

- **FICCI COMMENTS ON WPI DATA**
(March 2016)

WPI based inflation numbers released indicates that inflation continues to stay on the deflationary course. Prices of manufactured products continue to remain subdued and are a reflection of the weak demand conditions that persist in the economy. IIP numbers reported negative growth for the third consecutive month in January 2016 and highlight that signs of pick up in the manufacturing sector remain elusive said FICCI.

The Union Budget 2016-17 has given due focus on boosting demand and encouraging domestic value addition. We have also seen that the fiscal framework will be adhered to by the government. Given this, FICCI firmly believes that RBI should supplement the efforts of the government to strengthen demand and continue with its accommodative stance in the forthcoming monetary policy. A further cut in the policy rate at this juncture and its transmission by the banks in the form of lower lending rates would benefit both companies and consumers alike and impart some momentum to the still weak investment and consumption cycle.

- **FICCI COMMENTS ON IIP DATA FOR JANUARY 2016**
(March 2016)

The growth in manufacturing sector remains fragile as evident from the fall in manufacturing index for the last three consecutive months. The delay in the recovery of manufacturing is going to impact the overall economic growth. There is a need for addressing the issue of ease of doing business in a comprehensive manner that would pull the investments into manufacturing, said FICCI.

While the budget has tried to address tax related issues for manufacturing and we are hopeful that they would yield results, but we hope to see further rate reduction in the monetary policy that can stimulate demand and investments in the economy to support manufacturing growth.

FICCI's Voice – SG's Desk is a service to all our members and also shared with key policy makers and thought leaders. The document is a compilation of major topical issues that we take up with the Central, State governments and other concerned authorities. These issues come to us directly from members, or through deliberations in conferences, seminars etc. on sectoral issues, as also through Government notifications.

- **FICCI COMMENTS ON GOVERNMENT ALLOWING 100% FDI IN E-COMMERCE**

FICCI welcomed the policy announcement of allowing 100% FDI in e-commerce marketplace under automatic route. It is a very progressive initiative which would help in bringing in clarity in the operations of the e-commerce industry players. With the clarity in policy and the potential in Indian market, this policy move will certainly help in attracting more FDI into the country. This would lead to creation of more jobs and would also provide stimulus to Indian manufacturing. An official press note has very well stated the policy intentions of providing a level playing field, which is highly appreciative. We are very hopeful that to provide further encouragement to the growing e-commerce sector, the Government will also address the issue of entry taxes being imposed by various states, which leads to double taxation and deters the growth of this industry.

- **FICCI WELCOMES PATH BREAKING APPROACH TO PUSH FOR INDIGENISATION IN DPP 2016**

FICCI welcomed the announcement of Procedure (DPP) 2016 which spells out the thrust on self-reliance and greater indigenisation. FICCI fully supports the government vision to cut down the procurement cycle and install stronger and robust mechanisms to monitor for probity at various stages of procurement.

FICCI congratulated the Ministry of Defence for encouraging innovations by the Indian industry. FICCI said that the categorization of Indigenously Designed, Developed and Manufactured (IDDM) as the first preferred procurement category installs faith and belief in Indian industries ability towards meeting the requirement of defence forces through indigenous innovations leading to design, development and manufacturing of defence products.

- **INDIAN M&E INDUSTRY AT INR2260 BILLION BY 2020, DIGITAL ADVERTISING CONTINUES TO GROW AT A ROBUST PACE**

FICCI stated that the country is going through a phase of rapid and sustained technological innovation which will permanently change the way consumers will access and consume content. The theme of this year's FICCI conference is 'Change or Perish: The Year of the Digital' aptly captures the pitfalls that Media and Entertainment (M&E) organisations face. Changing user habits will disrupt existing business models as content providers and brands will need to match consumer expectations. While this will pose multiple challenges, we believe that there are significant opportunities for M&E companies to leverage the new digital ecosystem.

Key highlights of the year 2015 include implementation of a viewership measurement system by Broadcast Audience Research Council (BARC) with the impact on budget allocations for advertising among channels only just starting to change. The e-commerce industry is expected to continue to advertise across mediums, moving from its earlier focus on digital platforms with an increased focus on regional markets.

- **INDEX LAUNCHED TO MAKE ORGANIZATIONS ACCESSIBLE AND INCLUSIVE**

FICCI pointed out that many manufacturing and service providing companies are now investing in accessible products, thus creating an unparalleled business opportunity. Consulting firms are providing services for companies that seek to integrate accessibility solutions into their corporate activities. Besides these, insurance companies are diversifying their product portfolio to cater to persons with disabilities.

The Inclusiveness and Accessibility Index developed by the Department of Empowerment of Persons with Disabilities, Ministry of Social Justice & Empowerment in collaboration with FICCI was a positive step to realise economic and social inclusion. The path-breaking initiatives of Lemon Tree hotels, Yum Foods and Accenture India, which have strong inclusive HR policies, not only hire but spend extensively on training

persons with disabilities, need to be replicated and adopted by companies of all sizes to realise the aim of inclusive and accessible India.

- **FICCI TAKES FIRM POSITION ON WILFUL DEFAULTERS**

FICCI is of the view that stressed assets in the banking system have different underlying factors and therefore need to be dealt differently on a case by case basis. Projects which have been affected owing to cyclical or global factors or where the project viability has suffered owing to policy / procedural impediments require support and restructuring. However, in case of projects where mismanagement on part of the promoters can be ascertained, promoters should be asked to bring in extra contribution by way of equity failing which the asset may be taken up for resolution through any of the available or new institutional mechanisms. Cases of 'wilful default' should be dealt in a firm manner. The rules laid down for 'wilful default' should be strictly followed.

A strong banking sector is imperative for robust economic growth of the country and all stakeholders should work in a manner that the health of this sector is restored.

- **FICCI-CONFEDERATION OF MSME APPLAUDS NEW RBI FRAMEWORK BY RBI FOR REVIVAL AND REHABILITATION OF MSME'S**

Ministry of Micro, Small and Medium Enterprises, Government of India, vide their Gazette Notification dated May 29, 2015 had notified a 'Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises. RBI recently announced the new framework for Revival and Rehabilitation applicable to MSMEs having loan limits up to Rs.25 crore, including accounts under consortium or multiple banking arrangement (MBA). The framework as proposed by the Ministry of MSME and in line with RBI guidelines will operationalize by all the banks not later than June 30, 2016.

FICCI-Confederation of MSME welcomed the announcement/notification by RBI as the formation of Special Mention Account and mandatory formation of a committee at each district for Stressed Micro, Small and Medium Enterprises by the banks would enable faster resolution of stress in an MSME account at the right time, thereby reducing NPAs in MSMEs.

- **FICCI COMMENTS ON GOVT.'S DECISION TO CUT IN SMALL SAVINGS INTEREST RATES**

Reacting to the decision taken by the government to cut the interest rates on small savings instruments, FICCI said that this decision was expected as the government has indicated a move in this direction earlier. We hope that with this review of the small savings interest rates, banks would considerably hasten a relook at their own lending rates and bring these down for both consumers and investors. Banks have been pointing out the interest rates on small savings instruments as one of the factors that have deterred them from reducing their interest rates. With the government now having made this move, banks must take an immediate cue and support the incipient economic recovery.

- **FICCI TO ENCOURAGE TRAVEL START-UPS, DIGITAL TOURISM AND IT-BASED INFRASTRUCTURE DEVELOPMENT FOR TRAVEL & HOSPITALITY SECTOR**

FICCI said that the government had already initiated 'Digital India' and 'Startup India'. FICCI, on its part, would like to encourage travel start-ups, digital tourism and IT-based infrastructure development for the travel & hospitality sector. The launch of e-visa for 150 countries and focus on infrastructure development are a few among various initiatives by the government in this area.

In future everything will get automated but the challenge was the cost of implementation of technology, especially for the small scale travel companies and hoteliers. Hence, there was a need to look for economical and innovative solutions.

- **INDIA ON WAY TO BECOME THE THIRD LARGEST AVIATION MARKET BY 2020**

According to FICCI the enormous growth in domestic passenger traffic, substantial strengthening through Government initiatives, decrease in global crude oil prices and airlines showing profits indicates a significantly positive transformation for the Indian civil aviation market. The close partnership between the government and the industry in ongoing and future projects will further improve regional connectivity. I am certain that the sector will take complete advantage of the positive momentum and help sustain the growth.

The government and industry are engaged closely in addressing the various opportunities and challenges in the aviation sector; and that's a welcome sign. The collaboration needs to be strengthened and institutionalised. With positive macro-economic factors, low ATF prices and industry-friendly government policies, India is well placed to achieve its vision of becoming the third largest aviation market by 2020 and the largest by 2030.

- **INDIA SHOULD PLAY A PROACTIVE AND AMBITIOUS ROLE IN THE EMERGING TRADE ARCHITECTURE**

FICCI said that recent years have seen the emergence of three mega-regional pacts, namely TPP, Transatlantic Trade and Investment Partnership (TTIP) – both led by the United States; and the RCEP. Of the three mega-regionals, so far India has been involved in only one, namely, RCEP. However, it was important to note that TPP could have implications for the RCEP members, because seven out of 16 RCEP members, namely, Australia, Japan, New Zealand, Brunei, Malaysia, Singapore and Vietnam were also members of TPP.

- **FICCI WELCOMES MEASURES TAKEN TO BOOST DOMESTIC E&P ACTIVITIES**

FICCI welcomed the slew of measures taken by the CCEA chaired by Prime Minister Shri Modi to usher in much awaited reforms in the hydrocarbon sector that will have positive impact on our Energy Security. FICCI commended the measures which have prioritized accelerated exploration and ensuring India's energy security rather than Government intervention in micro management of projects.

FICCI welcomed the focus of the Government to incentivize E&P in domestic oil and gas basins, offer the right risk and reward balance for different geographies based on the risk profile and risk capital employed by the operator. The decision of the Government to extend PSCs of 28 small and medium size discovered fields which would accelerate the employment generation both in the exploration and production stage. The relaunching of the bidding rounds after a gap of six years as Hydrocarbons Exploration and Licensing Policy (HELP), announcing uniform license for all areas coupled with arms-length price discovery in an open acreage framework will boost the investor confidence in our domestic basins.

FICCI also pointed out that while the Government has walked the talk on a majority of industry concerns to alleviate the domestic production, however the issue of rationalizing the cess on crude production in India is not addressed on the expected lines of the industry.

- **FICCI APPLAUDS GOVT.'S DECISION TO WITHDRAW THE PROVIDENT FUND TAX PROPOSAL**

FICCI welcomed the announcement made by the Hon'ble Finance Minister in Lok Sabha on the withdrawal of the two proposals viz to tax the 60% corpus created out of contributions made after April 1, 2016 to recognised provident fund and superannuation fund on withdrawal and benefit arising in the hands of the employee for contribution of employer in excess of Rs. 1.5 lakhs to recognised provident fund and superannuation fund.

FICCI applauds the Government for taking into consideration the views and interests of the public at large on the said proposal and responding in such a swift manner.

- **BUDGET PUTS IN PLACE KEY ENABLERS FOR HIGHER GROWTH**

FICCI said that the Budget is clearly oriented towards inclusive development. It is a Budget that puts in place the key enablers for fostering higher growth. The focus on 'Bharat' has been brought to the forefront and budget proposals will have a direct bearing on the lives and livelihood security of some of the most vulnerable sections of our society.

Despite the additional burden on account of Pay Commission recommendation and OROP, the Budget has enhanced the developmental expenditure and yet stuck to the fiscal deficit roadmap. This is commendable and will send very positive signals to the global community. Going forward, healthy and robust fiscal management would enable widening the tax base beyond the existing taxpayers.

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