FICCI BUSINESS CONFIDENCE SURVEY

Results of FICCI’s latest Business Confidence Survey conducted during the months of July and August 2013 show significant moderation in the performance of companies’ vis-à-vis performance over the previous six months. The participating companies are not too optimistic about the near term performance either. A discernible increase is seen in the proportion of respondents reporting a ‘moderately to substantially worse’ performance at the economy and industry level going ahead.

As a result the Overall Business Confidence Index declined further to 49.0 in the latest survey. The slide in the confidence level of corporate India continued for the fourth successive quarter and this value is the lowest seen in almost seventeen quarters and reminds one of the difficult situation that was faced during 2008-09.

In addition, expectations with regard to major operational parameters including sales, profits, investments, exports and employment have taken a beating. The outlook with regard to sales, profits, exports remained subdued, with a majority of respondents anticipating no change from the current levels in the coming six months. Also, a majority 67 per cent of the participating companies indicated that they don’t intend any fresh hiring in near term and their workforce is expected to remain at the current levels.

The investment sentiment has been knocked down considerably as a sense of apprehension continues to grip members of India Inc. The proportion of respondents citing an increase in investment levels over the next two quarters declined to 21 per cent in the present survey, from 37 per cent stating likewise in the previous survey.

The participating companies reported that both cost and availability of credit have again emerged as issues constraining growth. A substantial increase was noted in the percentage of respondents stating the same between the present and the last survey.

In the present survey 38 per cent of the respondents said that availability of credit is an issue and this is almost double the percentage of participants citing likewise in previous round of FICCI Business Confidence Survey. Also, high cost of credit was reported to be a concern by 72 per cent of the participating companies. The corresponding number in the previous survey was 57 per cent.

Further, the participants indicated that there has been no relief in the interest being charged by banks on term loans and working capital loans over the past one year. Rather, the interest costs have inched up marginally over this period.

The surveyed firms were also asked to indicate the interest rate they would be comfortable paying given the current situation. It was indicated that an average interest rate of 9.4 per cent on working capital loan and 8.9 per cent on term loan would be reasonable.

On other factors affecting the performance of the companies, a majority of respondents indicated weak demand and cost of manpower to be areas of concern.
Respondents also said that sharp fall in the Rupee value has affected their input costs, which in turn has lowered their profitability. Both capital and operational costs have been impacted. The participating companies said that they are in a fix as they cannot pass the increase in cost to the consumers.

The participants were also asked to suggest measures to revive flagging industrial growth. A good number of respondents felt that improving basic infrastructure with emphasis on quality has to be ensured. Investment in infra projects that are stalled has to be expedited. Also, it was unanimously reported that simplification of procedures and policies in commencing and conducting businesses will enable better confidence. Implementation of Goods and Services Tax and cut in interest rate by the RBI were given as other suggestions.

- **FICCI COMMENTS ON THE STATEMENT OF C. RANGARAJAN, CHAIRMAN, PMEAC**

Reacting to the statement by Dr. C Rangarajan, Chairman, PMEAC, FICCI noted the steps that PMEAC has outlined such as further liberalization of FDI norms, resolution of tax concerns of industry, fast tracking public sector investments and containing the fiscal deficit through a compression in subsidies. All these would give a boost to investor sentiment and help kick start the investment cycle in the economy. Incidentally, many of these suggestions were earlier shared by FICCI in its submission to the PMEAC and the council has taken due note of industry’s view point.

FICCI also agrees with the PMEAC that controlling CAD remains the main concern at present. Improving trade deficit in recent months is a healthy sign and we hope that with global growth picking up this situation will improve further. Our efforts should however be geared towards having a long term strategy to economize imports of oil, coal, capital goods, electronics and fertilizers. Further, we need to have greater clarity on our policy with regard to iron ore mining and exports.

- **FICCI’s VIEWS ON RBI MONETARY POLICY REVIEW**

Reacting to the monetary policy review, President, FICCI said that the increase in the repo rate by 25 basis points has come as a surprise to us. The RBI has admitted that industrial activity continues to remain sluggish and even consumption demand is now starting to weaken in the economy. In such a scenario, a positive signal by way of a cut in the repo rate, which FICCI has been advocating for long, would have helped perk up sentiments. Perhaps, we will have to wait for some more time to see such action from the central bank. High interest rate has been identified as a major barrier to boosting growth by various FICCI studies and surveys. Entrepreneurs are holding on to their investment plans pending any relaxation in monetary policy by the RBI.

There has been an upward pressure on inflation, but this is largely due to the spikes seen in prices of food articles. Dealing with such inflation calls for structural changes in the supply chain of food products as well as improving productivity through higher agri-investments. Further, with Rupee on the mend, we could see the pressure from imported inflation coming down in the days ahead. Given this situation and the concerns over inflation, RBI could have maintained the repo rate at the current level even if the case for a downward revision was not acceptable as per its own analysis.

Moves that improve liquidity can help industry and begin to drive interest rates down. After all the effect for industry is more about rates the banks charge and we have not seen transmission of repo rate reductions to lower rates for industry in the past. In short while industry is disappointed, reduction of interest rates charged and availability of credit remain a plea and we are confident RBI will keep this in their sights going forward.
We have seen how vulnerable the Indian economy has been to announcements relating to QE tapering, albeit as also felt by a handful of other economies like South Africa, Turkey and Indonesia etc. The reprieve we have been granted by a delayed QE tapering is temporary and we must therefore work urgently on our current account deficit by increasing long term foreign exchange flows through FDI, lowering our import bill and increasing exports. This will require attention be given to pro industry and manufacturing policies in our country.

- **FICCI SUGGESTS MEASURES TO BE TAKEN BY RBI GOVERNOR**

With Dr Raghuram Rajan taking charge of the RBI, FICCI welcomed the statement made by the new Governor highlighting his action plan for undertaking the overarching financial sector reforms including strengthening financial inclusion through introduction of greater competition in the banking sector and improving financial infrastructure along with some measures aimed at strengthening Rupee.

**FICCI would want RBI Governor to focus on the following four aspects:**

1. **Measures to ease liquidity:**
   - The Central Bank should lower the interest rates at this juncture to enable a cut in lending rates by banks and thus stimulate corporate investments.
   - Bank provisions for CRR and SLR should also be brought down to ease liquidity

2. **Measures to strengthen corporate bond markets:**
   - The Central Bank should strengthen the corporate bond markets for long term funding to reduce the pressures on Banks on long-term lending and to diversify the debt risk beyond banking system.

3. **Measures for strengthening banking sector:**
   - The New Bank Licenses should be issued at a fast pace to bring in greater competition in the banking sector and improve access to financial services by the masses

4. **Measures to strengthen Rupee:**
   - To arrest the sharp depreciation in Rupee, RBI should consider floating Rupee bonds to NRIs. The costs of these should however be borne in mind and the tenure and rates of the bonds should be determined judiciously.
   - The Central bank should also consider removing all restrictions on interest rates on foreign currency deposits

- **FICCI COMMENTS ON THE PASSAGE OF PFRDA BILL**

FICCI welcomed the passage of the long pending PFRDA Bill that will allow for one to plan for old age income security. During times of rising costs, volatile markets and an active post retirement lifestyle, it has become even more important today for one to plan for retirement from an early age.

FICCI is confident that the passing of this bill will lay the road for new products and players to enter the pensions market. The competition may even help in increasing efficiencies and quality of service. The statutory powers bestowed on the interim regulator, PFRDA, will help in regulating the market and building greater accountability.

FICCI has been involved in the promotion of NPS through its membership base to increase the penetration of NPS, which has been tepid, since it opened up for all citizens in 2009. The Bill will provide fresh, and much required, impetus to promoting NPS across all age groups and industry.
• **FICCI’S RECOMMENDATIONS TO ADDRESS THE CHANGE IN SKILL SECTOR**

At the 6th Global Skills Summit 2013 organized by FICCI in association with the Ministry of Human Resource Development, Ministry of Labour & Employment and National Skills Development Corporation a FICCI-EY report on ‘Reaping India’s promised demographic dividend’, noted that at present, only 25-30 million of the workforce is formally skilled.

In view of the difficult economic situation that we believe this is the right time to focus on skills development to minimize wastage and improve productivity. We urge the industry to whole heartedly support the Sector Skill Councils to become more effective. Through the Sector Skill Councils, India Inc. needs to reach out to the aspiring unemployed.

The report outlines the following recommendations that can be taken up:

- Enhanced industry participation to increase quality and relevance
  - Setting quality standards
  - Designing course and curriculum and delivery methodology
  - Assisting in capacity expansion
- Making skills development a part of the CSR initiatives
  - Helping in mobilising funding
  - Incentivising industry players to design their own programs and delivery methods
- National skills qualification framework needs to be formulated and adopted as soon as possible to enable seamless migration between vocational education channel and formal education channel
- Employment-linked skill development initiatives need to be conceptualised and initiated for achieving targeted outcomes in a time-bound manner
- Private sector development
  - Encouraging private participation in all aspects of economic and social activities and having a favourable regime for attracting investments
  - Incentivizing MSME sector growth and formalization by increasing access to capital and reducing the costs of formality
- Integrated delivery platform/decentralized program management
- Incentivising women to take up vocational education

• **TRANSMISSION CAPACITY DEFICIT, A LOOMING THREAT TO THE ECONOMY**

Inadequate attention to enhancing power transmission capacity, the critical triad in the power value chain along with generation and distribution, threatens to jeopardize India’s efforts to raise economic & manufacturing growth and the socio-economic well-being of the people. This grim prognosis is held out by a FICCI-Booz & Co. report titled ‘Power Transmission: The Real Bottleneck’. The report which outlines challenges in creating transmission capacity in the country along with actionable recommendations to avert a potential, crisis is the culmination of the efforts of the FICCI Task Force on Power Transmission.

The grid failure which plunged much of northern India for two consecutive days in July 2012 has unearthed the enormity of the problem and does not augur well for either India’s potential as a destination for global capital or the increasing economic footprint of businesses within India. The transmission bottleneck has thus emerged as one of the primary obstacles in the country’s efforts to overcome power shortages which currently entail a GDP loss of US$ 68 billion or 0.4 per cent of GDP.
The fact that despite installed capacity of 225 GW, only 135 GW of peak demand is met in the country highlights the need for capacity creation in Transmission as it has not kept pace with the growth in Generation over the last decade. Sadly, India has stranded power with un-served consumer. Current power shortage accounts for 0.4% of GDP loss which is expected to worsen with new generation plants coming on line over next few years. Current power system is overburdened with 30 of its key transmission lines (3000 Ckm) severely overburdened, requiring immediate capacity augmentation. Further, implementation of True Open Access will increase requirement of Transmission lines manifold. However, project implementation has been witnessing enormous headwinds, with over 120 projects delayed across the country on account of undue delays in obtaining Right of Way & Forest Clearance. PGCIL is severely overburdened with more than 1.2 lakh crore projects and takes an average 6 years to complete projects.

The Government has taken steps in the right direction by opening up the sector to private participation and implementing of Point of Connection (POC) regime. The report has identified further specific policy interventions which are implementable in immediate future and would allow the country to achieve unprecedented capacity target of 12th plan. The report indicates that efficient planning by pruning concept to commissioning period to 40 months, reducing the concentration of excessive projects to a single PSU, and incentivizing use of modern technology will not only allow the country to bridge the gap in Transmission capacity that has been created over last decade but also conserve scarce resources of land and forest.

Additionally, some specific measures like creating a level playing field for private participants with PGCIL in terms of forest clearance and role in planning, adequate redressal mechanism, stringent qualification norms, and simpler exit norms will attract huge private capital required for the 12th plan.

According to FICCI, successful PPP in transmission would be vital to meet the huge investment and capacity enhancement target in transmission. The report highlights various reasons which currently saddle the pace of private investments in the transmission sector along with measures to address them.

- **FICCI’s 5th INDIA’S INFRASTRUCTURE SUMMIT 2013**

Inadequate infrastructure remains an obstacle to India’s achieving its full economic growth potential. With India seen as one of the world’s fastest growing economies, meeting the demand for key infrastructure is critical. Government has put together an ambitious plan to develop infrastructure with an investment of over $1 trillion during the 12th Five Year Plan (2012-2017) and about half of this is targeted to be achieved through private sector investment.

To discuss and highlight various factors deterring speedy implementation of infrastructure projects, FICCI organized the fifth edition of ‘India Infrastructure Summit’ on 23rd September 2013. The summit focused on procedural bottlenecks and other stumbling blocks in infrastructure development, and brainstorm strategy options to accelerate implementation of infrastructure projects. It also focused on policy coherence needed for development of infrastructure in the country and towards creating a robust framework for greater participation of private sector in this process.

The summit debated and discussed the need of immediate interventions from the Government to remove roadblocks and accelerate infrastructure development and implementation of projects.
Dr. Jyotsna Suri, Vice President, FICCI has said that businesses need policy measures that will help in channeling climate friendly technologies and finance into projects that focus on climate change mitigation and adaptation. Ultimately, businesses need markets and market based mechanisms to provide the returns on investment, to be able to make the right impact at the right time, and to help scale up their initiatives on emissions reductions. Climate policy can address all these aspects of private sector engagement. Governments are the architects of policy and private sector is the vehicle to deliver the objectives of these policies and therefore policies should incentivize private sector engagement in a way that they can get returns on investment.

FICCI SUGGESTS 7-POINT PACKAGE TO ENHANCE STATE-LEVEL CLIMATE CHANGE INITIATIVES

To enhance climate change initiatives at the state level, FICCI has outlined a 7-point package of measures at the ‘India Climate Policy and Business Conclave 2013’, organized by FICCI in association with the Ministry of Environment & Forest, Government of India, the World Bank and German Environment Ministry.

The measures are:

• Create a mechanism for sharing of knowledge and experience of projects at the state and local levels domestically and globally to serve as best practices for others to emulate.

• Countries can collaborate in replicating initiatives and working together on developing solutions for climate change mitigation and adaptation at the city level. There is scope for twinning of cities and twinning of states. New York can share its experience with New Delhi as can Ahmedabad with Addis Ababa.

• There is need to create a market for delivering services on clean energy, energy efficiency and waste management solutions at a city or state level. Service companies and project developers working in the energy, waste management, urban transportation spaces need to be incentivized.

• There is need to institutionalize tipping fee for waste management projects, streamline the procedures for capital subsidies to off-grid renewable energy projects, incentivize rural electrification projects through renewable energy, and enforce the renewable purchase obligations of states. These together will create the momentum for greater private sector engagement in initiatives that also have significant emissions reductions impact.

• Public private partnership models can play a crucial role for state level initiatives as well as with city governments. However, such PPPs need to be strengthened with responsibility and accountability of both public and private partners. Contractual arrangements need to be honoured and penalties for non-performance should be invoked for both public and private parties.

• Private sector participation in areas such as waste management and sustainable urban transport is crucial to make efficient, cost effective and timely delivery of solutions. However, private sector participation needs to be given an impetus through policy framework that can provide regulatory certainty and adequate return on investments.

• Private sector can also play an important role in helping state governments in the implementation of their state action plans. Areas such as urban waste management services, street lighting, climate-
resilient construction, developing local skills, awareness creation, and capacity creation for building resilience at the local level could be facilitated by the private sector.

- **CASCADE INITIATIVE: EFFECTIVE REGULATION, STRICT ENFORCEMENT OF LAWS & CONSUMER EDUCATION KEY TO COMBATING COUNTERFEITING**

Mr. Sidharth Birla, Senior Vice-President, FICCI, has pointed out that the illicit market for goods is an enduring problem facing most of the economies at present and is increasing in scope and magnitude over time. In the last decade, counterfeiting and copyright piracy has escalated at a rapid pace and has emerged as a lucrative activity around the world. Illegal markets for goods adversely impact the legitimate industries, government revenues, consumer trust and economy as a whole. This has also emerged as one of the root causes of regional instability, unfair competition and safety threats in particular to the large emerging economies like India.

The growing expansion of the grey markets has led to reduced incentive for innovation which impacts the growth rate adversely, increase the influence of criminal network, negatively affects the environment owing to substandard means of production, and employment shift from right holders to counterfeiters. We are in an era where the need of resources of both the business sector for investment, and of the government for its programs, are mounting. We are today relying on a higher proportion of government revenue from business than other developing economies do, and there are limits to this.

Mr. Birla said that we need profits to fund businesses and rationalized direct and indirect tax policies to build government revenue. We need an expanding investor base to provide resources for growth and new businesses. The need of the hour is a synchronized broad underlying objective of making India a more attractive investment destination and a business environment where IP assets are respected and protected. Thus, regulatory environment needs to be strengthened along with increased consumer awareness, improved supply chain management, technological innovations and an effective anti-counterfeiting and anti-piracy policy.

Mr. Anil Rajput, Chairman, FICCI CASCADE observed that counterfeiting is bleeding the world through the sale of sub-standard products, compromising the health of the people and leading to staggering amount of revenue losses to national governments.

Counterfeiting, piracy and smuggling of goods is stimulating organized crime, including terrorist activities, destabilizing trade and adversely affecting society and public morality. It is therefore imperative to raise the level of consumer awareness and step up legal proceedings against the perpetrators of the menace.

- **FICCI’S White Paper on Building New Dimensions for Real Estate Growth**

In view of the significance of southern states that have grown phenomenally and gained priority on the global real estate map, FICCI aims to bring together thinkers, innovations and dialogues that will further enhance the potential of the southern real estate market through this summit. FICCI’s South India Real Estate Conference 2013 brought back the attention on the recent land acquisition bill by creating a panel discussion delving into the strengths and challenges of the new land acquisition bill.
A report titled “Building New Dimensions for Real Estate Growth” has also been prepared jointly by FICCI and EY. This white paper seeks to understand the general paradox and real drivers in the real estate market. It covers changing SEZ guidelines, funding paradigms, fraud mitigation, work force management and use of technology. The white paper also addresses issues in the real estate sector including IT-enabled business transformation, effective project management and effective workforce management. It highlights several policy interventions in the sector, viable funding options, new land acquisition bill, new emerging asset classes and developments in the South Indian real estate market.

- **THE INR 6000 CR DIRECT SELLING INDUSTRY TO BOLSTER EMPLOYMENT OPPORTUNITIES**

The Indian direct selling industry has been growing on the back of demand from the wellness, healthcare and cosmetic categories and today accounts for 35.8% of non-store retail sales, 4.41% of organized retail sales and 0.07% of GDP. Whereas countries like United Kingdom, United States of America, Thailand, Malaysia, Vietnam, Hong Kong, Singapore, and other countries across the world have already established MLM/DSI business with comprehensive law legitimizing the industry providing absolute clarity on the types of businesses are permissible and what are not it’s a well-known fact that MLMs in India currently do not come under any Indian regulator. And in the absence of a confused regulation the industry with no definition in the statutory books of India on the business of direct selling, the industry is being tainted by the alleged wrongdoing of many fly-by-night operators misusing the concept. A study on “Direct Selling in India: Appropriate Regulation Is The Key” was also presented.

- **FICCI’S VIEW ON CSR SPENDS**

Mr. Sidharth Birla, Senior Vice-President, FICCI stated in FICCI-ICSI conference on the Companies Act, 2013, that the new Act shakes people outside a comfort zone of the old Act. If fairly implemented, the Act should add to clarity of doing business in India. The Act, emphasizes accountability, sound governance, the fiduciary role of directors, and explicit recognition of a stakeholder universe. There will always be elements who believe that following the law is optional for them. Therefore we need strict enforcement without which we will see new laws which will affect all for the sins of some.

Sometimes genuine concerns, fully appreciated by MCA, do not pass muster with the law ministry not due to a substantive point of law but more due to either language or non-alignment with realities. This leaves gaps in intent and interpretation, which can lead to hardship. Exactness and perception must not be mixed up and we believe it is important to balance freedom and accountability on both sides of the fence.

In an anxiety to provide enhanced protection for minority investors, there are some conflicts with time-tested principles of majority rights. A majority must be held accountable if there is a collateral agenda to hurt minority; but there can be no logic or sanctity in forcing minority over majority. In essence, it is vital that noise does not drown reason. MCA and SEBI need to look at this issue objectively and in sync, before judicial challenge or a no-confidence vote by serious investors hurts us.

- **TRAMWAYS CAN BE RE-INVENTED TO MEET URBAN TRANSPORTATION NEEDS**

The growth and future of our cities and emerging towns hinges on how policy makers, town planners and tax payers collaborate towards sustainable and meaningful solutions to the needs of urban infrastructure. The development of modern cities the world over show critical it is to have a forward looking vision and framework.
There is an urgent need for up-gradation of infrastructure, transportation and urban services, while present levels are inadequate to meet the existing needs; Mr. Birla, Senior Vice President, FICCI also said that a city or town specific vision and urban transport strategy would serve well to effectively address challenges and concerns for providing better mobility solutions.

On the occasion of Indo – French seminar on ‘Sustainable Cities – Next Generation Tramways Solutions’ organized by FICCI, a white paper on ‘Tramways (Light Rail Transit) for Cities in India’ was released which covers recommendations to meet urban transport needs.

**INDIAN AVIATION: WAITING ON THE RUNWAY**

While the Government has been broadly successful towards making India’s aviation climate positive and favorable through a series of policy initiatives, seamless implementation of the policies is what would really matter in the medium-to-long run. This has been revealed by the FICCI-EY survey on civil aviation sector. According to the survey-respondents, the Government is continuously pushing for revival of India’s aviation sector by introducing several supportive regulatory and policy measures such as allowing 49% FDI by foreign carriers in domestic airlines, permitting direct import of fuel by airlines, abolishing the aircraft acquisition committee, allowing Flexi Use of Airspace by civil and military users, emphasizing on the development of airports in tier-2 and tier-3 cities to boost regional connectivity.

Though recent developments in the aviation sector have given a positive impetus to the sector, however the growth of the industry is still constrained due to multiple factors.

<table>
<thead>
<tr>
<th>Salient Findings of FICCI - EY Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>§ Taxations issues constitute the largest impediment to growth of aviation industry</td>
</tr>
<tr>
<td>§ Poor infrastructure is responsible for congestion at airports, leading to increase in airline operating cost.</td>
</tr>
<tr>
<td>§ Formulation of Civil Aviation Authority seen as crucial step for development of Indian civil aviation sector</td>
</tr>
<tr>
<td>§ Liberalized FDI norms has the potential to put the aviation sector on a high growth path, provided the Government ensures level playing field to Indian carriers</td>
</tr>
<tr>
<td>§ Land acquisition and environmental clearances seen as major roadblocks impeding the development of low cost airports in Tier-2 and Tier-3 cities</td>
</tr>
<tr>
<td>§ Indian players lack level playing field when compared to their foreign counterparts, specifically with respect to taxation on ATF, MRO, etc</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key Policy Inputs/Suggestions</th>
</tr>
</thead>
<tbody>
<tr>
<td>§ Actionable roadmap and clear vision for development of aviation sector</td>
</tr>
<tr>
<td>§ Expediting formulation of Civil Aviation Authority as an autonomous body with operational, financial and administrative independence</td>
</tr>
</tbody>
</table>
§ Accord ATF the status of “declared good” that carries a uniform tax of 4% throughout the country
§ Single window clearance for airport projects
§ Rationalizing tax structure for MRO industry
§ Infrastructure status to Airlines
§ Central and State Governments to work in tandem to enhance regional connectivity
§ Review bilateral agreements to provide a level playing field to Indian carriers
§ Transparent and forward looking policy on ground handling services must be put in place

• PROVIDING ENERGY TO ALL AT AFFORDABLE PRICES

FICCI’s views were expressed by President, FICCI at the 3rd National Conference on Energy Security, organised jointly by FICCI and the Ministry of External Affairs. Key to delivering energy security in the long-term will be to have a diverse energy mix and a long-term energy security policy that reduces import dependency and works with industry in achieving the goal. Attaining this objective would largely depend on exploring and producing more at home, maintaining marketing freedom and ensuring sanctity of contracts, increasing usage of cleaner alternative fuels and above all demand side-management and conservation.

To meet the growing energy demand and hence achieve the targeted rate of economic growth, overseas asset acquisition and better integration with the world energy market is quintessential. Equally essential is the need to diversify the energy basket, which is primarily skewed towards oil.

Ms. Kidwai also said that India has got significant success in these efforts in the recent past by getting a special dispensation from the US government to conditionally authorise export of LNG to a non FTA country like India. Efforts on this front with other friendly nations like Iraq (our second largest crude oil supplier) and Australia reflects our government’s commitment to deepen our international cooperation & collaboration. These effort needs to be further pursued with alacrity in Africa, Latin America and CIS region.

There is a need for an empowered leadership group that can effectively steer the development of the sector. The Energy Coordination Committee, set up under the chairmanship of the Prime Minister, is a positive step towards coordinated and cohesive decision making on matters pertinent to energy. The industry aspires for its revival to monitor, review and successfully execute policies that address energy security concerns.

• FICCI-ROOTS RESEARCH STUDY SUGGESTS 10-POINT ROADMAP TO MEET DOMESTIC TOURISM TARGET OF 1450 MILLION BY 2016

A FICCI-Roots Research study on ‘Domestic Tourism in India’ released at the ‘3rd Great Domestic Tourism Bazaar’, states that the target of 1450 million domestic tourist movements by 2016 could be achieved if the suggested 10-point package of measures is adopted in earnest.
The number of domestic tourist visits to states/UTs recorded a growth of 19.87% from the year 2011 to 2012. The same growth percentage was recorded as 15.6% from 2010 to 2011. In addition, the total numbers of domestic travellers to States/Union Territories are 1036 million, 865 million and 748 million for the years 2012, 2011 and 2010, respectively.

The key suggestions of FICCI-Roots Research study are sharpening the focus on: community involvement, safety & security, training & education, research & market segmentation, up selling, leveraging technology, increased marketing initiatives, policy reforms, infrastructure development and promotion of niche products.

Dr. Jyotsna Suri, Vice-President, FICCI, Chairperson - FICCI Tourism Committee announced that a new platform titled ‘India Travel Bazaar’ which retains the flavor of ‘The Great Indian Travel Bazaar’ will be organized on April 8-9 2014 at The Ashok Hotel, New Delhi, by India Tourism Development Corporation, Ministry of Tourism, Government of India and FICCI. The USP of India Travel Bazaar would be the intensive and sharp focus on inbound tourism and buyer-seller meet spread over two days. It shall result in significant transacting and capitalizing on business opportunities between international buyers and Indian sellers.

- **FICCI COMMENTS ON CURRENT ACCOUNT DEFECIT NUMBERS**

The current account deficit numbers for the first quarter of FY 2014 have been on expected lines. With exports seeing a moderation in growth and imports continuing to remain firm, we were not expecting a quick turnaround in the external situation in the first quarter. In fact in FICCI’s Economic Outlook Survey, we had projected a figure of 5 per cent of GDP and this is close to the actual 4.9 per cent seen today.

However, what is important to note is the likely trend going ahead. In the months of July and August, exports have registered double digit growth and there has been a sizable contraction in the import demand for gold. With global economic situation on the mend, our exports should continue to march ahead in the coming months. Further, with the oil ministry coming out with a comprehensive oil conservation plan, we could see a dip in oil imports in the subsequent quarters. The focus on curbing gold imports could be sharpened by promoting schemes that encourage citizens to bring idle gold into the market and monetize the same. Such measures would have a salutary impact on CAD.

Interestingly, media reports show that with a higher than expected growth in exports and compression in imports later this year, the Finance Ministry feels that CAD could be restricted to less than US$ 50 billion. If this happens, then we would be in a comfortable situation as inflows on the capital account side would be able to balance the deficit on the current account.

For more details contact FICCI Corporate Communications at tripti.kataria@ficci.com