



From the Secretary General

We, at FICCI, welcome Prime Minister Narendra Modi's firm resolve, expressed in his Independence Day address, to position India among the top economies of the world.

We find the Indian Railways is at an inflection point as several landmark developments have taken place in last four years. There has been a steep progression in investments in the railways sector and India has the potential to become a manufacturing hub. Similarly, healthcare has entered the Universal Collective Super Highway with Ayushman Bharat.

The latest FICCI's Economic Outlook Survey forecasts an annual median GDP growth at 7.4 per cent for 2018-19, with a minimum and maximum range of 7.1 and 7.5 per cent, respectively. The projection is in line with the estimates put out by the Reserve Bank of India, earlier this month, substantiating the Prime Minister's resolve to position India among the top economies.

Further affirmation comes from FICCI's Quarterly Survey on Manufacturing, which reaffirms a positive outlook with 44 per cent participants expecting a rise in exports for Q-1 2018-19.

A time to look ahead!

Dilip Chenoy



RATIONAL PACKAGE RATES FOR APPROPRIATE COST AND QUALITY HEALTHCARE SERVICES REQUIRED

India is no longer at crossroads with the launch of Ayushman Bharat. Healthcare has entered the Universal Collective Super Highway, says FICCI.

In order to ensure appropriate costs for procedures covered under the Pradhan Mantri Jan Arogya Abhiyaan (PMJAA), while maintaining the quality of services, it is important to derive rational and sustainable package rates. There is a strong need to understand costs from the perspective of all relevant stakeholders – the government, service providers and consumers.

30 August 2018



INDIAN RAILWAYS AT AN INFLECTION POINT: FICCI

FICCI says that the Indian Railways is at an inflection point and several landmark developments have taken place in the last four years. There has been a steep progression in investments in the railways sector in recent years and India has the potential to become a manufacturing hub.

Piyush Goyal, Minister for Railways and Coal, Government of India, says that in about six months 6,000 railway stations will be wi-fi enabled. We believe that if the sector has to leverage digital technology, the basic ingredient is to ensure access to technology in the remotest part of the country. The railways is working on a programme to do the last-mile connectivity wherever there are no fibre optics in the network. The sector is hopeful that in next six to eight months all railway stations, other than the halt stations, about 6,000 stations will be wi-fi enabled, he says.

28 August 2018

'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.



READING AND CREATING E-CONTENT TARGETED AT CHILD'S ABILITY TO LEARN CRITICAL

The Secretary, School Education & Literacy, Ministry of Human Resource Development, Rina Ray, says that the real challenge before educators and publishers was to create e-content that is targeted at a child ability to learn, is impactful and motivates a child to read.

While FICCI emphasizes on the need to share the collective wisdom of society with children with the aim to create value out of learning from others.

25 August 2018



S&T COOPERATION BETWEEN INDIA AND ASEAN RECEIVES IMPETUS FROM AIRTF & AIIP

In a bid to take the ASEAN-India Space & Technology cooperation to the next level, the Department of Science & Technology (DST), Government of India, in partnership with FICCI, launched the ASEAN India Research Training Fellowship scheme (AIRTF) and ASEAN India Innovation Platform (AIIP).

Under AIRTF, the ASEAN scholars will be able to nurture their research ideas under the guidance and mentorship of leading Indian scientists and academicians and benefit from access to advanced scientific facilities in premier educational institutes and research laboratories in India.

AIIP is a unique platform that aims to bring the innovators and researchers from ASEAN countries together so as to mutually share their technology for better societal solutions.

FICCI says that the ongoing multi-faceted S&T cooperation between India and ASEAN will receive an impetus from AIRTF and AIIP as well as boost commercialisation of collaborative technologies developed in the two regions.

21 August 2018



CONTINUANCE OF THE REFORM MODE TO USHER IN A HIGH GROWTH PHASE

FICCI welcomes Prime Minister Narendra Modi's firm resolve, expressed in his Independence Day address, to position India among the top economies of the world.

The reforms initiated in the last few years, including RERA, IBC and GST, have started yielding results, and there is no

doubt that the continuance of the reform mode will usher in a high growth phase going ahead. This will certainly strengthen India's position in the global economy, and help in reaching to the top, states FICCI.

The Indian economy is already witnessing the signs of economic revival, and the industry is ready to capitalise on it and turn it into 8 per cent plus growth phase in coming years.

15 August 2018



Q1 2018-19 GDP GROWTH PEGGED AT 7.4 PER CENT: FICCI ECONOMIC OUTLOOK SURVEY

The latest round of FICCI's Economic Outlook Survey forecasts an annual median GDP growth at 7.4 per cent for 2018-19, with a minimum and maximum range of 7.1 and 7.5 per cent, respectively. The projection is in line with the estimates put out by the Reserve Bank of India earlier this month.

The median growth forecast for agriculture and allied activities has been put at 3.0 per cent for 2018-19, with a minimum and maximum range of 2.4 and 4.3 per cent, respectively. Further, industry and services sector are expected to grow by 6.9 and 8.3 per cent, respectively in 2018-19.

The survey was conducted during the month of July 2018 amongst economists representing the industry, banking and financial services sectors.

14 August 2018



DATA PROTECTION LAW FOR DATA-DRIVEN PROCESSES AND INNOVATION A MUST

A robust data protection policy to ensure a free and fair digital Indian economy is on the anvil. The data protection law that sets up a framework for data-driven innovation and entrepreneurship is expected to come into force in the next few months. This was indicated by Gopalakrishnan S, Joint Secretary, Ministry of Electronics and IT (MeitY), while inaugurating the 'Big Data and Analytics Conclave 2018' organised by FICCI in association with MeitY.

FICCI urges the industry and the government to evolve a mechanism to serve the common man and initiate steps to use the mechanism to empower the developing world as a protocol.

FICCI points out that data is the new treasure and it is imperative to leverage technology for digital transformation. The dimensions are huge as there is a data

explosion all round, partly led by mobile phones and cheap data rates.

13 August 2018



KOREAN COMPANIES KEEN ON INVESTING IN INDIA'S DEFENCE INDUSTRIAL CORRIDORS

Korea-India defence cooperation will get a major boost with Korean defence contractors evincing avid interest in investing in India's defence industrial corridors coming up in Tamil Nadu and Uttar Pradesh.

This was stated by the Korean Defence Minister, Song Young-moo, while addressing the India-RoK Defence Industry Business Forum organised by FICCI and the Embassy of the Republic of Korea.

FICCI says the way forward for India-Korea defence partnership is co-development and co-production of weapons systems. The defence package offered by prominent Korean companies pre-eminently suits India's defence requirements.

10 August 2018



HIGH GROWTH EXPECTED IN MANUFACTURING SECTOR: FICCI SURVEY

FICCI's Quarterly Survey on Manufacturing reiterates a positive outlook with 44 per cent of the participants expecting a rise in exports for Q-1 2018-19.

The sentiment for the manufacturing sector in Q-1 (April-June 2018-19) remains positive, though the proportion of respondents reporting higher output growth during the April-June 2018 quarter has decreased to 49 from 55 per cent in January-March 2018, maintaining the general trend witnessed in the previous years.

However, going ahead, high growth is expected in automotive, capital goods, metals and metal products and electronics & electricals. Moderate growth is expected in textiles, FMCG, cement and ceramics, chemicals & pharmaceuticals, leather & footwear and textiles machinery in Q-1 2018-19 whereas low growth is expected in paper products.

The average capacity utilisation for the manufacturing sector at about 77 per cent in Q-1 2018-19 is same as that of previous quarter. In sectors like capital goods, textiles, textiles machinery and chemicals & pharmaceuticals, average capacity utilisation has either increased or remained almost same in Q-4 of 2017-18 & Q-1 2018-19, while in automotive, cement and ceramics, electronics

& electricals, leather and footwear, metal and metal products, the capacity utilisation has fallen in Q-4 2017-18 & Q-1 2018-19 vis-à-vis Q-3 2017-18.

10 August 2018



DIRECT SELLING GUIDELINES NOTIFICATION HELPS IN PROTECTING CONSUMER INTERESTS

FICCI Direct Selling Task Force welcomed the decision of the Department of Consumer Affairs, Government of Kerala to notify Direct Selling Guidelines to promote smooth functioning of the business in the state. The guidelines were released by P Thilothaman, Minister for Food and Civil Supplies, Government of Kerala in Thiruvananthapuram.

FICCI acknowledges the Government of Kerala for providing regulatory clarity and is confident that this will both, protect consumers and customers as well as ethical business practices as the guidelines offer clear differentiators between a good business model and others who may not follow global best practices. In regulatory terms, Kerala has always led from the front, being the first state to issue guidelines in September 2011. The Direct Selling Industry has the potential to address unemployment and under-employment. FICCI offers partnership for better implementation of these guidelines.

8 August 2018



HIKE IN CUSTOMS DUTY ON TEXTILE PRODUCTS BRINGS RELIEF

FICCI welcomes the increase in basic customs duty on over 300 textile items. The move encourages domestic manufacturing. The increase in import duty on the textile items to 20 per cent will give a further relief to domestic textile and carpet manufacturers. The measures taken by the government in last few months for the textiles sector have been very encouraging and bolster the confidence of the domestic textile industry that has been reeling under the pressure of growing competition and rising costs.

8 August 2018



GST COUNCIL PANEL TO ADDRESS MSME CONCERNS

FICCI welcomes the initiative taken by the GST council to specifically discuss the issues and concerns being faced by MSMEs. The decision of the GST council to set up a group of ministers comprising finance ministers of Bihar, Assam, Delhi,

Punjab, and Kerala under the chairmanship of Minister of State for Finance Shiv Pratap Shukla will help in addressing the problems faced by the MSMEs, says FICCI.

The emphasis of the GST council on the fitment committee providing solutions with regard to the rate changes required, along with the pilot project for providing cash-back facility to promote digital payments, are also steps that will benefit MSMEs.

Some of the recommendations submitted by FICCI in this regard to the GST council are:

- Allow single pan-India registration
- Simplify the procedure for exports, including refund procedure
- Expedite refunds on account of accumulated input tax credit
- Specify threshold for applicability of reverse charge under section 9(3)
- Non-levy of GST on Advance on Services
- GST Rates - 'Breakfast Cereals' (Chapter Heading 1904).

6 August 2018



GOVERNMENT CONSIDERS FICCI'S PLEA TO MINIMISE IMPACT OF GST ON PRIVATE SECURITY INDUSTRY

The Finance Ministry is actively considering FICCI's recommendation to reduce the GST rate on private security agencies from the current level of 18 per cent to minimise the impact of the levy on the industry and capitalise on its job-creation potential.

FICCI says that private security agencies, which are mainly SME segments, operate on very thin margins and find it challenging to cope with the requirements of the GST compliance provisions. The high GST rate of 18 per cent had created cash-flow problems for the industry. The entire structure of charging GST was not optimal for the industry where the biggest component of costs is accounted for by wages, which were nothing but pass-through costs. GST should, therefore, be levied on the service component and not wage costs.

FICCI's representation to the government seeks a revision of the GST rate for which it has offered the following three solutions:

- Solution Option #1: Impose GST only on the service charge component charged by the PSAs rather than the full invoice value—18 per cent GST on 10 per cent of invoice value
- Solution Option #2: Consider shifting obligation to discharge the GST to the recipient of service
- Solution Option #3: Reduce GST on the Services (Security Services, Cash Logistics Services, Security

Training, Security Consultancy) provided by PSAs from current GST current rate of 18 to 5 per cent.

3 August 2018



POLICY REFORMS FOR UNCONVENTIONAL HYDROCARBONS TO INCREASE INDIA'S ENERGY SECURITY

FICCI compliments the Union Government for approving policy reforms for exploration and exploitation of unconventional hydrocarbons under existing contract.

The new policy is likely to open up exploration of hydrocarbons in existing fields, which is in line with the new Hydrocarbon Exploration and Licensing Policy (HELP). This should also enhance domestic exploration and production of all hydrocarbons, thereby increasing India's energy security and reducing dependence on imports. The move should facilitate induction of new, innovative and cutting-edge technology and forging new technological collaboration to exploit unconventional hydrocarbons.

However, exclusion of natural gas from the purview of GST will still act as a deterrent towards attracting large-scale investments as neither the producers nor the consumers are able to set-off the taxes paid on their input and output. GST regime should be extended to the hydrocarbons sector at the earliest.

3 August 2018



HIKE IN INTEREST RATE WILL HOPEFULLY LEAD TO STABILISATION OF THE ECONOMY

Commenting on the repo rate hike by the RBI, FICCI says that given the evolving inflation situation, the increase in the repo rate by the RBI was expected. By front loading the interest rate hikes, the RBI is looking at minimising the adverse impact of rising inflation on the economy as well as providing support to the rupee. FICCI anticipates that following this increase there will be stabilisation of the interest rate regime. Moreover, it is very important for the government and the RBI to work in tandem to rein in the inflationary pressures, which are largely emanating from the supply side.

The growth in industrial production index has shown an improvement in recent months, however, the underlying trend still reflects volatility. Also, while domestic investments have reported an uptick, these are yet to find a solid footing. As real interest rates in India continue to be on the higher side vis-à-vis some of our global counterparts. FICCI hopes that the central bank would give greater attention to growth in the medium to long term.

1 August 2018

For more details contact FICCI Membership at:
tripti.kataria@ficci.com/9818000591