

## **FICCI President suggests wide-ranging measures to Finance Minister for kick-starting investments and boost investor sentiments**

**NEW DELHI, October 3, 2012.** The Federation of Indian Chambers of Commerce and Industry (FICCI) today urged the Finance Minister, Mr. P. Chidambaram, to take urgent steps to remove project-related risks such as non-availability of environmental, forest and other ground level clearances to kick start infrastructure projects and improve investor confidence.

A four-member FICCI delegation led by President R V Kanoria which met the Finance Minister, welcomed the proposal to formulate a National Investment Board under the chairmanship of Prime Minister. The board should have a clear mandate to grant all approvals at one go so that approved projects do not hit any roadblocks, the FICCI delegation pointed out.

Mr. Kanoria was accompanied by Ms. Naina Lal Kidwai, Senior Vice President; Mr. Sidharth Birla, Vice President and Mr. Y. K. Modi, Past President, FICCI.

The FICCI President emphasized that while infrastructure financing was not a major issue as of now, it could pose a problem in the longer term once a large number of projects come on stream. In this context, he suggested the creation of an institution having a long term resource base to give investors access to cheap, long term funding.

He also suggested that if Indian infrastructure companies can attract investors and get listed overseas first, the Securities & Exchange Board of India (SEBI) and the Government should seriously consider opening up this avenue. Further, Mr. Kanoria called for removing Minimum Alternate Tax (MAT) on infrastructure financing

Mr. Kanoria urged that Municipal Bonds could be given the status of “public securities” so that they become admissible for statutory liquidity ratio investment by commercial banks.

He suggested that the Finance Ministry could help boost exports and give a fillip to investments by allowing exporters to tap funds overseas for working capital requirements and avail of priority sector lending by banks.

As an immediate measure to spur demand and investment in consumer durables, Mr. Kanoria suggested that with the onset of the festival season, the time of right to encourage spending by lower interest rates.

On the Land Bill, the FICCI delegation told the Finance Minister that industry was willing to accept market determined rates for acquisition of land for industrial purposes. In case of willing buyer and willing seller transaction (i.e. private purchase and not acquisition), no further R&R provision should apply. The Bill seeks to provide R&R to affected families even on private purchase of land as per the threshold areas to be fixed by States.

He also emphasized the need for a broad timeframe for introduction of GST. In this context, he mentioned that FICCI was actively working with the States to agree to the introduction of GST, spelling out the attendant benefit that such a levy would entail.

The FICCI President argued that in the interests of energy security, it was imperative to impart competition in the commercial coal mining sector, for which, denationalization of Coal India Ltd. was essential.

While welcoming the Government's decision to allow FDI in multi-brand retail, Mr. Kanoria said that it was important that enabling environment is created for the large companies to invest in backward linkages and supply chain infrastructure. In this context, he underlined the need to encourage states to de-list fruits and vegetables from Schedule-1 of APMC Act in various states. He expressed confidence that once the regulatory hassles in APMC are removed, the private sector will make huge investments in F&V supply chains.

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