

- **FICCI COMMENTS ON WPI INFLATION NUMBERS**
(18th April 2016)

Commenting on the latest WPI based inflation numbers, FICCI said that the pressure which was seen arising from the food segment seems to be moderating, with prices of vegetables and fruits reporting a decline. Further, recent meteorological prediction indicates expectation of normal rainfall this year which is a huge positive.

With recovery in the global economy still weak, key commodity prices remain suppressed. The impetus has to be on strengthening the domestic economy. The latest IIP numbers do indicate an improvement in industrial growth, but the recovery has to take place on a sustainable basis. Current inflation trajectory combined with positive monsoon forecast provides enough room for further accommodation in the policy rates which is critical for reviving the capex cycle in the economy.

- **FICCI COMMENTS ON RATE REDUCTION BY RBI**

Welcoming the reduction in repo rate by 25 bps, FICCI said that RBI's decision to cut the repo rate and follow accommodative monetary policy stance is a positive step, given the favourable conditions with respect to inflation and fiscal stability. FICCI has for long advocated the need for greater cuts in the policy rate to stimulate demand and investments in the economy.

Additionally, several steps announced to ease liquidity should help in effective transmission into lending rates by the banks. The banks already have enough room to pare the lending rates owing to recent reduction in small savings interest rate upto 1.3 per cent as well as the introduction of the marginal cost of funds based lending rate (MCLR). We now look forward to banks taking the lead in supporting the investment cycle and improving economic 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.

**** This issue of FICCI's Voice is a compilation of issues taken up by FICCI in the month of April 2016**

- **FICCI COMMENTS ON IIP DATA FOR FEBRUARY 2016**
(12th April 2016)

While the modest growth in manufacturing remains a concern in the short term, we are optimistic that the reforms undertaken by the Government would boost growth in coming months, said FICCI. There is immense potential for growth in the manufacturing sector, but currently with the demand scenario not so optimistic, industry is also cautious on any large scale expansion.

- **Green Infrastructure Investment Coalition and Terra Watt Initiative released Solar Investment Statement supporting International Solar Alliance Finance Goal**

Global investor associations and the Green Infrastructure Investment Coalition (GIIC), representing over USD 60 trillion of assets under management, have pledged their support for the International Solar Alliance (ISA) objective of mobilizing USD 1 trillion investment in photovoltaic power generation assets in member countries by 2030. In a Solar Investor Statement released at the Terrawatt Initiative (TWI)/International Solar Alliance, “Trillion Dollar Opportunity” Roundtable in New York, the groups have undertaken to support the swift mobilization of billions in capital for solar investments.

On the release of the Solar Investor statement, FICCI and GIIC Member stated that GIIC has the potential to galvanize long term funds which would be a significant game changer for solar energy applications. TWI and GIIC can together mobilize quantum investments that can match the needs and expectations of the International Solar Alliance.

- **GOVERNMENT COMMITTED TO FACILITATE ‘EASE OF DOING RESPONSIBLE BUSINESS’**

FICCI appreciated the efforts of the Environment Minister for his leadership in taking measures, particularly aimed at reducing time and transaction cost, and ensuring greater transparency and accountability in granting environment and forest clearances as the weighted average time taken in granting environment clearance has been reduced from 599 days to 192 days. Yet, issues faced by the industry such as, multitude of clearances, lack of coordination between Centre and State Governments, cross cutting issues within Ministries and timely revision of laws, still remaining.

In the context of India’s INDCs (Intended Nationally Determined Contributions), FICCI made five key suggestions to the Minister:

1. Setting up of a Working Group to look at industry’s role in the implementation of India’s INDCs. Overall industry engagement and streamlining of industry inputs for INDC implementation process is absolutely critical.
2. Defining and clarifying inter-ministerial roles for INDC implementation and how industry can work with various programs and schemes.
3. Formulating a framework for capacity building of institutions and industry to help meet INDC goals
4. Prioritizing existing as well as new climate friendly technologies that are transformative, for policy and financial interventions by government, financial institutions and private sector.
5. Mobilizing private and public capital towards low carbon growth by mainstreaming the climate context into financial sector design and interventions. Financing climate actions at the required scale and pace is of utmost priority and for that it is absolutely critical to build the capacity of our financial sector to effectively mobilize capital towards low carbon growth priorities.

- **OIL A CATALYST TO BOOST BILATERAL TRADE BETWEEN INDIA AND IRAN**

FICCI stated that given the fact that oil market is plagued by risk of high and low price cycles as a result of demand and supply shocks, in such circumstances, there is a need to jointly manage price risk and demand & supply shocks by both the consumer and producer nations. In a changing environment, India needs to position itself not only as a destination for Iran energy supplies but also as a hub of investments and provider of technology and services.

Due to abundant oil & gas endowment and geographic proximity, Iranian oil & gas sector is bound to act as a catalyst to boost the bilateral trade between the two regions. Iran will be equally interested to lock in Asian energy market on a long-term basis as the Western countries have successfully reduced their imports, through unconventional energy sources such as shale gas and strengthening renewables.

- **'CONTINUITY WITH CONSOLIDATION' WILL BE THE MANTRA OF INDIAN PRESIDENCY OF BRICS BUSINESS COUNCIL**

Mr. Onkar S Kanwar, Chairman, India Chapter of the BRICS Business Council, who assumed Chairmanship of the BRICS Business Council, has outlined a four-fold agenda during his tenure as Chair. The core mantra, he said, would be 'Continuity with Consolidation'.

The four-fold *agenda would emphasize on four tracks:*

- First is aligning of the Council's work with the priorities that have been set by our respective governments.
- Second, the role of the New Development Bank and the support expected from it for carrying forward some of the ideas floated in the working groups is important.
- Third, while bringing regulatory coherence and eliminating administrative barriers are very important, "if we are to increase intra-BRICS trade and investments, I feel it is equally important for us to sensitize our business communities about the trading instruments and financing frameworks that are available with our financial institutions, commercial banks and development banks for promoting trade and investments with BRICS countries.
Linking up our National Investment Promotion Agencies as suggested in the Strategy for BRICS Economic Partnership adopted by our governments last year at Ufa, Russia.
- Fourth, is to develop a set of programs that Indian Chapter would organize in the coming months.

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