

- **GROWTH ISSUES ON WPI DATA**

It is comforting to note the decline in CPI and WPI inflation rates. While, the WPI inflation rate reported at 2.4% for September 2014 is the lowest since October 2009, the retail inflation at 6.5% has been the lowest since the beginning of the new series in 2011. The decline in inflation is getting broad based and indicates inflationary pressures waning as of now. Retail food beverage and tobacco prices increased by 7.6% in September 2014 (vis-à-vis 9.1% in August 2014) with a sharp dip noted in vegetable prices. With global commodity prices subdued and exchange rate range bound, the prices are expected to remain moderate. CPI inflation is moving in consonance with RBI's target rate and this should bring in some breathing space.

It is heartening to note that the Government and RBI are working in tandem towards an overhauled monetary policy framework. With these inflation numbers, we hope growth considerations will be brought to forefront and the interest regime softened. The industrial growth remains worrisome as was also reflected in the IIP data released last week. The credit growth has slowed to the lowest since October 2009 and investment plans of companies are still tentative. The companies are operating at excess capacity. It will be difficult for growth to materialize, unless a turnaround is seen in the capex cycle.

- **IIP DATA FOR AUGUST 2014**

Negative manufacturing growth reinforces the belief that fall in manufacturing growth has not yet bottomed out. It is more worrisome to see negative growth in consumer and capital goods especially when we were hoping the demand to pick up. This requires bold reforms in the business regulatory environment and also certain specific interventions in those sectors that continue to reel under slowdown.

- **FICCI'S BUSINESS CONFIDENCE SURVEY**

The latest round of FICCI's Business Confidence Survey shows a further improvement in confidence level amongst members of corporate India. The Overall Business Confidence Index stood at 72.7 in the present survey, which is the highest in fifteen quarters.

The index value in the previous survey was 69.0. The Current Condition Index increased to 65.4 in the present survey from 57.8 in the previous round. The Expectation Index also indicated an improvement to 76.3 in the current survey from 74.6 last time. The perception of respondents with regard to current situation relative to the last six months has noted a marked improvement in the latest round of FICCI's Business Confidence Survey. The proportion of respondents citing 'moderately to substantially better' performance vis-a-vis last six months recorded a significant jump at the economy, industry and firm level in the current survey.

- **RAFT OF INVESTMENT OPPORTUNITIES IN WEST BENGAL**

FICCI dwelt on some of the important changes in West Bengal as an investor. These changes mostly fall in the domain of policy and ease of doing business. The State Government has not only come up with a new West Bengal Investment & Industrial Policy 2013 but also various sector specific policies in the areas like Textiles, MSME, ICT, to provide fillip to the industrial investments in the State. Many significant measures have been taken to improve the 'Ease of Doing Business' in West Bengal by introducing time bound, process driven and ICT enabled systems to bring more transparency and reduce red tape.

West Bengal has rich agricultural and mineral resources. The State has well developed rail, road and port infrastructure. Further, the qualified and skilled manpower coming out of centers of excellence and various technical institutes is a great asset. The cumulative impact of these factors makes West Bengal as one of the ideal destinations for industries like IT & ITES, food processing, textiles, leather goods, MSME, tourism and many other sectors.

FICCI also said that West Bengal has emerged as one of the favored investment destinations for investors. With the new policies in place the State Government has ensured 'ease of doing business', which is a big step towards encouraging investors.

- **CSR IS A HUGE OPPORTUNITY FOR KOREAN COMPANIES TO EARN GOODWILL AND WIN THE HEARTS OF PEOPLE IN INDIA**

The large presence of Korean companies in India is set to become bigger in view of the sea change in the economic and business environment following the installation of the new government in this country. FICCI pointed out that CSR must be recognized as creative value-addition for the community, not just as shared value which is meant to benefit industry. He said Bill Gates' call for 'creative capitalism' was an approach where governments, business and not for profit organisations work together to stretch the reach of market forces so that more people can make profit, or gain recognition, doing work that eases the world of inequities. This was very relevant in an era of increasingly integrated world. Social development agenda must be conceived with shared responsibilities and many of which requires collective action.

- **STANDARDIZATION, INTEROPERABILITY AND AUTHENTICATION ARE KEY PILLARS TO FACILITATE TRADE ACROSS THE GLOBE**

Standardization, interoperability and authentication are the three essentials for facilitation of business and trade at the international level. The priorities were advancing current projects and domain activities; ongoing maintenance tasks (such as UN/EDIFACT Data Maintenance Requests); formulating and approving a series of new projects to be conducted within the framework of the approved programme of work; continuing liaison and cooperation activities with external organizations (governmental as well as industry and standards consortia) and advancing UN/CEFACT's current and forthcoming technical framework. The UN/CEFACT Forum would focus on five main Program Development Areas (PDA), namely Methodology and Technology, Travel & Tourism, Agriculture, Regulatory, Supply Chain and International Trade Procedure.

FICCI stands to benefit from the UN/CEFACT Forum as the chamber strongly supports IT-enabled work environment. The Indian Government, he said, is focused on creating a conducive business environment for which IT was an essential tool.

- **FICCI COMMENTS ON GOVT.'S DECISION TO BRING AN ORDINANCE TO CLEAR THE COAL BLOCKS IMPASSE**

FICCI welcomed the Government's decision to bring an Ordinance to clear the impasse created by the recent Supreme Court's judgement cancelling 204 coal blocks allotted since 1993. This is an important decision and highlights the Government's seriousness to reform the coal sector. The Ordinance will address the future of cancelled blocks and ensure that the already producing blocks are brought back on track. Through this move the Government has arrested concerns pertaining to diminishing coal supplies. It is also necessary that the route followed must provide a level playing field for both public and private sector including on terms and pricing.

While the Ordinance is an immediate measure to address the current impasse, FICCI applauded the Government's intent to move ahead with market-based reforms paving way for advent of commercial mining in coal sector, a necessary reform FICCI has advocated for a revitalised coal sector in India.

- **FICCI ON FUEL-PRICING REFORMS**

The industry welcomes the fuel-pricing reforms announced by the Government of India. Given the ballooning budgetary deficit, the imperatives for fiscal consolidation and waning interest of the global investors in the domestic oil and gas sector, it was indeed binding for the government to take the bold decision to deregulate the diesel prices and realign/readjust the domestic gas prices that are remunerative enough for the producers without much detrimental impact on the end consumers.

FICCI has been, for long also arguing in favour of offering remunerative natural gas prices to the domestic producers, to bring in the much-required technology and risk capital from foreign majors to tap vast unexplored resources in the deep and ultra-deep water frontier basins. This also has the potential to usher in Gas Revolution in India and reduce dependence on any one energy resource.

- **FICCI COMMENTS ON DIESEL PRICE DECONTROL**

Welcoming diesel price decontrol announced by the government FICCI said that this is an extremely progressive move and underlines the commitment of the government to push further the agenda of reforms, growth and fiscal discipline. The decision has come at a time when global crude prices have been receding. In any case, the price of fuel products such as diesel should reflect the true market value and this would also encourage all users to economize on their diesel consumption and hence aligns with the objective of promoting environmentally sustainable growth.

- **FICCI LAUDS ANNOUNCEMENT OF LABOUR POLICY REFORMS BY THE PRIME MINISTER**

FICCI compliments Hon'ble Prime Minister and the Government for announcing a slew of Labour Policy reforms, and recognising that the current labour policy is a major road block in promoting industrialisation and investment in the country. The reforms announced are aimed at removing 'Inspector Raj', simplifying compliances by clubbing and consolidating returns, bringing more transparency and accountability and stressing on skill development, through overhauling 'Apprenticeship System'.

On skill development, FICCI feels that every work place should have a training centre, whether it is a factory or a service organisation and industry needs to be encouraged sufficiently. It is a welcome gesture that MSMEs will be subsidised 50 per cent of the Apprentice salary. FICCI has already submitted

suggestions to the Government to further incentivise industry. FICCI feels that private ITIs, which are 10 times more than Government IITs, also need some support as their end products contribute to national economy. FICCI widely welcomes adoption of the Unified Account Number (UAN) by the EPF organisation which would not only make transfer of accounts simpler, but would also solve the issue of unclaimed accounts which hold Rs. 27,000 crore.

- **FICCI COMMENTS ON VODAFONE JUDGEMENT**

FICCI is happy to note the positive determination made by Hon. Bombay High Court in a major transfer pricing tax issue of a large investor in India. Given that India has the largest number of transfer pricing disputes globally, quick resolutions are critical to build investor confidence. FICCI has repeatedly urged greater clarity on tax application on transfer pricing and taxing capital-raising based on share valuations. We hope this judgment will be allowed to remain conclusive so that it can set the ground for fair taxation in this context and forthcoming judgments on similar cases will merit same logic thus soothing a key anxiety amongst all investors; this would help catalyze actualization of investment plans for India.

- **MOS CALLS TO SET UP NATIONAL LEVEL INSTITUTE TO ENHANCE STEEL INDUSTRY'S COMPETITIVENESS**

FICCI said that steel forms the basic pillar for any country's national development. However, in the case of emerging countries like India it assumes a far greater importance; for all the other sectors like infrastructure, construction, consumer durables and automotive are dependent on the steel production for their inputs. It is critical that the industry get its due importance in the years ahead if India has to be counted among the developed nations of the world.

- **GET HOOKED TO THE DIGITAL PLATFORM AND BE CUSTOMER-FOCUSED**

Amazon is working extensively with the Indian SMEs. At present, Amazon is promoting SMEs with several indigenous e-tailing initiatives. An outreach programme is currently being run in India to train SMEs on how to use the tools, techniques and processes that are available through internet for promoting and expanding their businesses. Indian SMEs can reach out to the global audience and consumers across the globe with the application of right technology and right logistics planning.

FICCI emphasized the need for SMEs to adopt and adapt the digital platform extensively for strengthening and furthering their business and opening the doors of the global market for themselves.

- **THE COMMITMENT OF NEARLY US\$ 41 BILLION OF INVESTMENTS BY US-INDIA BUSINESS COUNCIL MEMBERS OVER THE NEXT TWO YEARS IN INDIA IS AN EXTREMELY ENCOURAGING DEVELOPMENT**

Commenting on the US-India Joint Statement and the substantive talks held between President Obama and Prime Minister Modi, FICCI said that we welcome the attention on issues related to security and terrorism in the joint statement. These when attended to lead to a better economic environment and a more conducive business ecosystem. Further, the commitment of nearly US\$ 41 billion of investments by US-India Business Council members over the next two years in India is an extremely encouraging development. FICCI takes this announcement as a harbinger of transformative projects that would be

launched by the private sector from both sides and would contribute to realising the grand vision of Prime Minister Modi of propelling India into the higher orbits of manufacturing excellence.

- **INDIA AND LATIN AMERICA: SETTING THE PACE FOR A MORE SUBSTANTIVE RELATIONSHIP**

FICCI's policy to open new frontiers of cooperation with a region which has gained recognition as an emerging growth pole of the world and drive home the importance of economic engagement between India and LAC region. The Latin America and the Caribbean region has grown in importance for a variety of reasons, ranging from robust economic growth, low inflation, rapidly increasing investment and improved governance. According to FICCI, manufacturing goods and services business between India and LAC can grow essentially by way of investments, and India could profit from the abundant resources in the LAC region. These thought processes were substantially reflected in the LAC Investment Conclave and its theme "Lets Grow Together".

- **INDIA-RUSSIAN COOPERATION IN AGRICULTURE**

Agriculture and food processing are emerging as one of the strongest areas of cooperation between India and Russia. The main policy takeaway is that the current level of trade and business engagement between India and Russia is way below potential. The two sides have struggled to reach a total trade of US \$ 6 billion last year and FICCI believes that there is an urgent need to explore business opportunities in multiple sectors. India has a well-developed agro and food industry and Indian companies are looking at international markets for expansion. Russia and CIS countries are potential markets not only for exports but also for joint ventures and other collaborative arrangements.

- **BOOSTING INDIA-MYANMAR TRADE & INVESTMENT**

The key policy input is the emerging business proposition in Myanmar which represents a rapidly growing economy with rising consumption, strategic location and access, rich natural resources, bio-diversity and an industrious workforce. Low wages, big agriculture, tourism and natural resources like oil, gas, teak, copper and gemstones offer India significant opportunities for trade in goods and services, investment and export projects.

Indian businesses, represented by FICCI are beginning to respond to the emerging opportunities spanning across agriculture, paper and pulp, infrastructure, industry and the vastly untapped financial services space in the country, among other things. With bilateral trade at US\$ 1.95 billion in 2012-13, India and Myanmar are eyeing US\$ 3 billion turnover by 2015. Indian investments in Myanmar currently at US\$ 283 million are expected to soar to US\$ 2.6 billion over the next few years.

- **OMANI COMMERCE & INDUSTRY MINISTER INVITES INDIAN BUSINESSES TO EXPLORE OPPORTUNITIES IN THE TAX HAVEN NATION**

FICCI said that the Indian Government has identified 25 sectors as priority areas where we would like to see intense development and growth. In the months ahead, you would see the entire policy framework being fine-tuned to cater to the growth requirements of these sectors. The list includes many areas where businesses from Oman have shown keen interest. Chemicals, petrochemicals, textiles, food processing,

electrical equipment and machinery are a few of them. I would therefore re-iterate that firms from Oman look up the opportunities here.

The free economic zones in Salalah, Sohar and Duqum can complement some of India's SEZs and NIMZs to boost trade and joint investments. Some of the other areas where we can effectively partner are healthcare, education, IT and telecom. There are opportunities on both sides. Your quest for higher returns match with our requirements for long term funding and we can work out a win-win engagement model. In this building, we house Invest India, which is the official Investment Promotion Agency of the Government of India. FICCI is a joint venture partner in this concern and I request you to leverage upon the resources available with Invest India to evaluate investment opportunities in infrastructure sector.

- **UK QUADRUPLES SCHOLARSHIPS FOR INDIAN STUDENTS**

FICCI said that India and the UK are positioned strongly to build on the new momentum. FICCI is already spearheading focused initiatives in areas identified in its 10-point agenda defining FICCI's 'Engage UK' work strategy that can serve as a valuable guiding force in enhancing our engagement.

The 'Make in India' campaign launched by Prime Minister Modi factors in the imperative of attracting more export oriented FDI from the UK. Manufacturing is the key to achieving this objective and should fire the imagination of all investors, including British companies, which are looking at an opportunity for collaboration for next-generation manufacturing products and processes. FICCI in partnership with the Government of India, under the aegis of Invest India, would play a key role in facilitating such investments and you must make use of this institution.

The business was a key pillar of India-UK bilateral relationship and as India and the UK move towards taking the relationship to a qualitatively new level, it was important to raise the bar for our respective industries to reach out to each other to explore hitherto unexplored business opportunities. FICCI, underlined the growing importance of India's business relations with the UK, stating that the businesses of the two countries would profit immensely by forging partnerships.

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