

"SECRETARY GENERAL'S DESK"

- **FICCI COMMENTS ON IIP DATA**
(10TH OCT. 2016)

The depressed private investment climate and global economic growth continues to impact the manufacturing sector growth in India. Private investment activity remains sluggish and calls for sustained efforts to address the structural bottlenecks in the economy, said FICCI. Satisfactory monsoons, festive demand and recent cuts in interest rates have the potential to lift the growth in the coming months.

- **FICCI COMMENTS ON RBI MONETARY POLICY**

Commenting on RBI Policy FICCI, said, the RBI's move to cut the repo rate is welcome and is very timely. We hope that going ahead this would translate into a greater pass through by the Banks and would yield into further lowering of lending rates.

The decision to supplement the demand conditions by maintaining an accommodative stance is definitely encouraging. The companies have reported an improvement in the capacity utilization rates and demand is expected to gain further traction by festive demand. However, there is still a need to assure that this turnaround is sustainable. At this juncture, it is important that all the policy levers are put into action to back growth.

The performance of the industrial sector has been volatile and would need continued support. The cost of capital has to be more competitive to drive investments. Businesses need to see an urgent revival in growth. Also, a moderate interest rate regime will lead to an uptick in interest sensitive sectors such as consumer durables, automobiles and housing.

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 October 2016**

- **FICCI COMMENTS ON WPI INFLATION DATA**
(14th Oct. 2016)

Inflation numbers continue to report softening in food prices, which is very reassuring. Good monsoons and Government action have helped in abating the price level and various assessments indicate prices to remain benign. The accommodative stance undertaken by RBI in monetary policy announced earlier this month is in sync with these developments. We do hope that going ahead banks will take a cue and further translate this into lower lending rates which is one of the key factors that can help boost IIP which continues to remain dismal, said FICCI.

- **FICCI COMMENTS ON EASE OF DOING BUSINESS**

Wide ranging reforms have been undertaken in the last few months that have led to improved investment climate as is evident from increased FDI inflows. Ease of doing business is key to competitiveness of a business and the approach adopted by the Government is in the right direction, said FICCI. States need to deepen the reforms in specific areas for improving the rankings further. A regular feedback mechanism as suggested by the Government to implement the reforms shall help in achieving results faster and FICCI would be happy to support government in this regard.

- **FICCI COMMENTS ON THE LAUNCH OF DASHBOARD FOR FOREIGN TRADE DATA**

Welcoming the enhanced dashboard for Foreign Trade Data, FICCI said that we are encouraged to see the dashboard on foreign trade data, launched by Commerce & Industry Minister. An important part of the Digital India Programme, it is a significant effort towards greater transparency in policy-making. This will go a long way in making trade-related information and statistics available for all stakeholders in a user-friendly manner. To have such a comprehensive and exhaustive dashboard of complex trade data is a major initiative. Besides playing a critical role in improved data analytics, it will be an easy-to-understand tool for the business community and immensely benefit the existing exporters/importers as well as the prospective traders.

- **INDIAN NAVY URGES INDIAN INDUSTRY TO FORGE STRATEGIC PARTNERSHIP FOR DESIGN AND CONSTRUCTION OF UNDERWATER VEHICLES**

FICCI said that we need to emphasize the design capabilities of Indian Navy and other design agencies and to hand hold Indian industry to make the best of the capabilities and how to focus on the future requirements. FICCI is continuously focusing on futuristic technologies and added that in order to fulfil the national aspiration of establishment of strong defence industrial base in country, there is a need to do away with licensed production. India needs to encourage innovations in design to enhance its scientific capabilities which can later be transferred to industries for commercialisation of defence technologies.

- **BRICS BUSINESS FORUM CALLS FOR CASHING IN ON MUTUAL ECONOMIC STRENGTHS**

FICCI said that intra-BRICS trade is about US\$ 242 billion, which is less than five per cent of the total trade of BRICS economies. Given the level of complementarities our economies share, there is a huge potential to expand this to US\$ 500 billion. One of the most significant outcomes of the efforts is the first BRICS Trade Fair that was held in New Delhi by FICCI. Another important step that will help facilitate trade is the promotion of trade in local currencies. The respective governments should expand the scope and scale of

pricing in local currency for intra-BRICS transactions and develop the necessary infrastructure to support such payments.

The institutional mechanism set up as the New Development Bank is commendable. The institutionalization process of BRICS is reflected in other sectors as well. Discussions are on-going for setting up of a BRICS Network University, BRICS Agriculture Research Centre. Likewise, the governments are in talks to set up BRICS Railway Research Centre with the aim to enhance technical cooperation in railway research and to accelerate exchanges.

Going forward, there is a need for having a BRICS Rating Agency. Our economies need a home grown institution that is the best in quality and also aligns its rating methodology to account for the emerging market business realities. Another area where BRICS can look at institutionalizing co-operation is in the field of economic and market research. A BRICS economic and market research institute can be a catalyst in supporting market intelligence requirements of small, medium and large companies from our respective countries. A solid research base on emerging economies can serve as an important reference point for businesses from our countries.

- **INTERNATIONAL PAYMENT CARD SYSTEM & SUSTAINABLE FINANCING**

FICCI has mentioned that we need to mobilize financing into areas of sustainable financing. In India, we need to see this context of India's development deficit. Some of the critical issues for sustainable financing include high interest cost, risk perception and build capacity of financial sector. NDB can play an important role in terms of channelizing finance into sustainable avenues. Setting aside a fixed percentage to channel finance in such areas will play a big role. There should be more products for green financing as it will provide options to investors. A comprehensive arrangement is needed for institutional investors to comply or commit a percentage in sustainable/renewable space.

- **FACEBOOK PARTNERS WITH FICCI UNDER MILLENNIUM ALLIANCE TO PROPEL SOCIAL SECTOR INNOVATIONS**

The Federation of Indian Chambers of Commerce and Industry (FICCI) and **Facebook** has announced their partnership to augment the Millennium Alliance (MA) initiative. Facebook has joined hands with FICCI as an **Outreach and Knowledge partner** to support and expand the development of the social enterprise sector in India. Both share the commitment to promote replication and scale of the selected social enterprise innovations across the South Asia and Africa regions in the identified priority areas of sanitation, education, healthcare, clean energy and agriculture. Facebook and FICCI together will also engage in organizing regular workshops & webinars for shortlisted applicants to promote the effectiveness of Facebook as a tool for promoting business and social innovations apart from helping them reach out and connect to relevant resources globally.

The Millennium Alliance is an inclusive platform to leverage Indian creativity, expertise, and resources to identify, scale and expand the outreach of innovative solutions being developed and tested in India to address development challenges that will benefit 'base of the pyramid' populations across India and the world.

- **FASTER APPROVAL TO IPOs IN LINE WITH GLOBAL STANDARDS**

FICCI said that most efforts to create a strong primary and secondary market have been targeted at attracting institutional investors. In addition to the focus on the institutional segment, there has to be a concerted effort to attract retail investments into the debt markets. With the rising income levels of India's middle class, there has been a strong growth in savings, most of which has been parked in bank fixed deposits.

The enabling regulations and the ease of investment rolled out for foreign investors has brought in unprecedented foreign capital in Indian securities. As the Government removes roadblocks to encourage participation by foreign capital in the world's fastest-growing major economy; it is also focusing on efficient management of public investment in CPSEs through disinvestment, thus ensuring better productivity of domestic capital.

India's capital market was on a threshold of a new phase and FICCI had created a platform by way of CAPAM, the annual capital markets conference, for the stakeholders to deliberate on issues that need attention for broad basing and deepening the market.

- **COST EFFECTIVENESS AND SUPERIOR OUTCOMES HAVE HELPED INDIA EMERGE AS ONE OF THE PREFERRED GLOBAL MEDICAL VALUE TRAVEL DESTINATIONS**

FICCI said that over the last decade, India has grown to become a sought after destination for medical value travel because it has proven to be superior across multiple factors that determines the overall quality of care. However, to position ourselves as leading providers of quality healthcare, the medical value travel stakeholders in India will need to consolidate our efforts and strategize on how to leverage the available opportunities.

SAARC countries such as Bangladesh, Afghanistan and Maldives are major sources of medical value travel followed by African countries such as Nigeria, South Africa and Kenya. Proximity, cultural connect and connectivity are key reasons for inflow of patients from these regions. Few new sources of medical value travel too have emerged in the recent years such as Russia, CIS countries and Myanmar.

The medical value travel industry has emerged as one of the fastest growing segment of the tourism industry. Globally the market is estimated at around USD 40-55 billion. India's MVT market size was estimated at USD 3 Billion with CAGR (2010-15) of 15%, however, there is significant potential for accelerated growth given the opportunity size. As per 2015 data, while 11 million people travelled to seek treatment, only 500,000 foreign patients travelled to India seeking treatment. However, through adequate focus and effective execution, MVT in India can be a USD 9 billion opportunity by 2020 and establish India as "The Provider to the World".

- **INDIAN AND CHINESE INDUSTRY URGED TO EXPLOIT THE VAST AND GROWING BUSINESS OPPORTUNITIES**

FICCI said that investment is the key to rebalance bilateral trade, and therefore, FICCI would like to propose a partnership with NDRC to set up a Task Force to identify potential projects in Indian states for Chinese companies and the possibilities of Indian companies to invest in Chinese Provinces. FICCI also proposes a Joint China-India SMEs GVC Initiative in collaboration with NITI Aayog, FICCI and NDRC. Further, to realize the Sustainable Development Goals (SDGs) of China, India and neighboring Asian countries, and NITI Aayog's VISION 2022, FICCI proposes to set up a Forum to identify and facilitate bankable projects in energy, infrastructure and other sectors.

FICCI, as India's national industry association, has the bandwidth and network to build a tangible business cooperation programme as well as arrange investment platforms. Also, FICCI with the Government of India organized the first BRICS Trade Fair and Exhibition ahead of the BRICS political summit. Chinese companies showcased their strengths and technologies at the exhibition. FICCI also serves as the Secretariat for the India-China CEOs Forum under the directive of the Government of India.

- **TIME TO ACCELERATE PACE OF BILATERAL TRADE AND INVESTMENT BETWEEN INDIA AND TAIWAN**

FICCI said that Taiwan is an integral part of India's Act East policy and a springboard to the larger East Asian community. Trade between the two countries has gone up to US\$ 6 billion and there are 90 Taiwanese enterprises in India which have invested about US\$ 88 million. FICCI led an 80 member delegation for the 42nd edition of TAITRONICS, the electronics and technology mega show from October 6-9, 2016 in Taiwan had several states including Gujarat, Chhattisgarh, Karnataka, Telangana, Maharashtra showcasing their products and strengths. This will serve as a crucial build-up to the Make in India Show organised by FICCI in coordination with the Government of India along with a 100 member delegation at TAITRONICS in 2015 to showcase vast investment opportunities in India.

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