

- **FICCI COMMENTS ON WPI DATA FOR DECEMBER 2014**

The WPI inflation for December 2014 at 0.11 per cent is only a marginal rise over last month. India can draw some comfort from the sharp drop in oil prices, which is reflected in the drop in fuel led inflation by 7.8 per cent. Given the slow pace of global recovery and expectations of oil prices to remain at low levels going forward, inflation is expected to remain under control.

Further, the recovery noted in manufacturing in November 2014 comes over a low base and we are not yet sure about a firm turn around. To give a boost to the capex cycle, there is an urgent need for lowering of lending rates. Since the inflation is largely under control, FICCI urged the RBI to ease the monetary policy stance.

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

FICCI comments that while it is heartening to see the growth in manufacturing in November, however it does come over the negative base. There is a sense of optimism in the industry with the steps taken by the Government in the last few months and we are hoping that the Government will continue to push reforms so as to revive manufacturing sector's growth on a sustainable basis. It is also important that cost of finance is brought down to stimulate investments and consumer demand along with measures to improve and ease the business regulatory environment in the States.

- **FICCI COMMENTS ON GOVERNMENT'S DECISION NOT TO APPEAL IN VODAFONE CASE**

FICCI is happy to note that the Government has decided not to file an appeal against the judgment of the Bombay High Court in Vodafone transfer pricing case. FICCI believes that it is an appropriate decision and this will go a long way in correcting the perception of the tax administration being adversarial. It will help in creating a conducive tax environment, especially for the overseas investment community. This decision will also help in uplifting the positive sentiments of the domestic industry further.

- **FICCI COMMENTS ON THE JOINT STATEMENT BY PRESIDENT OBAMA AND PRIME MINISTER MODI**

Commenting on the Joint Statement made by President Barack Obama and Prime Minister Narendra Modi, FICCI said that this visit of President Obama is historic and the decisions taken by the two sides under the leadership of Prime Minister Modi and President Obama would elevate our strategic partnership to an altogether new high. We witnessed a transformative moment in the ties between India and the US. With the two sides overcoming the challenges in operationalization of the civil nuclear deal, steps being taken to renew the defense framework agreement for the next 10 years, operationalization of Defense Technology and Trade Initiative with focus on co-development and co-production in India not only for

Indian market but also for global market and US re-affirming its commitment to support India's entry into the four international export control regimes, this visit of President Obama is turning out to be a highly successful one.

We also saw the two sides commit themselves to renewing talks on the Bilateral Investment Treaty and taking forward the much desired Social Security Agreement. Deeper cooperation in the days ahead will also be seen in the critical area of clean and green energy – which is not just a personal priority for our leaders but also for the two nations. One cannot but emphasize that given the discussions held between the two sides, India-US relations are set to strengthen manifold in the coming years. What we are seeing is laying down of the building blocks for fortifying the next level of our global partnership. FICCI has been working assiduously across all areas including defence, energy, climate change, manufacturing and infrastructure and we will continue with our endeavors to provide a greater momentum to business to business relationship between entrepreneurs and firms from India and the US. We feel extremely encouraged by these ongoing discussions as these will enhance the role of the US in supporting our national development priorities and be our partner in progress.

- **FICCI WELCOMES RBI'S MOVE TO CUT REPO RATE**

FICCI welcomes RBI's move to cut repo rate by 25 bps, ahead of the monetary policy meeting. FICCI has been advocating for a rate cut, as cost of finance is an important factor for giving boost to the industrial sector, which has been under stress for a long time now. This measure will help in improving the investor sentiment. FICCI hopes that this will be the beginning of further cuts in the policy rate by the Central Bank, and will enable its transmission into lower lending rates by the banks.

- **FICCI URGES FINANCE MINISTER TO CREATE NON-ADVERSARIAL TAX REGIME; LAUDS FISCAL CONSOLIDATION EFFORTS**

FICCI has urged the Finance Minister to make earnest efforts to move away from the aggressive revenue approach and provide a genuine non-adversarial and conducive tax environment for industry and the economy to flourish.

For creation of such an environment FICCI suggested the following:

- Revenue estimates and targets should be arrived at realistically in accordance with the state of the economy;
- Parameters for evaluating and reporting the performance of tax officers annually need to be revised. Revenue realized should not be a factor for appraising the performance of an assessing officer. Performance of the tax officers should be judged on the basis of the quantum and quality of different items of work rendered in all areas including assessment of traits like judiciousness and facilitation.

FICCI re-emphasised the need for bringing down the high cost of capital which has emerged as a major hurdle in Indian industry's competitiveness. Reduction in interest rates will give a boost to demand (for housing and consumer durables) as well as investments (especially for MSMEs and entrepreneurship), which will have a spiralling effect on overall investment and growth cycle. With inflation under control, it is hoped RBI will now consider easing the monetary policy stance and bring down the interest rates.

FICCI also appreciated government's efforts towards fiscal consolidation. It is expected that the report of Expenditure Management Commission will lay out a roadmap for rationalization of subsidies and curtailing non-productive expenditure. This will enhance the scope for more productive capital

expenditure, especially for infrastructure, which will have a positive effect on economic growth and development.

- **WIPO DG URGES MEMBER STATES TO ASSIST IN CREATING STANDARDIZED FUNCTIONAL INTELLECTUAL PROPERTY ECOSYSTEM**

The world today is experiencing rising demand for Intellectual Property Right (IPR) as innovation has become the basis of competition. The enhanced economic value and role of knowledge-based capital also means that innovation and IP are increasingly the focus of competition. The number of patent filing worldwide has seen an unprecedented upsurge, which makes it imperative for all member states of World Intellectual Property Organization (WIPO) to agree to an operational IP system. The member states must come forward to create a standardized functional IP ecosystem.

FICCI said that intellectual property today was the driver of economic growth and sustainability and had gained centre-stage all over the world. India also now had a climate conducive for innovation. The setting up of the IPR Think Tank and the extensive work underway to upgrade the IP administrative infrastructure to make it more service oriented and user friendly was expected to establish a dynamic, vibrant and balanced intellectual property system in India that would foster innovation and creativity in a knowledge economy, and accelerate economic growth, employment and entrepreneurship.

- **LAND ORDINANCE KICK-START LARGE NUMBER OF STALLED PROJECTS, RE-INVIGORATE INVESTMENT AND GROWTH CYCLE**

The decision to amend the Land Acquisition Act to make it less difficult for implementation indicates government's willingness to undertake bold reforms for development. Fast tracking procedure for defence, rural infrastructure, affordable housing, industrial corridors and PPP projects is laudable as it will give a kick-start to a large number of stalled projects, thus re-invigorating investment and growth cycle.

FICCI has repeatedly advocated that the Land Acquisition Law should be made practical and equitable, and must provide certainty and fairness to all stakeholders. FICCI do hope that easing of procedural difficulties will be extended to all projects. We continue to urge the government to keep private purchase out of the ambit of the Act. The process of price discovery is natural in case of transactions involving willing seller and willing buyer and there is no need for additional compensation. Such transactions should thus not be subjected to additional R&R stipulations.

- **STRESS ON SAFETY AT WORKPLACE FOR ACHIEVING COMPETITIVENESS & SUSTAINABLE MANUFACTURING GROWTH**

FICCI's focus on processes in assessing manufacturers on their safety performance was significant as it is an organization's capability to institutionalize systems and processes that will define the success of the 'Make in India' programme zero defect. The foundation of the PM's call on 'zero defect, zero effect' rests on human safety and that the challenge was the need to spread the culture of safety across organizations.

FICCI said that the safety award was unique as it recognizes the robustness of safety systems in manufacturing units. While the previous editions of the awards looked at only safety aspects at the workplace, this year occupational health issues have been examined and given appropriate weightage in the selection of awards. Further, unlike previously, the awards have been categorized into hazardous and non-hazardous industries as defined under the Factories Act 1948.

- **CZECH REPUBLIC & INDIA URGED TO TAP BUSINESS PROSPECTS IN ENERGY, TECHNOLOGY, R&D AND TOURISM SECTORS TO BOLSTER TRADE & INVESTMENT FIGURES**

Trade between India and Czech Republic has experienced a 10-fold growth in the last 20 years and it stands at \$ 1.2 billion. However, there is a much higher potential for growth which can be achieved by engaging in mutual partnership and cooperation not just in the traditional trade items but in areas such as environment protection, water treatment plant, hydro power, energy, industrial technology, petrochemicals, medical equipment and tourism.

FICCI said that there were numerous sectors for cooperation open for India and Czech Republic and energy could be one area of such partnership. Czech Republic has done a substantive work in the area of clean and green energy production and India could do well by adopting such technology to increase the share of renewables in its energy mix. The other significant areas were railways, defence and insurance, where the Indian economy had opened up its FDI regime.

- **FICCI WANTS TO EXPLORE THE BENEFITS OF INVESTING IN THE PACIFIC ALLIANCE COUNTRIES**

The FICCI - Pacific Alliance Relations offer opportunities in business collaborations for trade and investment. FICCI wants to explore the benefits of investing in the region, using it as a gateway to increase trade and investment flows with other markets in North and South America. Since its launch in June 2012, FICCI views Pacific Alliance as a dynamic group in Latin America which supports private sector, open markets, foreign investment and less government involvement in the economies. The Pacific Alliance is also poised to become a strategic platform for other far-reaching multilateral agreements and FICCI believes India could adopt pro-active approach by signing an FTA in goods, services and investment with the Pacific Alliance. With relative ease of doing business there, Indian companies can expand their global presence and de-risk from current vagaries of world economy.

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