- **FICCI COMMENTS ON WPI INFLATION DATA**
  (16th May 2016)

Commenting on the latest inflation numbers, FICCI said that the WPI based inflation rate inched up to 0.3% in April 2016, after remaining in the negative zone for 17 consecutive months. While some price pressure is noted in case of select food items, we don't foresee any significant change in the near term in the inflation trajectory. While the latest monsoon forecast shows a delay by about a week, we hope that the meteorological department's overall prediction will hold and would provide reprieve in the months ahead.

We remain concerned about the industry performance with latest numbers reporting flat growth in the month of March 2016. Demand is yet to pick up on a sustainable basis. The award of the seventh pay commission and normal monsoons are expected to lend some strength to domestic consumption. Further, it will be critical to assure that the momentum on reforms is maintained. Also, while RBI has been keeping a close watch on the ground situation, we hope to see a more accommodative stance in the June policy announcement.

- **FICCI COMMENTS ON IIP DATA**
  (12th May 2016)

It is evident from the data now that the weak consumer and investment demand has started impacting the growth of manufacturing more than exports. The growth in manufacturing may take more time to pick up. It's therefore important that the Government holistically addresses the issues related to manufacturing by a high level institutional mechanism involving all departments and States, stated FICCI.

The growth in manufacturing for the last year is disappointing and emphasizes the need for more deep rooted reforms for the sector to make its growth sustainable in the long run.

FICCI's Voice – SG's Desk is a service to all our members and also shared with key policy makers and thought leaders. The document is a compilation of major topical issues that we take up with the Central, State governments and other concerned authorities. These issues come to us directly from members, or through deliberations in conferences, seminars etc. on sectoral issues, as also through Government notifications.

**** This issue of FICCI's Voice is a compilation of issues taken up by FICCI in the month of May 2016**

- **FICCI WELCOMES NEW IPR POLICY**

FICCI welcomes the announcement of the much-awaited IPR Policy for India. The Policy correctly identifies IP as a strategic tool for furthering India's economic goals and therefore recommends for the effective protection of IP rights as an essential element for making optimal use of innovative and creative capabilities of its people.

The national policy contains many encouraging recommendations including the need to create awareness on the importance of IPRs through a nation-wide promotional campaign and linking it to other national initiatives like 'Make in India' and 'Digital India', undertaking a baseline survey across sectors to evaluate the IP potential in specific sectors.

Other significant policy announcements include making DIPP the nodal department for all IPR related developments in India, emphasise to make the Indian Patent Office an increasingly service oriented organization and improving IP enforcement and the adjudication mechanism, among others.

- **GDP GROWTH ESTIMATED AT 7.7% FOR 2016-17 - FICCI'S ECONOMIC OUTLOOK SURVEY**

The results of latest round of FICCI's Economic Outlook Survey puts across a median GDP growth forecast of 7.7% for the fiscal year 2016-17. The growth in 2016-17 is expected to be supported by an improvement in the agricultural and industrial sector performance. Prediction of a good monsoon after two consecutive years of sub-optimal rainfall backs the improved outlook in the current fiscal.

According to the survey results, agriculture sector is expected to record a median growth of 2.8% in 2016-17, with a minimum and maximum range of 1.6% and 3.5% respectively. Industrial growth is anticipated to grow by 7.1% in 2016-17, while services sector growth is estimated at 9.6%.

The survey was conducted during April/May 2016 among economists belonging to the industry, banking and financial services sector. The economists were asked to provide forecast for key macro-economic variables for the year 2016-17 as well as for Q4 (January-March) FY16 and Q1 (April-June) FY17.

The median growth forecast for IIP has been put at 3.5% for the year 2016-17, with a minimum and maximum range of 3.0% and 4.5% respectively.

The outlook of the participating economists on inflation remained moderate. The median forecast for Wholesale Price Index based inflation rate for 2016-17 has been put at 2.2%, with a minimum and maximum range of (-)1.3% and 2.9% respectively. The Consumer Price Index has a median forecast of 5.1% for 2016-17, with a minimum and maximum range of 4.5% and 5.5% respectively.

Views of the economists were sought on whether the government will be able to achieve the fiscal deficit target of 3.5% in 2016-17. The government has been serious about treading on the path of fiscal consolidation and maintained its credibility by meeting the targeted fiscal deficit of 3.9% for the financial year 2015-16.

- **GOVT. URGES INDUSTRY TO RECOMMEND APPROPRIATE TARIFF RATES TO PROPOSE AT THE APEC MEMBERSHIP NEGOTIATIONS**

The Ministry of Commerce & Industry, Government of India, assured Indian industry that the government was in favor of liberalization but at the APEC negotiation table it would be the voice of moderation. India understands that high tariffs are not favorable but at the same time zero tariffs would also hurt the economy. Hence, the industry needs to recommend appropriate tariff rates that the government could propose.

FICCI said that India has shown an inclination towards joining APEC and this could benefit the Indian industry. The voluntary and non-binding APEC partnership would allow India to forge free trade agreements and strengthen its supply chain. The Business Travel Card would be one of the benefits which would give greater access to Indian industry.

- **AGRICULTURE MINISTER EXHORTS CORPORATE SECTOR TO ADD VALUE TO MAIZE PRODUCE SEES BIG ROLE FOR FICCI IN SETTING UP CORN-BASED INDUSTRY IN PPP MODE**

FICCI said that there is a need to enhance the productivity of maize while increasing the income of the farmers. The state governments along with various stakeholders were making a conscious effort towards this end. The government was cognizant of the needs of the maize sector and the annual Maize Summit was an effort to bring to fore the global and domestic scenario of maize and issues confronting the maize supply chain.

- **FICCI WELCOMES THE STEPS TAKEN BY U.S. LEGISLATORS TOWARDS ELEVATING INDIA'S STATUS AS A DEFENSE PARTNER**

FICCI welcomes the bipartisan support to the initiative taken by Representative George Holding (R-NC) to institutionalize the Indo-US defense relationship through an amendment to the National Defense Authorization Act, which was passed by the House on May 18.

This amendment recognizes India's status as a trusted defense partner of the United States and calls for a dedicated official in the executive branch and an official in the Department of Defense to focus on Indo-US defense cooperation, including the transfer of advanced defense technology.

FICCI said that this elevated status will not only fast track congressional approval of licenses but also give access to state of the art technologies of today, that would kick start co-production and co-development activities thereby realising the objectives of both "Make in India" and DTTI".

Over the years, FICCI has been engaging with all the stakeholders through Track II diplomacy and outreach initiatives to boost high-technology trade.

FICCI is hopeful that these encouraging steps by US legislators towards elevating India's status as a defense partner to a level equivalent to that of a NATO ally will further deepen the B2B engagements between the US and Indian private sectors.

- **FICCI COMMENTS ON POST-FACTO CABINET APPROVAL OF NATIONAL CAPITAL GOODS POLICY**

Congratulating the Department of Heavy Industry for coming out with the first National Capital Goods Policy, FICCI stated that it was happy to see the roadmap for the Capital Goods sector in India and its recognition as a strategic sector. India has the potential to be the net exporter of capital goods as against the net importer currently. National Capital Goods Policy is definitely the need of the hour, which will provide the much needed impetus to the sector and will go a long way in achieving the objectives of Make in India.

- **<u>FICCI COMMENTS ON THE PASSAGE OF BANKRUPTCY BILL IN RAJYA SABHA</u>**

The passage of bankruptcy bill is a perfect example of constructive cooperation in the Parliament towards economic progress, said FICCI. Bankruptcy Act is a much needed legislation for industry that would greatly help resolve issues pertaining to speedy winding up of insolvent companies, lowering NPAs and redeployment of capital productively.

- **<u>FICCI COMMENTS ON BAN ON DIESEL VEHICLES IN DELHI</u>**

While respecting the Hon'ble Supreme Court's order on ban on diesel cars above 2000cc and diesel public taxis, FICCI feels that the lack of clarity in the policy and such stringent measures could result in uncertainty that would impact the image of the country as a preferred investment destination besides impacting a large number of entrepreneurs who have entered the travel industry.

The ban on registration of new diesel-powered vehicles in New Delhi could prove detrimental to the auto industry, and may not result in any significant lower emission levels since the new diesel vehicles emit lower pollutants given they comply with the advance vehicle emission standards (Euro IV), whereas the older vehicles with old emission norms would continue to ply on the road.

The proposed Automotive Mission Plan is a shared vision of the Government and the industry for a coordinated and stable policy regime for the automotive sector, noted FICCI. According to this plan, the Indian automotive industry has the potential to be a top job creator – 65 million additional jobs!

FICCI had earlier suggested various options with respect to the policy for replacing old vehicles in the country in order to reduce pollution levels. The experience worldwide is that the stand alone mandatory policies or vehicle replacement programs are not very common and without additional incentives (fiscal or otherwise), these measures may become unpopular. The need of the hour is Vehicle replacement programs supported by some form of policy incentives, FICCI noted.

For more details contact FICCI Membership
at tripti.kataria@ficci.com