VOICE OF FICCI

Federation of Indian Chambers of Commerce and Industry

SHAPING THE AGENDA **FEBRUARY 2018**

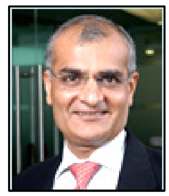
From SG's Desk

The newsletter 'Voice of FICCI' highlights the diverse consultative mechanisms of the Chamber in the policy domain which are driven by industry leaders. The newsletter has a wide coverage and reaches captains of Trade and Industry, CEOs, Chief Ministers, senior government officials, diplomatic missions in India and Indian embassies abroad, opinion makers, research institutes, trade associations, regional chambers, multinational companies, banking & financial institutions, and non-profit organisations.

This issue of 'Voice of FICCI' focuses on the monetary policy, foreign trade policy, manufacturing survey, pre-budget recommendations and issues in sectors like health, MSMEs, defence, banking, agriculture, technology, energy, education and climate, to name a few.

Hope you enjoy reading it!

OFFICE BEARERS OF FICCI FOR THE YEAR 2017–18



Mr. Rashesh Shah, President, FICCI
Chairman & CEO, Edelweiss Group

Mr. Sandip Somany, Senior Vice President, FICCI
Vice Chairman & Managing Director, HSIL Ltd.

Ms. Sangita Reddy, Vice President, FICCI
Joint Managing Director, Apollo Hospitals Group

'Voice of FICCI' is a service to all our members and shared with key policy makers and thought leaders. The document is a compilation of FICCI's views on macro-economic issues. These issues come to us directly from members, or through deliberations in conferences and seminars on sectoral issues, as also through Government notifications.

**** This issue of 'Voice of FICCI' is a compilation of issues for the month of December 2017, January 2018 & February 2018**

MACRO ECONOMY

- **UNION BUDGET'S AGRICULTURE FOCUS WILL BOOST GROWTH PROSPECTS**
  (1 February 2018)

The impetus to the rural economy and the overall agriculture sector in the Union Budget presented by Finance Minister Arun Jaitley in the Lok Sabha would be a force multiplier for overall growth in the coming years.

The Budget is very much in line with the expectations of FICCI. According to FICCI, it will drive consumption in a big way, thus helping growth in other related sectors. Additionally, the attention to the MSMEs through better access to finance or lowering of the corporate tax rate would also help spur both employment and growth in this vital segment of the economy.

FICCI also believes that the stress on jobs in the Budget will help generate meaningful employment going ahead. Another path-breaking announcement in the budget relates to the new National Health Protection Scheme under which an annual health insurance cover of Rs 5 lakh will be provided to nearly one third of the households. This is the world's largest government funded healthcare programme and would lead to a clear increase in demand for quality healthcare facilities and services and to match this rise in demand, several measures have also been announced to improve supply of quality health services in the country.

A clear focus on the infrastructure sector development in the rural areas, the plans for such development in the urban areas including wider connectivity across the length and breadth of the country have also got the needed attention in the budget, sated FICCI.

Given the kind of structural reforms the government has undertaken in the last year and the need to give a fillip to demand in the economy particularly through infrastructure development and strengthening of the rural economy, FICCI is fully supportive of the new glide path. However, given the performance on the disinvestment front this year, there were hopes that the government would be more ambitious in terms of setting the target for the next year — the Rs. 80,000 crore target for disinvestment receipts in FY19 is a bit conservative in FICCI's view.

The continuation of STT even while re-introducing LTCG will put some additional burden on the market participants. This, however, should not impact markets in the long-term. With the markets giving a compounded return of 15-16% over the last 20 years, a tax impacting 1.5% return should not affect the domestic investor appetite for equity investment.

Finally, while consolidation process for the public-sector insurance companies has been indicated, FICCI hopes that a similar plan for the banking sector as was widely anticipated ahead of the budget will also be announced soon.

- **FICCI LAUDS GOVERNMENT ON INSIGHTFUL ECONOMIC SURVEY**
  (29 January 2018)

India has seen major structural reforms in 2017-18 such as GST, Insolvency Code and Bank Recapitalisation according to the Economic Survey tabled in Parliament. The economy will start reaping benefits of these reforms in the next fiscal year and we look forward to continuity in the reforms process displayed by the government. This optimism is also reflected in the improved ratings of India by the Moody's and the country's rating in the World Banks' ease of doing business index, said FICCI.

As per the Economic Survey, there has been a 50 per cent increase in the number of indirect taxpayers post GST and an addition of about 18 lakh in individual income tax filers since November 2016. Large increase in voluntary registrations under GST, especially of small enterprises has led to greater formalisation of the economy. The Government has been pro-actively working towards further improvement in GST structure. FICCI looks forward to convergence to fewer tax slabs and inclusion of all sectors within GST.

- **FICCI COMMENTS ON WPI-BASED INFLATION NUMBERS**
  (15 January 2018)

Moderation has been seen in the WPI based inflation number for the month of December 2017, which has come primarily owing to lower food prices. The easing of inflation is a positive sign and continued efforts of the government to strengthen food supply mechanism can help in bringing down food inflation further, said FICCI. As the inflation numbers are being driven largely on account of supply side factors, FICCI urges the Reserve Bank of India to calibrate its monetary policy stance giving equal weightage to growth.

- **FICCI MANUFACTURING SURVEY**
  (19 December 2017)

FICCI's latest quarterly survey on manufacturing suggests slightly less optimistic outlook for the manufacturing sector in the Q3 (October-December 2017-18) as the percentage of respondents reporting higher production in third quarter has fallen vis-à-vis the previous quarter. The proportion of respondents reporting higher output growth during the Q3 (October-December 2017-18) has fallen to 47% from 50% in Q2. However, the percentage of respondents reporting low production has also come down to 15% in Q3 quarter from 18% in Q2 (July-September 2017-18).

This less optimistic outlook for manufacturing in third quarter of the current fiscal is reported to be due to factors like *rupee appreciation impacting exports, issues with regard to GST implementation and subdued demand in several sectors.* In terms of order book, about 42% respondents in Q3 (October-December 2017) are expecting higher number of orders as against 47% of Q2 2017-18 which again is reflective of subdued demand in economy.

The FICCI survey assessed the expectations of manufacturers for Q3 (October December 2017-18) for 12 major sectors namely auto, capital goods, cement and ceramics, chemicals and pharmaceuticals, electronics & electricals, food products, leather and footwear, machine tools, metal and metal products, paper products, textiles and textiles machinery. Responses were drawn from over 310 manufacturing units from both large and SME segments with a combined annual turnover of over ₹3 lakh crore.

- **STATEMENT FROM FICCI PRESIDENT ON MONETARY POLICY**
  (6 December 2017)

FICCI is disappointed with RBI's decision to hold on to the policy rate at the current level. A downward revision would have boosted sentiments and supported the growth momentum that has been building up following the second quarter GDP numbers. The initial signs of a turnaround in the economy need all support to translate into a solid recovery that is critical from a jobs perspective. A cut in the policy rate with some more targeted intervention in the form of easing conditions for extending housing loans would have provided the needed stimulus and complemented the government's efforts to lend strength to the economic recovery process, stated FICCI.

FICCI's Business Confidence Survey shows that companies continue to face the constraint of high rates of interest and are looking for a phase of stronger growth in market demand before fresh investments get committed. RBI's excessive focus on inflation has led to a situation where real interest rates are much higher today and impinging on growth performance of the economy. At a time when inflation is well within the band defined by the central bank and much of it is due to supply side factors, there is a need to rethink on this inflation focused approach.

- **FICCI WELCOMES MID-TERM REVIEW OF FOREIGN TRADE POLICY**
  (5 December 2017)

The Mid-term review of the Foreign Trade Policy 2015-20 contains several positive features. FICCI is happy to see across-the-board rise of 2% in MEIS incentive for exports by MSMEs and labour intensive sectors. This step was much-needed, stated FICCI.

FICCI also welcomed the trust-based approach as reflected in the new self-ratification scheme for duty-free import of raw materials. It will greatly help in expediting export of a number of important products such as engineering, pharmaceuticals, chemicals, textiles and high-tech products, FICCI observed, while commenting on the Mid-term review of the FTP. 2% increase in the SEIS incentive for services like business, legal, accounting, architectural, engineering, educational, hospital, hotels and restaurants would provide impetus for boosting India's service exports in non-IT areas.

Other positive points include contact@dgft service for trade facilitation; raising the validity period of duty credit scrips from 18 to 24 months; elimination of the earlier 12% GST for transfer/sale of scrips; and creation of a new logistics division in the Department of Commerce. While these measures are useful, we have to recognize that effective exchange rate management would be critical to achieve a significant increase in exports from India.

MINES

- **FICCI URGED THE GOVERNMENT TO FAST TRACK AUCTION OF MINERALS**
  (27 February 2018)

The Ministry of Mines has taken a conscious decision to shift the focus of exploration to deep seated minerals and non-ferrous metals. The shift is expected to gather momentum in view of the strategic requirement to fuel economic growth.

FICCI urged the government to fast track auction of minerals to help the producers and meet ever-growing demand from consuming industries. The stakeholders to look beyond the current horizon and chalk out a vision for the industry for 2030 that incorporates short and long-term plans for sustainable mining in cooperation with the MoEF. FICCI also highlighted the critical challenges affecting a robust growth of the sector, especially the China factor, the underdeveloped scrap recycling sector and the problem of inverted duty structure.

- **FICCI WELCOMES CABINET APPROVAL OF COMMERCIAL MINING OF COAL**
  (21 February 2018)

FICCI welcomed the Cabinet approval to introduce commercial mining of coal and sees it as a landmark policy decision that will change the face of Indian Coal Sector by ushering in rebalancing of prices and market dynamics riding on efficient and large-scale mining.

FICCI considered it as an enabling measure to concurrently reinforce 'Make in India' initiative and attract foreign capital to boost productivity while progressively reducing dependence on coal imports. A defining measure will be to create a policy framework that will enable international participation and make the coal sector subject to competition and efficient pricing.

FICCI also welcomed the proposal of ascending forward auction as a means to maximise the value of a scarce resource like coal and consequent redistribution of wealth.

FICCI had pioneered the concept of commercial mining of coal, suggesting a biding framework for auctioning of mining leases and market construct on the lines of a Clearing House for transparent price discovery. FICCI believes that the ripple effect of efficient coal mining will benefit the downstream sectors of iron and steel, cement and power in improving their market access and serving a larger cross-section of buyers as a vehicle for economic growth. For power especially, coal being the feedstock of significantly large capacities, a collateral benefit will be higher capacity utilisation and leveraging of short term and spot markets that can be serviced by commercial coal to improve liquidity and secure new revenue streams.

Given the country's vast coal reserves and potential for scientific exploitation in un-mineralised areas, commercial mining entrusted to specialised agencies under a competitive bidding framework holds out the promise of accelerating the pace of mineralisation, scaling up domestic coal production and strengthening India’s market-based economy.

INDUSTRIAL POLICY

- **COMMERCE MINISTER KICKS OFF NEW NATIONAL INDUSTRIAL POLICY CONSULTATION WITH FICCI IN GUWAHATI**
  (3 February 2018)

Commerce and Industry Minister Mr Suresh Prabhu kicked off a series of nation-wide consultations with the industry on the proposed new Industrial Policy. The first consultation was held at Guwahati on February 02. He highlighted that this is the first time a policy is being designed that truly listens to and objectively equips Indian industry for the future. The prior attempts in 1956 and 1991 were driven by ideology or formulated at a time of financial crisis.

The minister underscored the change in the culture of governance under the current NDA government. He showcased how the government was coming to the industry to understand their concerns rather than the other way around. The Minister stressed the laser focus of the government to make business easier for industry. In this regard, he highlighted multiple initiatives of the government to reduce the burden of regulations for the industry. He also talked about the importance of center-state cooperation and the need for change even at the district-level.

FICCI mentioned the need to bridge the trust deficit and doing business further easier.

EXPORTS

GOVERMENT WORKING ON FARM EXPORT STRATEGY THAT GIVES PRIMACY TO VALUE ADDITION AND CREATES JOBS: SURESH PRABHU
(9 February 2018)

Union Minister for Commerce and Industry Mr. Suresh Prabhu announced that the government was working on an agriculture export strategy that would give primacy to value addition and job creation. The emphasises was on the potential of marine products export, for which the Agricultural and Processed Food Products Export Development Authority (APEDA) had been given specific targets for value added exports.

FICCI stressed that the food processing sector was today characterised by three major changes, namely, changing consumer tastes, digitalization and availability of finance. The digital age, would build the industry for the next big step.

CLEAN ENERGY

- **FICCI APPRECIATE CENTRE'S APPROVAL FOR ELECTRIC VEHICLE-BASED PUBLIC TRANSPORTATION IN 11 CITIES**
  (28 December 2017)]

Appreciating the Government's effort to promote electric mobility in the country, FICCI welcomes the announcement made by the Minister of Heavy Industries and Public Enterprises, Mr. Anant Geete, to provide subsidy to 11 cities under FAME India (Faster Adoption and Manufacturing of (Hybrid) and Electric Vehicles) for launching electric buses, taxis and three-wheelers.

This is a major step forward by the Government and the focus on public transportation (buses, taxis, autos) will enhance cleaner public transportation and help create awareness about electric vehicles amongst operators, consumers of public transportation and the general public at large. This will catalyse the faster adoption of electric vehicles in the country, said FICCI.

TECHNOLOGY

- **FIRST OF MAHARASHTRA TECHNOLOGY SUMMIT (MTECH) 2018 LAUNCHED**
  (17 January 2018)

FICCI stated that regular the Government and industry engagement along with other stakeholders is key to develop a holistic framework that supports competition and ensures transparency and accountability. Blockchain is not only revolution but tsunami in technology and will significantly impact different sectors.

FICCI would be happy to work closely with the government to drive this process. Since Blockchain is a new upcoming technology, industry needs supportive policies to bring the focus on growth and development of this emerging area. FICCI is enthusiastic to collaborate more with the government.

- **HEALTH INSURANCE REMAINS UNDERPENETRATED AND EXPENSIVE IN THE EYES OF CONSUMERS IN INDIA**
  (18 December 2017)

Health insurance is a key pillar not just for a family's physical health, but also for their financial well-being. It enables access to appropriate health care while reducing the impact of an untoward health event on a family's earning and payment capacity. However, in India health insurance remains underpenetrated, and expensive in the eyes of consumers.

FICCI has stated that "India stands apart from most other countries on account of its diversity, across practically every parameter, whether it be age, socio-economic distribution, education levels, financial literacy, wellness, geographical spread or even growth rates across different parts of the country. This only make it more challenging for the insurance industry to ensure that appropriate products and distribution systems are in place to cater to each customer's need."

- **HEALTHCARE SAVINGS ACCOUNT– KEY IMPERATIVE**
  (18 DECEMBER 2017)

The Indian healthcare industry is driven by out of pocket expenditure at 62 per cent of the entire expenditure. Health cover is provided to only 27 per cent of the population while remaining 73 per cent is uninsured. The health insurance industry caters largely to institutional treatment which leaves considerable opportunities in outpatient treatment. With medical inflation at 15 per cent, there is a strong need for developing a health savings account product combined with a robust health insurance plan to bring in spend efficiencies and protection for the Indian population.

It is suggested that a Health Savings Account (HSA) scheme linked to a high deductible health insurance cover is introduced in the country to allow end-to-end healthcare coverage.

- **HEALTH INSURANCE FOR MSME WORKFORCE IS KEY TO THE SECTOR'S GROWTH**
  (18 December 2017)

The MSME sector of the country is highly under penetrated in terms of healthcare cover. Hence, this segment offers a great opportunity for the health insurance industry to expand its outreach and increase accessibility to affordable healthcare. Approximately 90 per cent MSMEs do not offer any financial aid for medical purposes to the families of employees. They prefer a basic cover of personal accident and critical illness with a focus on a reduction in premiums and coverage of employees. MSMEs primarily prefer to purchase insurance through broking channels and bancassurance, with group health insurance penetration through online channels at a minimal level of about 6 per cent.

FICCI has stated that "While the Government could play a pivotal role in setting up the healthcare infrastructure and incentivising group health cover adoption, the regulator could explore aspects around obligations of non-life insurers. The insurance industry could explore policy customisation, innovations in servicing and cluster based communications drives. A concerted three-way approach could go a long way in realising the goal of providing healthcare coverage to a larger population base."

- **FICCI ADVOCATES EXPEDITIOUS ROLL-OUT OF STANDARD TREATMENT GUIDELINES, ELECTRONIC HEALTH RECORDS, CLINICAL ESTABLISHMENTS ACT AND INCREASED PENETRATION OF HEALTH INSURANCE**
  (14 December 2017)

India is unique in having almost 80% of quality healthcare in the country being provided by the private sector. Some 69.5% households in urban areas and 62.5% households in rural areas of India, prefer private healthcare over pubic healthcare. Many of these private, state-of-the-art healthcare establishments with highly trained doctors and healthcare professionals offer technologically advanced care with the best possible medical outcomes at a fraction of the cost, when compared to our neighbours like Thailand and Singapore. This is authenticated by the increasing inflow of foreign patients into the country.

India is already grappling with extremely low bed density at 1.3 beds per 1000 population, as compared to the WHO recommendation of 3.5 beds. Hence, it is not in the interest of the public and the nation if hospitals are randomly shut down due to individual errors. This will only widen the gap further and directly affect the health and well-being of patients undergoing treatment in hospitals. FICCI urged the media and the government not to pre-judge in any case. Rational and appropriate action is necessary in case of negligence or failure of the healthcare system based on proper investigation and validation based on the principles of natural justice and not based on emotional outburst.

What is needed today is bridging the widening trust deficit between the private healthcare providers and the government, the doctor and the patient. In an effort to bridge this gap, FICCI has been advocating for the past one decade to the government to implement standardisation of practices to bring in transparency and facilitate interoperability of data. Under the current scenario, expeditious implementation of Standard Treatment Guidelines, Electronic Health Records and Clinical Establishments Act across the country is imperative. The affordability aspect needs to be covered with increasing penetration of health insurance through social and private health insurance schemes.

DEFENCE

- **DEFENCE MINISTER FOR EQUAL OPPORTUNITY FOR START-UPS IN DEFENCE PROCUREMENT**
  (14 December 2017)

The Defence Minister, Smt. Nirmala Sitharaman has said that FICCI's 90-year old experience is very vital for the Government which will greatly benefit from it and welcomed the role that FICCI was playing as a bridge between the Government and industry. The inputs and papers from FICCI tell us where the action needs to be, she added.

The Defence Minister called for more meaningful engagement with FICCI on start-ups so that this sector is activated. Under the Technology Acquisition and Development Fund which has been created, eight projects have almost fructified and were about to be sanctioned while close to another 24 projects were in the process of coming through the Technology Acquisition and Development Fund.

- **<u>DEFENCE MINISTER MEETS FICCI DEFENCE STARTUPS AND PROMISES QUICK RESOLUTION OF THEIR PROBLEMS</u>**
  (12 January 2018)

In a significant boost to the startups working in the defence sector, the Defence Minister, Smt. Nirmala Sitharaman has promised to create a match-making platform for the startups soon, along with the creation of common testing facilities at affordable prices to take care of their research and development and cost concerns. The Minister also ensured that the Government will facilitate an ecosystem for the tie-ups of the startups with the producers at an extensive meeting with a delegation of FICCI defence startups.

FICCI, on its part, is setting up a Society for Indian Defence Startups (SIDS) to create an institutional support mechanism for development and funding with the help of government and industry. FICCI is already engaged with startups in identifying their concerns and apprehensions and was also helping them with organised capacity building and outreach programmes. FICCI is also working with defence PSUs and DRDO labs to set up a process to nurture MSMEs with critical expertise and technologies.

BANKING

- **<u>IMPERATIVE NEED TO STRENGTHEN BANKS THROUGH CAPITALIZATION: FINANCE MINISTER</u>**
  (14 December 2017)

The Union Finance and Corporate Affairs Minister, Shri. Arun Jaitley, has outlined the imperative need to complete the task of strengthening the banks through capitalization to enable them to lend to the MSME sector and trade that is now moving into the formal economy. The lending capacity of the bank has hitherto been constrained due to capital inadequacy and the task before the government is to fix the banks so that they were no longer averse to lending to small borrowers.

The Finance Minister has stated that after the unified GST is implemented it would take some time to rationalise taxes. It was important to continue with structural reforms for greater formalisation of the economy. It was only when the tax base is widened in a formalised economy that rationalization of direct and indirect taxes was possible.

FICCI pointed out that globally nations were moving towards a low tax regime with a focus on the internal economy and a territorial taxation regime. It was time to re-think whether India should adopt this course or look for a new model of taxation that supports exports and growth.

INSURANCE

- **<u>IRDAI CHIEF OUTLINES ROADMAP FOR THE NEXT WAVE OF GROWTH IN THE INSURANCE SECTOR</u>**
  (19 January 2018)

In view of the key trends witnessed by the industry, FICCI has said listing of insurance companies will bring in greater transparency and higher level of corporate governance which will help the industry garner more trust from policy holders and this in turn, will help in deepening and broadening the level of insurance penetration in India which has so far remained low. As more companies hit the capital market in the coming years, this will benefit the retail investors as well who will find a new investment avenue in insurance. This again will have a long-term impact in not only helping in mobilising the much-required capital but also in creating greater awareness among the people about insurance.

Another significant development witnessed over the past one year is the rapid adoption of the novel technology advancements like blockchain, telematics, artificial intelligence and internet of things, by the insurance sector. This trend has been more prominent in the non-life insurance space including motor, health and travel insurance and the sector has already started reaping benefits from this move, FICCI has noted.

MSMEs

- **FICCI TO HELP MSMEs BOOST BUSINESS**
  (13 December 2017)

The Prime Minister, Mr. Narendra Modi has said organisations like FICCI have a key role to play in sectors such as food processing, start-ups, artificial intelligence, solar power and healthcare etc.

FICCI has said that the year 2017 has been a historic one with GST finally coming into force. The steps taken to help business adjust to the new system, the user-feedback system, helping resolve bottlenecks, relaxing deadlines for filing returns and cut in tax rate are all indicative of the Government's commitment to involve all stakeholders in its development agenda. *'Sab ka Saath, Sab Ka Vikas'* is not just a slogan, but is now a reality.

FICCI expects the growth to cross 7% soon but the need of the hour is to grow at 9-10% per year for the next 30 years. This is imperative if we have to engage the poor in development, reduce inequalities and most importantly to generate direct and indirect employment at the rate of 20 million jobs per year. To go from 7% to 9% plus growth, we need a booming export growth of over 25% per year. We need to develop and execute our own alternative long term strategy to ensure export growth of 25% per annum and a 10% GDP growth per annum, over the next 30 years. FICCI has submitted an analysis on Export Development to the Ministry of Commerce earlier on developing exports.

FICCI has said that the bold reforms undertaken by the Government of India with speed, scale and decisiveness have been encouraging. The Prime Minister's vision of 'New India' has energised, galvanised and inspired industry. FICCI would steadfastly work towards making Prime Minister's vision of 'New India' a reality and would redouble efforts to promote sectors such as MSME, start-ups and women's entrepreneurship.

AGRICULTURE

- **PRESENCE AND UTILISATION OF MODERN MACHINERY IS IMPORTANT FOR THE PROGRESS OF AGRICULTURE**
  (8 December 2017)

India is self-sufficient in food grains but to progress further there is a need to collaborate with international agencies to improve the quality and penetration of mechanisation in the agriculture sector. FICCI has stated that the automation and mechanisation of farms has seen a huge rise in the last few years and has been responsible for increasing crop yields across the country.

The farmers need to have easy access to credit to be able to fully utilise these services. Banks, NBFCs and corporations can offer various schemes that would make it easier for farmers to have easy access to credit. The presence and utilisation of modern machinery is fundamentally important in the progress of this sector.

EDUCATION

- **IMPORTANCE OF SHARED RESPONSIBILITIES OF SCHOOLS, PARENTS, ENFORCEMENT AGENCIES AND MEDIA ON THE SAFETY AND SECURITY OF STUDENTS**
  (8 December 2017)

FICCI has highlighted the importance of shared responsibilities of schools, parents, enforcement agencies and the media on the safety and security of the students. The students devote 180–200 days in a year which constitute 18% of their time within school premises while 72% of the time outside. We need to thus look at the issue of safety and security holistically and adopt a balanced approach in developing mechanisms to ensure safety of every child. Responsibility lies with the school to ensure safe and secure environment to protect the child from multiple threats ranging from physical to emotional to digital. There is no one-size-fits-all solution as schools vary greatly in terms of their setting and access to resources. The recent incidents have resulted in several knee jerk reactions from various authorities leading to plethora of guidelines and checklists that are often overlapping and contradicting.

CLIMATE

- **ARISE FICCI BOARD CHALKS OUT STRATEGY FOR DISASTER REDUCTION IN 2018**
  (16 January 2018)

ARISE is a UNISDR - led network of private sector entities, whose members voluntarily commit to align with the Sendai Framework. ARISE stands for the UNISDR Private Sector Alliance for Disaster Resilient Societies. ARISE is committed to implementing the Sendai Framework with emphasis to ensure the private sector investments and operations are hazard resilient (risk sensitive), in collaboration with the public sector. The mission of ARISE is to create risk resilient societies by energising the private sector in collaboration with the public sector and other stakeholders to achieve the outcome and goal of the Sendai Framework in a transparent and inclusive way that delivers local and measurable impact.

FICCI has worked over a decade in disaster management through its 32 flagship programmes conducted on Chemical & Industrial Disaster Management in association with National Disaster Management Authority, Government of India, Ministry of Environment and Forests, Government of India, Petroleum and Natural Gas Regulatory Board, Government of India, host state governments, industries across the length and breadth of the country.

The CIDM initiatives have successfully propagated NDMA's guidelines on Chemical Disaster Management and build capacities amongst the industries to be better prepared to deal with disaster situations.

- **FICCI CALLS FOR FAST-TRACKING TAX REFORMS, STEPS TO IMPROVE BUSINESS CLIMATE**
  (8 December 2017)

FICCI has suggested expeditious domestic tax reforms and measures for improving the ease of doing business scenario in the country and enhance competitiveness of Indian industry. There is a need for steps to deal with the US tax rate cut which is set to significantly impact Indian industry. FICCI has recommended a similar approach, as in the US on reducing corporate tax rate besides other tax changes to ensure the competitiveness of Indian exports and industry. It has recommended several tax proposals that will help in achieving a more business-friendly tax ambience, such as review of provisions 56(2)(X) and 50CA of IT Act 1961 to exempt ordinary and legitimate commercial transactions, withdrawal of Income Computation and Disclosure Standards (ICDS) and rationalisation of the formula prescribed under the law to compute notional disallowance under section 14A of the IT Act.

FICCI also sought grant of tax reliefs/ concessions pursuant to proceedings under Insolvency and Bankruptcy Code (IBC), 2016. It was suggested that while the enactment of 'IBC' Code, 2016, ushers in a paradigm shift in the manner in which insolvency proceedings are carried out in India, there was a need to encourage applicants for submitting and implementing viable resolution plans for revival of stressed assets and ensure fulfilment of the objectives of IBC through certain modifications to the Income-Tax law so that the implementation of resolution plans under the IBC do not lead to undue tax costs.

It was also pointed out that the GST law seeks to bring transactions between different registrations of the same legal entity or between premises of same legal entity located in different states within the ambit of GST. This results in taxation of artificial transactions and not economic transactions since collective performance of services is also treated as taxable supplies between branches. FICCI has suggested that the supply of service within the same legal entity from one vertical or division or office to another for use/consumption in the same legal entity should not be made liable to GST.

Highlighting the specific goods, services and transactions in respect of which ITC is restricted under the GST laws, like food and beverages, outdoor catering, motor vehicles etc. FICCI has recommended that suitable amendments in the GST law be made to allow ITC on all expenses incurred for business purpose and that there should be no restriction of ITC on goods distributed as free samples since sample distribution is necessary in the ordinary course of business. The delegation flagged that intermediary services provided from India to parties outside India and earning convertible foreign exchange should be treated as export of services under the GST regime.

FICCI has also highlighted the impact of double taxation of the same transaction in case of in-bond sales basis and requested for a review and further clarification by the Government. To reduce the compliance burden for the small taxpayers, FICCI has suggested that exemption from registration be provided to supplier of goods making inter-state supplies of goods if the aggregate turnover is less than the prescribed threshold under the GST law i.e. Rs. 20 lakhs or 10 lakhs, as the case may be.

ENERGY

- **PRE-BUDGET: FOCUS IS ON INCREASING GAS PRODUCTION, EFFICIENCY & DEVELOPMENT OF ALTERNATIVE FUELS**
  (11 January 2018)

FICCI has underlined the need for industry, government and buyers to work together to develop a strategy for balancing import of gas and increasing domestic production for the country's energy security. While the focus on oil and gas was critical, industry should aim at complementing and supplementing the production of renewables. E&P is a very risky investment as after putting billions of dollars to explore hydrocarbons, there is no certainty that the output would be oil, gas or just nothing. Therefore, providing a transparent, predictable and stable risk and reward structure was the key to bring investments into the sector. In the national interest and in the interest of ensuring energy security, FICCI has been for long advocating offer of remunerative natural gas prices to the domestic gas explorers and producers. Such a price regime will bring in the much–required technology and risk capital to tap the unexplored resources.

ATA CARNET

- **CBEC JOINS HANDS WITH FICCI FOR THE SMOOTH IMPLEMENTATION OF TIR SYSTEM IN INDIA (5 December, 2017)**

FICCI has said that TIR plays an important role in trade facilitation and has been a successful model for reducing trade transaction costs and facilitating higher growth of intra-regional and inter-regional trade. Based on FICCI's vast experience on ATA Carnet management, CBEC has chosen FICCI as the National Guaranteeing Association for the operation of TIR System in India. FICCI remains committed to work towards smooth and successful implementation of the system in India. Given the significance of TIR in boosting regional connectivity, and India's accession to the convention, it is recommended for other BBIN countries to opt for TIR to improve the effective transit procedures among the four countries and by connecting the BBIN (Bangladesh, Bhutan, India and Nepal) region to other world markets.

FICCI will extend its maximum support to CBEC to help other BBIN countries to accede to the convention and reap the benefits. TIR is one of the successful examples of a Public-Private-Partnership (PPP) model in international trade facilitation and will be a win-win collaboration for customs, FICCI and the business community.

DIRECT SELLING

- **EASE OF DOING BUSINESS IN INDIA FOR THE DIRECT SELLING INDUSTRY (5 December 2017)**

FICCI has stated that Indian direct selling Industry is an important component of the Indian economy and acknowledging this, we at FICCI, through our focused task force on direct selling are working dedicatedly towards the growth of this industry and seeking regulatory clarity for this new industry. FICCI is working closely with the Central and State Governments. FICCI congratulates MoCA for implementing the much awaited guidelines to govern the sector and is certain that the effective enactment of the guidelines would facilitate higher growth of the sector.

SOLAR ALLAINCE

- **THE INTERNATIONAL SOLAR ALLIANCE ENTERS INTO FORCE (December 6, 2017)**

FICCI has congratulated the Government of India and Government of France for their relentless effort in making the International Solar Alliance (ISA) a reality and enabling it to come into force within two years of its launch in December 2015 in Paris. FICCI will be happy to work with ISA to bring innovation to the forefront of the solar energy landscape. We are sure that many more countries will realise the strong value proposition of ISA and ratify the treaty in the coming months.

FICCI believes that ISA could harness the strengths and capabilities of private sector companies engaged in advanced research and innovation as well as the prowess of leading research Institutions around the globe engaged in cutting edge research for solar energy applications. ISA can play an instrumental role in bringing various companies together for the deployment, manufacturing, R&D, capacity building and skill generation in the solar space.

REFORM & TECHNOLOGY

- **INDIA, ISRAEL ON SAME PAGE ON REFORM & TECHNOLOGY-LED GROWTH**
  (15 January 2018)

The India – Israel CEOs' Forum is of the considered view that biggest opportunity between India and Israel is in the creation of an innovation economy, with both countries taking big strides in the innovation and start-ups space. It should be natural for the two countries to align policies to nurture and support the innovation eco-system to make a success of the Innovation Bridge launched in July 2017 and the announcement of the $50 million National Technology and Endowment Fund.

The Forum has discussed at length steps to deepen the cooperation in the field of agriculture. Building upon the already existing mature collaboration in the sector where India has benefitted from Israeli technology in horticulture mechanization, protect the cultivation, micro irrigation and post-harvest management through several Israel Centre of Excellence in different States of India, the Forum has noted that India was all set to assimilate these technologies for long-term gains.

FICCI has said that the Innovation Bridge announced between the two countries is a foundation stone to innovate, incubate, indigenise and internationalise global markets. Cooperation in agriculture and water, collaborations in research, development and technological innovations to strategic collaborations in defence and counter-terrorism are becoming the bed-rock of our multi-faceted relations. Cooperation in the field of innovations, start-ups and cutting-edge technology across sectors, is set to define our cooperation for many years to come.

TEXTILES

- **INDIA OFFERS A ONE-STOP TEXTILES SOURCING HUB FOR ASEAN**
  (23 January 2018)

FICCI, in partnership with the Ministry of Commerce and Industry, conceived a project to celebrate India-ASEAN relationship with special focus on the traditional textiles industry, coinciding with the celebration of 25-years of India-ASEAN relationship during the Commemorative Summit. The project was a part of official programme of the Government of India.

FICCI has said that India-ASEAN relations in textiles cannot be limited to just trade and investments and have multi-dimensional facets. Both India and ASEAN have some of the oldest weaving styles that need to be preserved and nurtured. We need to have a more structured arrangement for our institutes and designers to have fusion of our traditional textiles. We also need to harness and pool the resources of our designers and work towards providing such talents the opportunity to move seamlessly between ASEAN countries and India to share their expertise and knowledge to the mutual betterment of our economic prospects.

The fabrics and garments offer huge scope for investment in India. There is a huge demand in India for technical textiles from hospital to the defence forces and for Geo-tech, Med-tech and Build-Tech in the development of smart cities and the Sagar Mala project in India. The CLMV (Cambodia, Laos, Myanmar and Vietnam) countries occupy a unique position in the regional value chain and can help India gain access to European markets.

FOREIGN DIRECT INVESTMENT

- **IJBCC PITCHES FOR SHARP ACCELERATION IN JAPANESE INVESTMENTS TO INDIA**
  (23 January 2018)

FICCI has said that Japanese companies in India grew five times (from 267 in 2006 to 1309 in 2017), accompanied by the ever-accelerating Foreign Direct Investment (from 512 million US dollars (2006) to 4.7 billion US dollars (2016)). FICCI has urged Japanese business to note the evolving policies and work towards the five year goal of doubling Japan's investment and Japanese companies in India and realising India-Japan Vision 2025 set by the Prime Ministers of the two countries.

FICCI takes immense pride from the fact that it was the first business chamber from India to set up a bilateral mechanism in the form of IJBCC in 1966. There was a need for sharp acceleration in Japanese investments in India. FICCI would continue its endeavors to strengthen the unique strategic and global partnership between India and Japan and has urged Japanese business community to look at long term investment in India.

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