

- **FICCI COMMENTS ON WPI INFLATION AT 0.0% IN NOVEMBER 2014**

The continuous downtrend in both WPI and CPI seen over the past four/five months is a positive signal towards stabilization of prices. While the issue of inflation is being handled well, the sharp dip in manufacturing growth reported in the latest monthly release is a matter of concern. This needs to be tackled on war footing said FICCI. The recent data on capital goods and consumer durables reflect persistent weak demand conditions. In addition, the global recovery remains scattered and this is reflected in our export growth which was seen waning in the past few months. Amidst the current situation, a cut in the interest rates will at least provide some impetus to domestic demand. The revision in CPI forecast for March 2015 to 6.0% and the fairly balanced medium term outlook for inflation indicated in the last monetary policy announcement gives sufficient room for an accommodative stance.

- **FICCI COMMENTS ON IIP DATA FOR OCTOBER 2014**

The fall in manufacturing growth in October is disturbing, more so because it is broad based and not limited to a few sectors. It is in line with the findings of FICCI Manufacturing Survey which expected slowdown in the third quarter said FICCI. It not only reflects slowdown in investments but also the deep rooted slackness in consumer demand which requires bringing down the interest rates urgently. It would also need faster implementation of Government's intentions to introduce reforms in which States have major role to play.

FICCI has expressed concern over the fact that despite being a festive month, growth of consumer goods especially durables has been negative in October. Earlier, FICCI Quarterly Manufacturing Survey noted that the outlook for Q-3 of 2014-15 is less optimistic than in Q-2 2014-15 for the manufacturing sector as proportion of respondents expecting higher production vis-à-vis last year has fallen to 52% in Q-3 from 62% in Q-2.

- **FICCI'S REACTION ON THE FIFTH BI-MONTHLY MONETARY POLICY STATEMENT**

FICCI stated that the industry was hoping that, given the combination of persistent weak demand and sustained moderation in inflation, the Reserve Bank could have found merit in an accommodative stance on interest rate reduction. Although there has been some improvement in core sector activity, manufacturing has been subdued due to weak demand, therefore curbing major improvement in capacity utilizations. FICCI's latest manufacturing survey indicates a weak outlook on capacity expansions. Easing of monetary policy and its transmission by banks could be one key element in encouraging capex, besides improving the demand side. Without new & expanded capacities coming on line in the foreseeable future we could create risks on the supply side, with consequent impact on future inflation. We continue to hope that RBI may send positive signals even sooner than the next policy review cycle.

- **BRINGING AMENDMENT TO THE ARBITRATION AND CONCILIATION ACT IS A WELCOME MOVE**

FICCI welcome move to bring amendment to the Arbitration and Conciliation Act. FICCI said that the proposed amendment of capping arbitrators' fee and introducing timelines for giving final awards will make dispute resolution less expensive and give a push to commercial activity. It will also make India into a more investor friendly destination and hopefully promote Institutional Arbitration.

- **INPUTS ON KEY ECONOMIC SECTORS - NATIONAL WORKSHOP PRESENTS SECTORAL ACTION PLANS TO PM TO MAKE 'MAKE IN INDIA' WORK**

The Government of India held a day-long National Workshop on 'Make in India' to formulate short term (1 year) and medium term (3-year) sectoral action plans in consultation with Indian industry and improve the ease of doing business in consultation with Chief Secretaries of States. The effort was to give a fillip to the manufacturing sector. These action plans were then presented to the Prime Minister at the concluding session of the workshop. FICCI said emphatically that we are entrepreneurial by nature; give us a conducive environment, a rational tax regime and capital at a reasonable cost and just see how we unleash the lion of the Make in India program.

- **LACK OF FOCUS ON OUTCOMES, TRAINERS, INADEQUATE INFRASTRUCTURE & CERTIFICATION NAG SKILL DEVELOPMENT**

FICCI suggested that over the next five years, India needs to move towards the idea of having a 'Manpower Ministry' which would integrate Skill Development, Labour as well as Education. FICCI emphasized the need to have 'Employment Laws' rather than labour laws, to provide greater flexibility to enterprises. FICCI stressed on the need to have vocational training after 10th class school education and the need for a mindset in society with respect to vocational skilling and entrepreneurship. FICCI also emphasized the need to focus on quality of skill training programmes, as a lot of mismatch is being observed. FICCI also emphasized the need for skilling of NEET – i.e. Not in Education, Employment and Training. A lot of rural youth currently belong to this category.

- **GOVT. SET TO DEVELOP NETWORK OF INLAND WATERWAYS TO REDUCE PRESSURE ON RAIL AND ROADWAYS**

FICCI said that there is a need to devise a mechanism to raise long term finance by way of equity and debt funds for infrastructure projects which have long gestation periods. On inland waterways, it is an efficient and cheap mode of transportation, having the ability to enhance the competitiveness of business and benefit society. However, the biggest challenges for inland waterways would be management of rivers and creating the last mile connectivity.

- **RS.18000 CRORE INVESTMENT PROPOSALS RECEIVED FOR DIGITAL INDIA PROGRAM**

FICCI pointed out that National Optical Fibre Network (NOFN) was a long term programme and an expensive one. There is a need to figure out collaboration between industry and government to create a digital network. Given the low spectrum range that India has it would be difficult to provide high speed connectivity through NOFN. India currently has 15 mhz spectrum compared to around 46 mhz spectrum for other countries and nearly 90 mhz for the US. FICCI also said the mode of collaboration between corporates and the government needs to be clearly defined as also the role clarity for collaborative programmes. India is a technological hub for finding technological solutions for global players, but India

has not been able to apply it to resolve its own issues. There is a need to bring back focus on India's problems.

- **NEED FOR SHARED NATIONAL VISION ON IMPORTANT ISSUES, GOVT. WILL NOT GIVE IN TO POLITICAL OBSTRUCTIONISTS IN REFORMING INSURANCE SECTOR**

FICCI said that we entered 2014 with problems and continuing negativity. Today, our comfort stems from the Government functioning with a sense of purpose. Energizing an economy slowing for over two years is a Herculean task. But we observe an emphasis on doing what's right for India, a bias for action, besides vision, talent and passion to push the envelope on governance and work ethics. One perceives the leadership is following a 3-pronged strategy of nurturing the economy, enhancing India's global profile and standing, while improving the lives of citizens. Some actions yield quantifiable outcomes, others reinforce perceptions, but all must be faithfully pursued.

FICCI said that experts were in sync with industry's optimism on foundations laid by government so far and we appreciate that seeds of reform perish when planted on unprepared ground. We expect greater enabling of States, robust Centre-State relations, and await changes in land and labour laws. Congratulations are due for your efforts on Insurance, and progress on GST. We look to post-March 2016, when GST will create a unified market and help transform the economy, especially levied at a prudent rate, eventually covering all sectors and subsuming local levies.

FICCI noted that business attractiveness is a necessary, but not sufficient, condition for any investment destination; systemic trust is critical for undertaking risk. Sadly, signals from India blurred certainties of executive decisions and government approvals. Implicit peril of litigation cannot allow good faith decision-making to be derailed. Open-ended re-evaluation not only jeopardizes trust but also creates reputational risk, both at home and abroad. We are confident that our proactive and strong government can move quickly to resolve all concerns. We also suggest statutes of limitation as one balanced safeguard for future. FICCI welcomed the proposed dispute resolution units for transfer pricing recent verdicts on non-taxability of capital; we await finality, while requesting aligned laws for domestic capital. FICCI said that mature jurisdictions must welcome virtuous standards on tax and black money. We believe the real ability exists for many to pay direct taxes that are their due. Prospects of increased revenues without revisiting existing taxpayers do exist.

- **HOST COUNTRY MIGRATION OFFICIALS MUST HAVE INTERNATIONALLY CERTIFIED SKILLS SETS**

FICCI suggested that temporary migration could be good for business as it would add necessary value. It is often seen that migrants are more hard working and committed to work and bring new skill set and experience with them. FICCI cautioned that if today mobility of people is not facilitated by developed countries then a situation may arise when businesses may shift their operations to developing countries in search of apt talent. FICCI said that all stakeholders must be on board and voice their opinion to bring out a forward looking migration policy. Mobility of human resources is vital for businesses to thrive in the competitive global environment.

- **FICCI LAUDS PASSAGE OF THE COMPANIES (AMENDMENT) BILL, 2014 IN THE LOK SABHA**

FICCI congratulated the Government on passage of the Companies (Amendment) Bill, 2014 in the Lok Sabha. Lauding the Government's commitment to the reform agenda, FICCI said that the industry is appreciative of the swift manner in which the Government is seeking to address the issues that have been raised by FICCI vis-à-vis implementation of the Companies Act, 2013. In the interest of facilitative

regulatory climate in the country, FICCI hopes that the Bill would attain quick passage in the Rajya Sabha as well.

- **LIGHT UTILITY HELICOPTER – AN OPPORTUNITY FOR INDIAN INDUSTRY AND ARMED FORCES TO CREATE ECOSYSTEM FOR HELICOPTER MANUFACTURING IN INDIA**

FICCI Task Force on Aerospace and Air Defence emphasized on the need for utilisation of existing infrastructure presently with IAF / HAL as these are national infrastructure and thus is not a business case for private sector to reinvent the wheel. A political will is needed to develop a collaborative approach towards developing helicopter manufacturing base in country as 'One Nation, One Industry' using the strengths of both the public and private sector towards fulfilling national aspirations.

- **CHEMICALS & FERTILISERS CALLS FOR GREATER FOCUS ON R&D; URGES PLASTIC INDUSTRY BODIES TO WORK TOWARDS EFFICIENT WASTE MANAGEMENT**

FICCI highlighted the vital role being played by the Indian plastics industry in national economy as also the opportunities and challenges in the sector. FICCI appreciated the special thrust being laid by the Government on manufacturing and infrastructure, which are imperative for job creation and inclusive development. In this context he lauded the *Make in India* campaign and felt that the campaign along with other initiatives would push GDP growth to 7%-8% in the next 12-18 months.

However, despite having a good growth potential, the plastic processing industry faces many challenges in terms of environmental myths, lack of advanced technology, limited infrastructure, & high volatility in feedstock prices. To overcome these challenges, significant efforts will have to be made by all the stakeholders to realize the real potential of this industry. With the onset of the government's *Make In India* campaign it becomes imperative for the government to provide special support to this industry in terms of adequate infrastructure and favourable policies. The industry also needs to think about building scale in order to realize economies of scale and has to focus on innovation.

- **IRDA TO LEVERAGE IIB DATA TO SUPPORT INDUSTRY'S MOVE BEYOND HOSPITALIZATION**

Considering that almost 53% of the disease burden is due to Non-communicable diseases (NCDs), insurance coverage for chronic health conditions has been either excluded or covered partially. Further, although we talk about demographic dividend, we are staring at a significant increase in the 60 years plus population by the year 2050, which will translate into ~300 million elderly people. In view of this, FICCI has developed models for ensuring healthcare financing beyond hospitalization for both chronic care and elderly care which was released during the FICCI Health Insurance Conference 2014. In this context, FICCI has proposed to the Finance Ministry to mandate every organization to insure all employees for a minimum amount of Rs.1 lakh while allowing tax deduction on premium paid by the employer and also a provision for top-up by individuals as an incentive.

- **RENEWABLE PURCHASE OBLIGATION SET TO BE HIGHER, RENEWABLE GENERATION OBLIGATION TO BE SPELLED OUT, A UNIVERSITY & WORLD MUSEUM OF RENEWABLE ENERGY TO BE SET UP**

FICCI said that to harness the real power of renewables government should frame a policy to mainstream it. The need is to make renewable a source of energy in the day to day lives of people. FICCI is supporting the initiative of the Government of India to host the Re-Invest promotion meet and Expo to be held in

February 2015. Every sector has the opportunity to invest in clean energy and every company can harness this by investing in renewable energy, in whichever way they want to adopt it. If an enabling environment is created, then the scaled target will not be a far-fetched dream but a reality. A help desk for renewable energy investment has been set up by Invest India (a FICCI and GOI joint venture), the national investment facilitation agency of the government, for investment in renewables and urged the industry to take full advantage of the opportunity. The renewable energy helpdesk will be stationed at IREDA and be a part of Invest India.

- **INDIAN PUBLISHING INDUSTRY NEEDS A MECHANISM FOR CO-EXISTENCE OF PRINTED AND E-BOOKS TO REACH OUT TO WIDER READERSHIP**

FICCI said that the publishing is not limited to printed books, its scope has grown by leaps and bounds. The electronic gadgets such as cellphones, laptops, tablets and I-pads have come to the fore as new platforms for information dissemination and books have also found a place. The digital publishing has also brought new models of book distribution and new platforms to read and interact with the book. Digital has enabled the creative industries, publishing services, technological innovations and the internet revolution, to become an integral part of the publishing process. Further, existence of numerous publishing apps clearly indicates that publishing is increasingly moving towards a mobile platform.

- **FICCI WELCOMES THE CABINET'S DECISION TO INTRODUCE THE COMPANIES (AMENDMENT) BILL, 2014**

The Cabinet's decision to approve amendments to the recently legislated Companies Act, 2013 affirms industry's confidence in the Government's endeavour to create conducive business environment and ease doing business in India. These amendments not only pave the way for a facilitative regulatory environment in the country but also testify the Government's commitments to remove all barriers to growth, said FICCI while welcoming the Cabinet's decision.

The proposal to introduce thresholds for reporting of fraud to the Government; rationalising the requirement for transfer of certain equity shares to Investors Education and Protection Fund; aligning the requirements prescribed under the Companies Act and SEBI and rationalising the copious approval process for certain related party transactions would address some of the issues that have been raised by FICCI with the Ministry of Corporate Affairs for some time. FICCI hopes that the Corporate Affairs Ministry would continue to be considerate of the issues being faced by the industry in implementation of the Companies Act and would take steps to address the challenges going forward also. FICCI assures its utmost co-operation to the Government in this regard.

- **MINISTRY OF CONSUMER AFFAIRS MULLING OVER FORMING A REGULATORY FRAMEWORK FOR DIRECT SELLING INDUSTRY**

FICCI's constant endeavor of promoting the benefits of Direct Selling industry and forming guidelines on the industry best practices for this sector were appreciated by the Ministry of Consumer Affairs. The contribution of Direct Selling industry towards offering greater choices to the consumers was also acknowledged. An Inter-ministerial committee has been formed to deliberate on the need and framework of regulations for the Direct Selling industry. FICCI has been constantly insisting the Government that it is important to distinguish between the genuine and fraudulent players, and any regulation that is proposed should keep in mind the interest of consumers as the first priority. On FICCI's recommendation, Hon'ble Minister of Consumer Affairs announced the need of a regulator and probability of its being housed within Ministry of Consumer Affairs.

- **FICCI AND ALL-RUSSIAN PUBLIC ORGANIZATION TO STRENGTHEN INDIA-RUSSIA TRADE AND ECONOMIC RELATIONS**

According to FICCI, the Russian technology combined with Indian entrepreneurship and the new government's business-friendly policies can give a big boost to our commercial relations. Economic and commercial relations have been the weakest link in our otherwise robust bilateral ties. Though the two governments had set a trade target of \$20 billion by 2015, our current level of trade is just about \$6 billion, according to data from the Indian side. At the end of 2013, India's direct investment in Russia was about \$3.4 billion, a large part of which in oil and gas blocks acquired by OVL. Russian investments in India amounted to a little more than \$0.8 billion, mainly in telecom.

Both governments are paying attention to strengthening economic cooperation. Talks are on for greater engagement between India and the Customs Union of Russia, Belarus and Kazakhstan which will soon become the Eurasian Economic Union and added that the upcoming North-South Corridor which envisages a ship, rail and road route from India's west coast to Russia via Iran and Central Asia is expected to significantly reduce both shipping costs and transit time. FICCI stated that certain challenges need to be overcome. Foremost is the visa regime, particularly for business visitors. A visa facilitation agreement between leading business associations of the two countries can address this issue.

- **FICCI ASIA-PACIFIC ALLIANCE**

FICCI is keen to showcase India-Pacific Alliance relations and explore opportunities in business collaborations for trade and investment. India has been given the "Observer Status", for this regional block which paves way for developing better economic relationship with Pacific Alliance countries. It was with this intent that FICCI in cooperation with Pacific Alliance countries, organised seminars on the Pacific Alliance. Peru, Chile, Colombia and Mexico form part of the Pacific Alliance which is the fastest growing block in Latin America.

The key takeaways were the benefits of investing in the region -- supply chain, global market access and ways in which Indian companies could benefit from increased trade and investment flows with other markets in North and South America. While there are unlimited opportunities for India on trade and investment opportunities, the sessions also emphasized on exploring opportunities on cooperation not only in the areas of trade, investment but also in the areas of connectivity.

- **INDIA-US: EMERGING ISSUES FOR INDIAN CHEMICAL INDUSTRY**

FICCI wants to enhance the awareness of the chemical industry on how to engage in licensed trade, remain compliant of the regulatory requirements of the Government of India and of the exporting countries, and prevent unauthorized diversion to terrorist or other unlawful uses. It was with this intent that FICCI, in partnership with the Centre for International Trade and Security (University of Georgia, USA) – one of the world's leading institutions on strategic trade issues, conducted a capacity building workshop on 'Chemical Security and Trade: Emerging issues for the Indian Chemical Industry'.

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