

- **FICCI COMMENTS ON MONETARY POLICY ANNOUNCEMENT BY RBI**
(4th October 2017)

Commenting on monetary policy FICCI said that it is disappointed that the Monetary Policy Committee has chosen to hold the repo rate and not reduce it. FICCI had sought a 100 bps reduction in interest rate.

In context of the current industrial situation, there was a need for a further cut in the repo rate. Growth conditions remain under strain which is reflected in the persistently weak investment activity and the first quarter GDP growth numbers. While the Reserve Bank of India (RBI) in the policy statement cites inflationary pressures to remain a concern, FICCI feels that we need to give equal consideration to growth prospects. At this juncture, we need a feel-good factor in the economy that would motivate people to spend and buy more. Real interest rates remain unduly high and a cut in policy and lending rates would have helped propel demand for interest sensitive sectors such as consumer durables, auto and housing.

The internal study group formed by RBI to assess the efficacy of MCLR from the point of view of monetary transmission has submitted its report and states that effective transmission of monetary policy has not transpired. We would examine this detailed report once it is placed for public comments.

- **WE NEED AN ACCOMMODATIVE MONETARY POLICY AT THIS JUNCTURE – WHOLESALE PRICE INDEX**
(16th October 2017)

Reacting to the Wholesale Price Index (WPI) based inflation numbers, FICCI said that we see a moderation in the rate of inflation led by easing of prices in case of food articles. Even the retail inflation numbers released earlier showed some softening in case of food prices. Overall, inflation remains within RBI's indicative trajectory and this is an encouraging sign.

We feel that there is a need for greater balance in our monetary policy approach which is largely focused on managing inflation. Growth consideration merits equal emphasis and FICCI would urge the Central bank to take a more balanced view especially when the industrial sector needs support to improve on its growth performance that is also vital for generating jobs. We need an accommodative monetary policy at this juncture and hope that RBI brings down the policy rate sooner rather than later.

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 FICCI's views on macro-economic issues that confronts the nation. 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 for the month of October 2017**

- **FICCI COMMENTS ON IIP DATA**
(12th October 2017)

Reacting to the IIP data, FICCI said that the improvement seen in the industrial production numbers is noteworthy and it comes on the back of good performance in the mining and electricity sectors. The manufacturing sector has also seen an uptick in performance and it is important that this is sustained going ahead.

As industry tides over the transition issues related to GST, the production schedules have started normalising. Amidst the ongoing festive season, there are indications that the demand situation in the economy is strengthening with several leading indicators of economic activity pointing towards an improvement. While the government has taken a series of steps to impart greater momentum to industrial growth, FICCI feels that the RBI must also support this effort by way of an accommodative monetary policy. There is a need for capacity utilisation levels to improve further before any fresh investments can be committed. Once industry sees demand rising on a sustainable basis, the capex cycle would re-start and this will also have a salutary impact on jobs and fresh employment.

- **FICCI STATEMENT ON UNION FINANCE MINISTER'S ECONOMIC POLICY STATEMENT**
(24th October 2017)

FICCI welcomes the economic policy statement made by Union Finance Minister Arun Jaitley. Most of the decisions announced by the Finance Minister echo the views presented by FICCI to the Union ministries of Finance, Commerce & Industry over the past month.

FICCI welcomes the emphasis placed by the Finance Minister on increasing public spending, though the Chamber believes that the government can afford to ease the fiscal deficit to GDP ratio from the stated 3.2% to 3.5% without any serious negative macro-economic consequences. FICCI believes that a rate of inflation of around 4.0% would facilitate acceleration of growth with increased public spending.

FICCI has also strongly advocated public investment in roads, railways and low cost housing. Hence it welcomes the Bharat Mala project and the plan to boost public investment in affordable housing and railway modernisation.

The decision to invest in PSU bank recapitalisation should result in increased lending, especially to the MSME sector. FICCI hopes that the Reserve Bank of India will also pro-actively seek to boost investment and consumer demand through an easing of the repo rate. Bank recapitalisation should also encourage banks to pass on the benefits of a lower rate of interest to investors and consumers.

- **STATEMENT FROM FICCI ON WORLD BANK'S EASE OF DOING BUSINESS REPORT AND INDIA'S LATEST RANKINGS**
(31st October 2017)

The focused attempt with which the Government of India has sought to improve India's ranking in the World Bank's "Doing Business Rankings" has been rewarded with a significant jump in the rank from 130 to 100", said FICCI.

The policy effort that has contributed to this has been broad-based and encompasses a range of areas including taxation, finance, legal and administrative procedures. With GST, the government has laid the foundation for a more efficient indirect tax system and likewise, with the enactment of Insolvency and

Bankruptcy Code, India now has an efficient institutional mechanism for ease of exit as well. Significant steps have also been taken to simplify and speed-up the entry and starting up of businesses.

An improvement by 30 places in the rankings is significant and should boost investor confidence in doing business in India. FICCI would continue to seek policy measures and bureaucratic reform that would contribute to a sustained improvement in India's rank. As a nation of entrepreneurs India is destined to be among the top economic powers of the world if governments continue to make it easier for businessmen and innovators to invest in India.

The responsibility for making it easier to do business in India is that of both the Central and State governments. Reform at the State level has become even more important.

- **'I-BHARAT 2017' FOCUSES ON ICT ELUCIDATIONS FOR UNSERVED AND UNSOLVED**
(26th October 2017)

FICCI said that following the government initiatives, the internet landscape of India is about to experience a tectonic-shift. The next millions of users that will come on the internet by 2020, will utilise ICT as socio-economic tool of development. To fulfil the dream of 'New India', we all have to work towards good governance and streamlining the marginalized section of the society and transforming India into an empowered and inclusive knowledge-based society, said FICCI

With the focus on the sustainable growth and development of the digital economy of India, FICCI ICT and Digital Economy Committee continues to work with the industry, government and other stakeholder to come together for policy change and participate in mutual interaction and benefit of the sector.

The conference deliberated on Digital India- Empowering Unserved and Answering Unsolved; Technology driven future of marketplace in India; Information Privacy, Security, and Data Ownership and Network Ecosystem - Bringing the Smart India to Life. It also featured a Start-up Studio Session: Idea to sustainability & raising funds, organized jointly with Start-up India and Invest India.

FICCI emphasized the need to have pre-policy consultations between the government and industry rather than resort to post-policy alterations. FICCI would initiate closed-door consultations for industry so that its representatives can have a free and frank discussion with policy makers in the government.

- **CROSS-POLLINATE INDIA-ITALY TRADE AND INVESTMENT RELATIONS**
(30th October 2017)

FICCI proposed institutionalising a CEOs Roundtable with Italy that would meet regularly or on the sidelines of the Joint Commission meetings to cross-pollinate India-Italy trade and investment relations. The rising quantum of Indian investments reaching Italian shores was a key barometer to gauge business sentiments of Indian industry. The support from the Governments of India and Italy would give business the required impetus.

Highlighting the keys areas of cooperation between India and Italy, FICCI said some of the potential sectors were Make in India, Digital India, Skill India and Start up India and Smart Cities; technical cooperation; machinery, auto components; renewable energy; ICT; infrastructure development and engineering; financial sector cooperation; pharma and biotech, especially joint R&D; creativity, design & luxury; media and entertainment; SME cooperation; establishment of a Task Force for Skills sharing and tourism.

- **ARMY-INDUSTRY MEET TO SPEED UP INDIGENIZATION OF WEAPONRY & TECHNOLOGY**
(25th October 2017)

FICCI was facilitating the industry to invest in the defence sector to make India self-reliant in military capabilities. Army had underlined the problem statements in the two compendiums and now countrywide seminars are being held to come up with solutions in consultations with policymakers, industry and academia. There were many success stories where Indian armed forces and private sector came together to deliver cutting edge technologies and ordnance. The time has come to develop capabilities for the future and take India's defence sector to the next level.

- **ASSAM IS INDIA'S EXPRESSWAY TO ASEAN AND GATEWAY TO SOUTH-EAST ASIAN MARKETS**
(24th October 24, 2017)

FICCI said that the strategic location of Assam coupled with business friendly approach of the State Government and abundant resources make the State an ideal destination for industries like textiles, biotech & pharmaceuticals, infrastructure, food & agri business, plastics & petrochemicals, IT & ITES, renewable energy, electronics hardware, tourism, power and many other sectors. All entrepreneurs, investors and business leaders should avail of the opportunity to evaluate the prospects and consider investments in Assam in their areas of interest.

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