

- **FICCI COMMENTS ON RBI'S FIRST BI-MONTHLY MONETARY POLICY, 2015-16**

Reacting to the First Bi-monthly Monetary Policy Statement, 2015-16, FICCI said that it was hoping for a continuation of the rate cut cycle by the RBI. However, the central bank decided to maintain a pause after having introduced a downward revision in the repo rate in quick succession on two occasions earlier this year. Of greater concern to industry is the fact that the transmission of the rate cuts introduced earlier by the RBI has not happened at the level of the banks. We are however happy to note that the RBI will encourage banks to move in a time bound manner to marginal cost of funds based determination of their base rate as this would improve the efficiency of the monetary policy transmission.

Some of the changes introduced in the developmental and regulatory policies are noteworthy. In this context, the decision of RBI to examine and issue guidelines for remuneration of non-executive directors, other than part-time Chairman, of banks is a welcome move. There is a felt need to bring in greater professionalism in the boards of banks and this is another step in that direction.

- **FICCI COMMENTS ON TRADE DATA FOR FEBRUARY 2015**

Reacting to the trade data FICCI expressed concern on India's falling exports. Even though trade deficit has shrunk, double-digit decline in exports for last two consecutive months is a cause of worry. It is an indication that we would not be able to achieve this year's export target. A large number of sectors have experienced a decline in exports during February this year and they include important sectors such as cereals, chemicals, tea, oil meals, jute, marine products, meat, dairy & poultry, leather, electronic goods, cotton, engineering goods, gems & jewellery, iron ore, plastics and petro products.

- **FICCI COMMENTS ON PASSAGE OF MINES & MINERALS AND COAL BILLS**

Commenting on the passage of Mines & Minerals and Coal Bills by the Rajya Sabha, FICCI stated that we welcome the passage of two crucial bills. The new legislations will herald a new regime of competition, efficiency, and transparency for key natural resources by fostering fair play through market forces. This will strengthen the reform agenda of the government and drive the economy to higher levels of growth. It is a strong boost to the confidence of investors, who have been looking for clarity and certainty in the policy regime.

- **FICCI WELCOMES COAL BLOCK AUCTIONS**

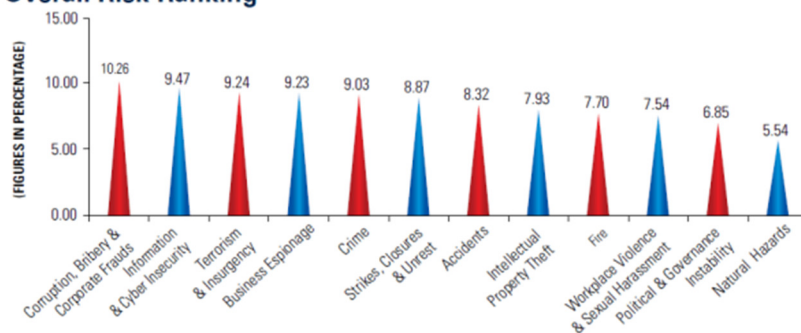
Commenting on the ongoing process of Coal Block Auctions, FICCI reaffirmed the open and diligent manner in which the e-auctions are being conducted. The overwhelming investor response to the auction process is a testimony to the emerging opportunities in the sector and the open and transparent approach of the government. Overall, FICCI sees a positive signal in the renewed investor interest in the Indian economy. FICCI hopes for an early passage of the Ordinance into an Act which would eventually lead to opening of the coal sector for larger benefits to the economy.

- **FICCI COMMENTS ON RECENT DEVELOPMENTS IN COAL BLOCK ALLOCATION**

Commenting on the recent pronouncements in the coal block allocation case involving HINDALCO, FICCI said that while we have the highest regard for the judicial process, such developments do have a bearing on the overall investor sentiment. At a time when the government is making all efforts to create a transparent, efficient and equitable regime for investments and a business-friendly climate, such developments tend to create a needless trust deficit between Industry, Government and Society. A great degree of caution and judiciousness is needed in re-visiting decisions as in the absence of the same we could see the business environment getting vitiated. Today investments are critical to revive India's growth and generate the much needed employment. Carrying forward the investment cycle requires strengthening of the entrepreneurial spirit behind business decisions. The very act of placing capital at risk to generate economic value thus needs to be encouraged with both predictability and certainty of a stable policy regime.

- **CORRUPTION, BRIBERY AND CORPORATE FRAUDS CONTINUE TO BE THE TOPMOST RISKS, SAYS 'INDIA RISK SURVEY 2015'**

Overall Risk Ranking



The *India Risk Survey 2015 (IRS 2015)* attempts to showcase the views and perceptions of key business leaders, public figures, as well as professionals across various sectors and geographies regarding operational, safety and strategic risks.

As evident in the chart, the survey encompasses 12 key risks that pose a threat to the entire economic system of the country; and though each risk is rated on a mutually exclusive basis for the purpose of the survey, a deeper reading would reveal their interconnectedness across domains.

The analysis indicates that the top five risks that impact Indian business environment include 'Corruption, Bribery and Corporate Frauds', 'Information and Cyber Insecurity', 'Terrorism and Insurgency', 'Business Espionage' and 'Crime'. The risks of 'Strikes, Closures and Unrest' and 'Political and Governance Instability', which were earlier in the top five risk brackets have dropped in the rankings from No. 2 and No. 3 positions to No. 6 and No. 11 respectively. This is a major shift in the yearly trends primarily due to the positive impact caused by a perceived stable Government coming to power at the Centre post the 2014 general elections.

- **CHALLENGES POSED BY CREATION OF NEW MEDIA PLATFORMS, CONTENT DIVERSIFICATION, NEW BUSINESS AND REVENUE MODELS WILL BE ADDRESSED UPFRONT, SAYS GOVT.**

FICCI urges the government to undertake some critical initiatives towards the sector's growth. These include expanding the net of co-production audio-visual agreements to include more countries in our outreach – after all India's Foreign Direct Investment regulations permit 100 per cent FDI under the automatic route in film production; augmenting screen density in the country; bringing the process of

broadcast digitization to an efficient closure; a re-invented film commission to take over the process of Single Window Clearances for shooting which should aim to work in a seamless fashion with state governments; and finally the process of subsuming all entertainment taxes into GST. With these in place, India will be unquestioningly at the centre of the global media and entertainment “movement”.

To fuel the growth of the Indian M&E industry, the need was to penetrate the rural India which is home to two-thirds of the population. The media sector cannot afford to be complacent at this stage, and there was a need for innovative thinking, generation of quality content and refurbishing of businesses to stay relevant in the market. He said that all M&E platforms were now merging and the sector is one fraternity. We are now on the cusp of a galloping change with the digital age opening up a world of boundless opportunity, bringing creative minds, industry, government, entrepreneurs, research, and all other stakeholders together.

- **INDIA PREFERS ‘ASPIRATIONAL’ RATHER THAN ‘PRESCRIPTIVE’ APPROACH TO GLOBAL ENVIRONMENT CONCERNS: VICE PRESIDENT OF INDIA**

The development aspirations of the developing countries should be built into the green economy principles being evolved at the international level. Whatever the respective national positions on these issues, the protection and preservation of environment is the common responsibility of all humanity. This calls for closer cooperation among nations and a holistic approach. Failure to do so would have serious consequences for human survival. This was stated by Mr. Mohammad Hamid Ansari, Vice President of India, while delivering the inaugural address at the International Conference on ‘Global Environment Issues’, organized by the National Green Tribunal in association with the Ministry of Environment, Forest and Climate Change, Indian Law Institute and FICCI. FICCI, said that the role of the judiciary was highly critical to promote environmental protection and sustainable development and therefore the conference presented a big opportunity to share global experience in environmental regulatory and judicial system.

- **COOPERATIVE FEDERALISM, LAW RESTRAINING IRRESPONSIBLE EXPENDITURE WILL MAKE STATES SPEND ADDITIONAL FUNDS PRUDENTLY: CHIEF ECONOMIC ADVISOR**

FICCI stated that this year’s budget has been truly reformist and transformational. It was pro-growth as well as inclusive. We could see the ground being set for achieving the socio-economic targets by 2022. While the direction has been set, implementation and delivery is now the key.

For the macro concerns of the industry, the Finance Minister has committed to tread the fiscal consolidation path, especially through targeted delivery of subsidies via the direct benefit transfers. We would, however, like to understand the roadmap towards rationalisation of subsidies as provided by the Expenditure Management Commission which has submitted its report to the government. FICCI was happy to note the greater devolution of revenues to the States for their development. However, the outcomes envisaged through the social sector schemes could vary across states given their own institutional and administrative capacities. We feel it is equally important to work towards improving the cost of doing business in India, which is critical for the success of Make in India program.

- **MGNREGA AMONG SEVERAL REFORMS THE GOVT. CAN UNDERTAKE AS LABOR SHORTAGE POSES INCREASING CHALLENGES IN THE AGRICULTURAL SECTOR**

FICCI indicates on the shortage in agriculture labour supply, this reduction in supply along with the support by a number of Government schemes, including MGNREGA has led to an escalation in farm wages which is adversely impacting the profitability of the farmer. Rural wages have been growing by 17% on average since 2006-07 outstripping urban wages. At the same time, the increase in wages, without an increase in

productivity. Between 2004-05 and 2011-12 was the first instance of workforce reduction in agriculture declined by around 30.57 million in spite of the total size of workforce continued to increase.

Higher remuneration and growth of opportunities in alternate sectors is leading to the migration of workforce away from agriculture. This has resulted in labour shortage, increase in wages and consequent escalation of cost of cultivation.

- **FICCI CONGRATULATES INDIAN INDUSTRY CONSORTIA ON DOWN-SELECTION FOR 'MAKE' PROJECT OF ARMY'S BATTLEFIELD MANAGEMENT SYSTEM**

FICCI has welcomed the decision of the Indian Army and Ministry of Defence for down-selecting two Indian industry consortia, namely, Tata Power and Larsen & Turbo and Bharat Electronics Limited and Rolta, as Development Agencies for the Ministry's prestigious 'MAKE' Program: 'Battlefield Management System (BMS)'. This is a Network Centric Program aimed at developing an indigenous prototype of BMS for the Indian Army under the MAKE category of the Defence Procurement Procedure. The success of the program is bound to unleash the potential of Indian defence manufacturing, especially the private sector.

FICCI congratulates the two industry consortia and believes that they would deliver state-of-the-art prototypes within the stipulated time frame at a price that is competitive. These products will help India in inching towards the goal of self-reliance, besides giving the user a sense of pride from a 'MAKE in India' technology. The success of the project will boost the confidence of foreign investors and defence companies in partnering with Indian industry in keeping with the 'Make in India' vision.

FICCI has appreciated the quicker decision making process adopted by the DGIS, MoD, and Indian Army for the down-selection of Indian industry consortia to participate in the Prototype Development Phase of this 'MAKE' Program followed by a Production Order, which will be decided by the MoD after successful completion of the prototype. FICCI has over the years advocated focus on 'MAKE' projects as India's defence needs can be addressed by customised development of products based on geographic and strategic requirements.

FICCI would like to bring the attention of the MoD to delays in finalizing the Futuristic Infantry Combat Vehicle (FICV), another 'MAKE' project under consideration of the Indian Army which has already seen inordinate delays.

- **FICCI-PMI RECOMMENDATIONS FOR LEVERAGING THE SCIENCE AND ART OF PROJECT MANAGEMENT TO REALIZE MAKE IN INDIA**

FICCI said that everything we do is a project and everyone is an expert in Project Management but does not realize it. Combination of education, common sense and a third element 'Process' that is what Project Management is all about, as process links education and common sense which determines success of your project. FICCI aims at building capacity and through forums like these to discuss correct process from unsuccessful to successful stage. In Government it is presumed that Project Management knowledge is inherent with experience of working in government but certification of that knowledge is required.

FICCI Quality Forum unveiled FICCI-PMI recommendations on building Project Management capabilities for Make in India. The way we developed these recommendations was through launch of an open call for papers, in depth discussions with authors of these contributions to develop ideas, scanning PMI studies like Pulse of the Profession and many global research reports, consulted with project management professionals from government and small industry members. All these discussions, research and ideas were distilled to put them into a recommendatory framework for presenting to the government.

- **DELHI DIALOGUE VII SETS POST – 2015 AGENDA**

The seventh edition of the “Delhi Dialogue” between India and ASEAN appropriately reflected the theme 'ASEAN-India: Shaping the Post 2015 Agenda'. The current leadership in India is focused on enhancing engagement with ASEAN and this clearly reflects in its declaration that India’s “Look East Policy” has now changed to “Act East Policy”. In the recent Union Budget, the government has announced that it would facilitate private sector investments in Cambodia, Laos, Myanmar and Vietnam, popularly known as the CLMV countries through a project development company. This will encourage more Indian investments in the region.

The ASEAN is India’s key trading partner and FICCI supports the view that India must aim to reach the trade target of USD 100 billion by 2015 and USD 200 billion by 2022. For this India and ASEAN needs to intensify cooperation in security, trade, investment, connectivity, capacity building and strengthening people-to-people linkages.

Over the years Delhi Dialogue has evolved as an important platform for interaction between ministers, policymakers, think-tanks, business leaders, eminent personalities and civil society representatives from India and ASEAN and aims to jointly promote our mutual partnership and prosperity.

- **FRENCH INVESTMENTS IN INDIA CONTINUE TO REMAIN DYNAMIC**

FICCI said that French investments and business entities have not only stood the test of time, but have firmly reposed their unwavering faith in India’s growth story. To recognize the contributions made, it is a

matter of pride for FICCI to be part of the initiative to release a White Paper on French Companies Making in India.

Today, the development agenda of Indian Government under Prime Minister Modi’s leadership is firmly focused on simplifying policy frame work to facilitate ease of doing business, promoting entrepreneurial zeal in the country and inviting foreign businesses to make India as their business and manufacturing hub.

The Government of India’s mega initiative “Make in India” is the microcosm of its well-intentioned policies. Over 800 French companies are already present in India and having business operations in diverse sectors like automobiles, defence, telecom, retail, infrastructure, media and entertainment and electronic machinery.

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