM. It has been an honour, a privilege and an absolute pleasure to have served as the Chairman of AMCHAM

Thank You

Atul Singh
Chairman



Executive Director's Report

Amcham India witnessed several changes and new developments from April 2008 onwards. Just as I joined the organization and tried to pick up the threads from the previous team we had to vacate our office premises and move to a business centre. This led to disruption in planned activities and ongoing issues took a backseat as we got into a firefighting mode. We were singularly lucky that a flat became available at the very centrally located PHD House in Siri Institutional Area, but precious time was lost in office search and doing up the new premises.

The year picked up with Sectoral Committees showing signs of reinvigoration and a surge in activities. A look at the table of activities which forms part of the Annual Report indicates the vastly improved level of interest taken by Sectoral Committee members. In April a meeting with Revenue Secretary Mr. Bhide set the tone for a series of knowledge seminars and panel discussions by Amcham in Delhi and other chapters.

Our deep association with the US Embassy continued with several joint initiatives and programs taking place. Noteworthy among them was the SME delegation hosted by Amcham at New Delhi and a round table with the outgoing US Ambassador Mr. Mulford who shared his thoughts on the post nuclear road map for American relations with India.

There has been a marked increase in sponsorship and co-hosting of Amcham events by member companies, thus, ensuring greater involvement of members and their guests in our activities. In spite of the general slowdown in economic growth and a bearish market, Amcham did well as is evident from income figures which form part of the Annual Report.

On the political front, Amcham led a delegation to meet the Chief Minister of Andhra Pradesh, Dr. YSR Reddy and later with the Chief Minister of West Bengal, Mr. Buddhadeb Bhattacharya. The delegations were accompanied by the respective US Counsel Generals and led to increased awareness of US business presence in the States. On a more practical level the visits addressed issues which the present US investors have with the State Governments.

On the legal side, a seminar on Foreign Corrupt Practices Act (FCPA) was held with Skadden Arps at Mumbai and Delhi. Kolkata Chapter conducted a program on the Right to Information Act. On taxation, the contemporary issues of Service Tax, Transfer Pricing and Provident Fund notification were addressed in Mumbai, Chennai and Delhi.

On policy issues, we were the first to conduct discussions and engage the Government on the new Foreign Direct Investment policy of the Government of India. A new initiative has been the extensive research based survey done with Booz & Company on Requirements for FDI in India.

Seminars on HR issues were conducted in Mumbai, Chennai and Delhi and emerging challenges faced on the HR front were addressed with floor participation. The increased number of events and high participation by members in all regional chapters is indication of members interests in Amcham activities.

A healthy working relationship has been developed with USIBC and both organizations encouraged members to attend each other's important meetings.

Social events involving members and guests got off to a good start with a Diwali get-together and musical concert in Bangalore, Golf in New Delhi and Bangalore, Sports prize giving in Hyderabad, family day in Chennai and Mumbai provided excellent networking opportunities. US President Barack Obama's Inauguration Ceremony in Washington was celebrated with members and guests at a joint program at the US Embassy in New Delhi. A live broadcast of the ceremony spread over the evening made it an enjoyable networking evening for all participants. The Christmas Ball at the Maurya in New Delhi was as usual a great success.

One area where we could have done better is Government relations. Though we had several meetings and interactions with Government officials on issues related to Industry, Commerce, Finance, Taxation, Labour, External Affairs and Defence, much more needs to be done to increase the interface with Government. An increased engagement with the leadership of State Governments where US investment exists will be taken up in the year to come.

A lot of time was spent on internal issues of the organization. Amongst other things a new website was put in place and accounting systems revamped as we changed over from cash basis to an accrual system. As Chambers of Commerce have been brought into the Service Tax and now Income Tax net, this exercise became expedient.

A major challenge ahead for the Secretariat is to visibly change the perception that Amcham is a Delhi centric set up and project Amcham as a truly national organization. Perhaps increasing the Secretariat support in regions and organising events of a national level in each region will bring about this change.

I would like to thank the members of the board, particularly the Chairman Mr. Atul Singh who inspite of his busy schedule gave us a lot of time and attention. A very special thanks to Mr. Atul Dhawan of Delloitte who has given Amcham a lot of time to revamp the accounting systems and as they became mandatory brought in higher compliance levels. I would also like to sincerely thank each one of my colleagues in Delhi and in the regional chapters for a great job they have done this year and seek their continued support in the years to come.

Ajay Singha

Executive Director