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# KNOWLEDGE PAPERS

Series 1/2019



### Indian Aviation: Bracing to ride out headwinds

Fostering air connectivity to under-served and un-served regions appears to be a win-win for both the aviation industry and for the economic development of these regions. In this regard, the biggest initiative launched by the Ministry of Civil Aviation is the launch of the Regional Connectivity Scheme (RCS) – commonly known as UDAN. It aims to provide affordable air travel to passengers through an appropriate set of incentives that could provide sustainable operations on hitherto unserved routes. The success of UDAN has been well established with a far wider participation from different airlines and the Scheme has the potential to assist projecting India as a Global Aviation Hub in the next decade. In pursuance to the Government's vision of 'affordable flying' for the common man and to take the Central Government's Key initiative 'Ude Desh ka Aam Naagrik (UDAN)- Regional Connectivity Scheme' to an international scale, Ministry of Civil Aviation (MoCA), Government of India jointly with FICCI convened 'WINGS 2019' on February 28, 2019 at The Ashok Hotel, Chanakyapuri, New Delhi to create a unique platform as an enabler for the Aviation industry, States and other stakeholders to come together for making flying accessible to citizens across the country.

<http://www.ficci.in/publication.asp?spid=23070>



### Envisioning India 2030

At the end of 2018, the Indian economy represents a huge conundrum. At a GDP growth of 7 per cent over the last decade, the country is among the fastest growing economies in the world. But employment remains an issue and even this rapid growth is not creating sufficient jobs to meet the needs of India's young and rapidly growing working population. India should be in a 'sweet spot' but is not. India will need to find its own way forward but it must become a more competitive economy if it is to catch up with others and even surpass them. It must also take advantage of the demographic dividend of a rapidly growing young population. It must give aspirational youth a platform to create and innovate. Improving India's competitiveness and creating more employment intensive growth is not rocket science, but it will require disciplined and coordinated actions on a variety of fronts. FICCI's report on Envisioning India 2030 provides detailed assessment of issues and challenges and presents an agenda of reforms and programmes in 10 inter-connected areas that will help drive India to its goals of shared prosperity by 2030 – a \$ 9 trillion economy, poverty eliminated and reduced disparities across the states and among its citizens. These ten core areas encompass all key sectors including agriculture, industry, trade, infrastructure, services, social sector like health and education as well as areas of governance. It is an agenda in which government, private sector and civil society can come together and enable India to fulfill its goal of shared prosperity and development.

<http://www.ficci.in/publication.asp?spid=23058>



### Use of Artificial Intelligence and Advanced Analytics in Pharmaceuticals

The new emerging technologies such as Artificial Intelligence and Advanced Analytics present many interesting opportunities for the pharmaceutical industry. The whitepaper tries to capture various applications of Artificial Intelligence in pharma and way forward. While lot of interesting applications are in areas related to drug discovery, applications in other areas such as drug dosage and safety, manufacturing and supply chain and commercialization is being further explored. The insights captured in the knowledge paper would help the industry use these emerging technologies to scale greater heights in the coming years.

<http://www.ficci.in/publication.asp?spid=23066>



### Fast Forward: Relevant Skills for a Buoyant Indian Economy

The global megatrends such as rapid urbanisation, demographic shifts, and shift in global economic power, political shifts and technology are influencing the way business is run. Technology (automation, artificial intelligence [AI], among other components of Industry 4.0), in particular, is transforming the workplace, nature of work and skill requirements. There will be a significant reduction in the number of rule- and routine-based jobs due to increased human-machine interaction and the availability of adaptive and intelligent technology. Keeping in view the megatrends that have an interplay with technological disruptions, we have devised a skills framework to understand the future skill requirements. The 'Skills for the Future' framework indicates that cognitive skills such as critical thinking, emotional intelligence and empathy, management and leadership, relationship building and collaboration, cognitive flexibility and creativity will be central across all industries—at both the horizontal and vertical levels (though in varying degrees) and over and above the skills related to emerging technologies. These new skill sets will not replace the existing skill demand; rather, they will be required in addition to the existing ones, often augmenting the acquired vocational skills.

The key takeaways from the report are:

- The existing workforce will be most vulnerable to job loss if not equipped with the higher order skills required to perform under a changed scenario.
- The potential impact of automation on jobs will vary across occupations and sectors—Physical or manual activities performed in predictable environments are more susceptible to automation.
- Workers of the future will spend more time on managing people, applying expertise, and communicating with others.
- Focus on Science, Technology, Engineering and Mathematics (STEM) education will be critical to enable students to innovate, learn problem solving skills and creativity.
- There is a need for stakeholders in the skills ecosystem to start planning for upskilling and reskilling of the workforce already employed in existing industry establishments.

<http://www.ficci.in/publication.asp?spid=23062>



### MSMEs: Towards a Sustainable Growth

The Small & Medium Enterprises (SMEs) have been contributing significantly to the expansion of entrepreneurial endeavours' through business innovations. The MSMEs are widening their domain across sectors of the economy, producing diverse range of products and services to meet demands of domestic as well as global markets. The report focuses on the importance and inclusive growth of MSME in India as well as, it's a discussion over the schemes and policies launched by the govt of India. It also shows the contribution of government policies & schemes as well as the combination of technology upgradation in Indian MSME. The report also focuses on the alternative sources of funding for MSME. This research paper helps and illustrates some best practices by the government of India for betterment of our MSME. It also discusses the equity financing process to raise funds for MSME. It's a new tactic for Msme but its going to be very fruitful in terms of generating funds as it works as the alternative sources of funding. This report also discusses the importance of credit rating & Risk management in MSME. Through which we can monitor and measures the risk of MSME. Managing risk is nothing but managing changes before the risk manages the persons or company concerned.

<http://www.ficci.in/publication.asp?spid=23063>



### India Manufacturing Barometer 2019: Building Export Competitiveness

In the 5th edition of the Manufacturing Barometer, most of the respondents were upbeat about the industry and the future of the Indian economy and acknowledged India's increasing importance to global markets. The report also highlighted critical enablers needed for promoting export competitiveness such as technological advancement, innovation and backward integration. The report also brings out the industry's assertion that focus on Ease of Doing Business and introduction of reforms such as GST are opening up new vistas for investments across the country. The past has witnessed a major reliance of the manufacturing sector on domestic demand for the growth of their businesses. However, the latest edition of the survey brings to light growing importance of exports to manufacturing companies in the future. Quality advantage is seen as one of the key enablers driving exports among others.

<http://www.ficci.in/publication.asp?spid=23059>



### Changing Landscape of the Food Service Retail Industry

The report aimed to look at some key aspects pertinent for the Indian Food Service Retail business to drive growth in the changing environmental context, such as:

- Key consumer trends that a business needs to acknowledge and realign with
- Investment scenarios
- Understanding of the regulatory support available in India
- Operational challenges of doing business in India

Apart from this report also highlighted:

- Evolution of food is happening, thanks to the innovation in traditional menus. Fusion food is attracting the experimental consumer. Foreign players are adapting to the local palate, whereas locals are introducing foreign flavours in their food.
- Internet penetration and smartphone usage to increase the demand for specialised food and gourmet.
- Technology is disrupting the market with the advent of web-based ordering and use of AI and IoT in ordering. These developments are set to revolutionise home delivery with faster availability of food at home or office.

<http://www.ficci.in/publication.asp?spid=23056>



### Cybersecurity in Smart Cities

The 100 Smart Cities Mission (SCM) is one of the landmark urban initiatives by the Government of India where 100 cities have been shortlisted to be developed as "Smart Cities" across all the states and union territories, primarily through upgrading their urban infrastructure and upscaling their municipal services through effective technological interface. As a growing number of cities has begun their urban transformation, there is emerging trend of using human-centric and cloud-based technologies to automate and integrate urban services. Such technologies are resulting in significant data generation which can be further used to effective urban development. The report highlights the evolving trends in Smart Cities resulting in integrated device ecosystem, the data convergence and the readiness of the demand & supply side. The report evaluates the current urban practices and emphasizes the existing guidelines that may need to be relooked while designing solutions. The report also includes recommendations from policy to design to implementation to monitoring of urban projects under a standard framework.

<http://www.ficci.in/publication.asp?spid=23068>



### Indian Real Estate - Demystifying the new tax and regulatory environment

The report highlights some of the key issues impacting the real estate sector from a Goods and Services Tax (GST) perspective along with suggestions which may be considered by the Government of India to overcome these issues. Including real estate sector as whole within GST coupled with rational GST rates, seamless utilization of indirect tax credits and lowering of stamp duty would be welcome by the industry.

Report covers specific issues and suggestions under 3 major categories:

1. Key direct tax issues for real estate sector:
  - a. Dichotomy of IND AS 115 for books vis-à-vis Percentage of Completion Method (PoCM) for tax
  - b. Removal of notional income taxation under Section 23(5) of the Act
  - c. Restriction of set-off of loss under house property to INR 2 lakhs under 71(3A)
  - d. REIT taxation regime
2. Key indirect tax issues for real estate sector:
  - a. Taxability of development rights under GST
  - b. Absence of proper mechanism to determine the amount of reversal of Input Tax Credit (ITC) on input/ input services used for flats/ units sold post occupancy certificate
  - c. Input tax credit for construction of property which is used for lease of the property is not eligible for set off
  - d. Deduction of one-third of total consideration as land value for the purpose of valuation of construction of immovable property
  - e. Denial of refund of inverted duty structure
3. Key accounting issues impacting real estate sector
  - a. Revenue recognition
  - b. Lease accounting: Impact of Ind AS 116 for lessees/ tenants
  - c. Consolidation–reassessment of control over land owning companies, joint venture accounting
  - d. Joint development agreement- barter transactions
  - e. Financial instruments, interest free loans, refundable security deposits, etc
  - f. RERA's impact on accounting and disclosures

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### West Bengal - State Pitch Book

Bengal – The Hub of Opportunities presents an overview of macroeconomic indicators in the state and why Bengal is becoming a preferred investment destination. West Bengal, the 4th largest economy in India, having a population of 91.3 million has recorded a 14.99% GVA Growth in FY 2017-18. West Bengal is a gateway to South East Asia and North East India. The report highlights the robust physical and industrial infrastructure of the State - Roads, Maritime, Power, Telecom, Airports, Railway, and upcoming Industrial Corridors. The report also showcases plug-n-play infrastructure available for investments with numerous growth centres and industrial parks - both industry specific (Chemical, Food Processing, Textiles, IT, Gems & Jewellery, etc) and multiproduct. It also highlights the investment opportunities, focus sectors, emerging sectors of the State, achievements in the social sector and initiatives taken by the state government for improving the ease of doing business. The report presents key highlights of the past editions of Bengal Global Business Summit organised by the Government of West Bengal with FICCI as the Summit Partner.

<http://www.ficci.in/publication.asp?spid=23065>



### 150 Investible Projects in West Bengal

The report showcases the shelf of investible projects available in West Bengal in 2019. 150 investible projects divided into 17 sectoral categories (Port, Logistics Park, Biotechnology, Chemicals, Agribusiness, Industrial Infrastructure, Transport, Waste Management, Tourism, Gems & Jewellery, Iron & Steel and Industrial Manufacturing, Urban Development, MSME & Textiles, Skills & Education, Health, Power & Mining, & IT) are highlighted in the report. The projects together represent around USD 17.8 billion investment opportunity in West Bengal. The Sectors with high investment potential include MSME & Textiles, Multiproduct Industrial Parks, Power & Mining, Chemicals, Iron & Steel, Logistics and Port - showcasing almost 90% of the total investment potential in the State. The report highlights the location of these projects with available major infrastructure connectivity like roads, power and water. Most of the industrial parks have doorstep infrastructure provisions by the Government and land is available on plot basis on lease. Single Window Contacts have been provided for investors to get in touch with respective authorities for further information on the projects. This report was prepared for Bengal Global Business Summit 2019 which is the flagship event of the Government of West Bengal with FICCI as the Summit Partner, to showcase the major projects for interested investors from India and abroad.

<http://www.ficci.in/publication.asp?spid=23064>



### India-ASEAN: Co-creating the Future

The India – ASEAN relationship is a time-tested collaboration that has positively impacted livelihoods and businesses over the years.

The cross-border movement of goods, services, investment, capital, and workforce continues to increase each year. After building a strong base, the relationship is set to soar much higher led by multiple forward-looking policies and initiatives, spanning across sectors such as agriculture, blue economy, e-commerce, logistics, and digital trade.

India and ASEAN have unique common growth factors such as favourable demographics, increasing domestic demand, proliferation of technology, urbanisation, skilled workforce, and most importantly led by governments that are collaborating to ensure trade in the region reaches new heights, with minimal barriers.

With conducive economic and demographic growth factors on their side, India and ASEAN are well placed to become a force to be reckoned with in the global economic environment.

<http://www.ficci.in/publication.asp?spid=23071>



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