VOICE OF FICCI

SHAPING THE AGENDA

July 2020

From the Secretary General

As the world continues to battle with the effects of the COVID-19 pandemic, it has become clear that long-term total lockdown is simply unsustainable for most economies. At FICCI, we are working diligently and patiently with our members to minimize the effect of the pandemic on the businesses and the overall economy. The chamber is also working on recommendations for the revival of business post-COVID-19.

As India enters Unlock 3.0, FICCI has pitched for opening of hotels and restaurants at 50 per cent capacity and has also suggested allowing international flights on a reciprocal basis. FICCI has also suggested that metro rail should operate but at 50 per cent of capacity initially.

In a set of recommendations to the Centre, FICCI has recommended easing of restrictions on aviation, tourism, sports, and schools in 'Unlock-3'.

We have also proposed the opening of cinema halls, sports establishments, and tourism destinations while maintaining social distancing norms. Thermal scanning and sanitation at the entry points of establishments should be strictly adhered to.

The chamber has recommended increasing penetration in Life and General Insurance in the country, resolving tax issues, and also enhancing non-life insurance penetration. FICCI has submitted a note on making Emergency Credit Line Guarantee Scheme (ECLGS) for the MSME sector reeling under Coronavirus-induced economic slowdown more effective. We also gave a representation for a dedicated liquidity window for non-banking finance companies (NBFC).

Based on guidelines on Regulation of Payment Aggregators (PA) and Payment Gateways (PG) published by the Reserve Bank of India (RBI) on March 17, 2020, which prevents merchants to store data, FICCI has submitted a representation on importance of merchant card data storage.

A note on reforms needed for making India a 5 trillion-dollar economy, was shared with the PMO, which included several suggestions across various economic sectors such as Defence, Roads and Highways, Railways, Pharmaceuticals, and Agriculture. It also included suggestions to make Indian industry competitive by taking steps towards reduction of cost of doing business; especially in areas related to factors of production, compliances, and contract enforcement. Besides, reform measures were suggested for deepening India's global integration, as well as social sector reforms for more inclusive growth.

The chamber also submitted recommendations related to various sectors like Agriculture, Defence, Mining, e-Commerce, MSME, Furniture, Retail & Wholesale, Petroleum and Natural Gas, and Mining.

The circumstances right now may be hard to change but there are other things in our lives that inspire gratitude. Making a list of the good things that we appreciate — large or small — can help shift our focus and help us face the challenges in a positive manner.

Dilip Chenoy

Note from FICCI - Increasing Insurance Penetration in India - Life Insurance

The below note on Insurance Penetration in India - Life Insurance was submitted to Chairman, IRDAI:

- Increase the FDI limit from 49% to 74% for the entire insurance sector.
- Increase awareness of products and education.
- Relaxation of the Group Insurance Regulatory provisions.
- Rationalization of the Product Regulations framework.
- Support trust-building mechanisms for insurance products by making systems for processing and underwriting of policies easy.

Introduction of the risk-based capital regime in India

Parity be established between Pension/Annuity products offered by

- Life Insurance Companies and NPS.
- Simplification of distribution processes.
- Removal of GST on Annuity/pension policies of life insurance companies.
- Eliminate GST on health insurance.
- Alignment of Income Tax provisions with IRDA product guidelines.
- Exemption of Annuity/pension policies proceeds from Income Tax.
- Create a separate limit for a tax deduction for insurance products.

*For detailed note write to
Mr Anshuman Khanna at anshuman.khanna@ficci.com

Note from FICCI on Increasing Insurance Penetration - General Insurance

The below note on Increasing Insurance Penetration - General Insurance was submitted to Chairman, IRDAI:

- Changes in Insurance Act: Definition of insurance modified.
- Insurers be enabled to promote and incubate insurance start-ups.
- To encourage product innovation, modification needed in the Guidelines on Product filing procedures for general insurance products, and Guidelines on Product filing in Health insurance.
- To promote digitization of insurance by making changes in the Insurance Act and Insurance regulations.

'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.

- To promote consumer awareness and making changes in the insurance regulations.
- Comprehensive governance needed on expenses.
- Enforcement of section 146 of the Motor Vehicle Act 2019.

*For detailed note write to
Mr Anshuman Khanna at anshuman.khanna@ficci.com

Recommendations for resolving tax issues of the insurance sector

The recommendations for resolving tax issues of the insurance sector were submitted to Secretary, DFS:

- GST rate on health insurance services be reduced from 18% to 12%.
- Allowing Employers to avail ITC of GST paid on GHI products.
- To issue clarification recognizing payment of GST by Lead insurer on 100% Premium and non-applicability on Co-insurance Participant Premium.
- To issue a circular clarifying that Notification No. 2/2018 dated 25-1-2018 is applicable from 1-7-2017 to avoid any ambiguity.
- Direct Tax - To issue clarification, by way of a circular or instruction or order or any other suitable legal directive, setting out that the grandfathering clause under Section 55(2)(ac) of the Act applies to general insurance companies.

*For detailed recommendations write to
Mr Anshuman Khanna at anshuman.khanna@ficci.com

Recommendations for increasing non-life insurance penetration in India

The recommendations for increasing non-life insurance penetration in India were submitted to Secretary, DFS:

- Changes in Insurance Act: Definition of insurance modified.
- Insurers be enabled to promote and incubate insurance start-ups.
- To encourage product innovation, modification needed in the Guidelines on Product filing procedures for general insurance products; and Guidelines on Product filing in Health insurance.
- To promote digitization of insurance by making changes in the Insurance Act and Insurance regulations.
- To promote consumer awareness and making changes in the insurance regulations.
- Comprehensive governance needed on expenses.
- Enforcement of section 146 of the Motor Vehicle Act 2019.

*For detailed recommendations write to
Mr Anshuman Khanna at anshuman.khanna@ficci.com

Representation on RBI circular on liquidity window for NBFCs

Extension of the tenure of the facility from 3 months to 1 year. This was submitted to Secretary, DEA & Secretary, DFS

*For detailed representation write to
Mr Anshuman Khanna at anshuman.khanna@ficci.com

Recommendation for the NBFC sector

The recommendations were submitted to Secretary, DFS

NBFCs / HFCs which are AAA rated by at least two rating agencies and have a capital / net worth in excess of Rs 1,000 crore be given deposit accepting licenses.

*For detailed recommendation write to
Mr Anshuman Khanna at anshuman.khanna@ficci.com

Feedback – proposed changes to regulations applicable to HFCs

The recommendations were submitted to RBI:

- Change in definition of Net Assets.
- Extension in the timeline for meeting certain criteria.
- Liquidity Risk Management Framework for HFCs be made effective from Dec 2021. Changes in certain criteria mentioned under LRMF.
- Clarification regarding the reference of the group company in the draft framework.
- Systemically Important (SI) HFCs be given eligibility under SARFESI Act.
- Extending the timeframe for disposal of land, building or rights acquired to 7 years.
- To add a sub-clause to the section in HFCs (NHB) Directions 2010 under para 2(zc)(ii) allowing extension of the date of commencement of commercial operations (DCCO) of project loans for commercial real estate, delayed for reasons beyond the control of promoters, by another one year without downgrading the asset classification.

*For detailed recommendation write to
Mr Anshuman Khanna at anshuman.khanna@ficci.com

Note on making Emergency Credit line Guarantee Scheme (ECLGS) more effective

FICCI had organized a webinar on ‘Financing Avenues for the MSME sector’ on July 3, 2020. The core theme for discussion was the emergency credit line guarantee scheme (ECLGS) under ‘Atmanirbhar Bharat’.

While the banks have sanctioned over Rs 1 lakh crore loans under the Rs 3 lakh crore Emergency Credit Line Guarantee Scheme (ECLGS) for the MSME sector reeling under coronavirus-induced economic slowdown of which Rs 45,860 crore has been disbursed till June 26. It is being observed by banks, both the public and private sector, that few of the eligible customers are opting out of the scheme due to various reasons such as smaller limits like Rs. 10,000 / Rs. 20,000. For an existing exposure of Rs. 10,000, a customer gets Rs. 2,000 and thus many of them do not feel the need to go through the entire process. Further, there are a couple of states that are charging significantly higher stamp duties. It is seen that for a Rs. 20,000 loan, the stamp duty charged by some states is a high as Rs 4000 / 5000. While there is a notification stating that Stamp Duty needs to be uniform for all states effective July 1, 2020, the issue needs to be resolved by discussing with the revenue department of each state. Furthermost of the MSMEs wish to keep their cost of borrowing low and are managing well without any impact on their operating cycle. For others, since the market demand is not very clear and they are not sure about how much business will come their way in the next few months, there is a reluctance to borrow more from the banks. FICCI has suggested measures to tide over the current crisis and make ECLGS more effective

The note was submitted to Secretary, Department of Economic Affairs; Secretary, Financial Services; Indian Banks' Association (IBA); Additional Secretary, Department of Economic Affairs, and Secretary, MSME.

*For detailed note write to
Mr Anshuman Khanna at anshuman.khanna@ficci.com

Importance of merchant card data storage

The Guidelines on Regulation of Payment Aggregators (PA) and Payment Gateways (PG) published by the Reserve Bank of India (RBI) on March 17, 2020 (the 'Guidelines') aim to establish a robust framework for the continuous growth of secure digital payments in India. However, there certain provisions in the guidelines that can have long-lasting negative effects on businesses and unintentionally slow down digital payments and overall economic growth in the country. The concern pertains to Section 7.4 of the Guidelines which read as follows:

7.4. Merchant site shall not save customer cards and such related data. A security audit of the merchant may be carried out to check compliance, as and when required.

Preventing merchants from storing card data will result in business disruption, economic losses, and slow down the growth of digital payments in India. It can lead to several unintended consequences on business operations and customers. Merchants need card data to bill customers for the purchase of their products and services. This is especially critical for subscription-based businesses, where card data needs to be stored to charge customers regularly according to their agreement with the merchant. On the contrary, PAs currently do not have adequate infrastructure to store card data and bill thousands of merchant customers on variable billing cycles. Building technical and system capabilities to support such an undertaking would go far beyond the scope of services provided by PAs and would be an extremely lengthy and costly process for the entire payments ecosystem.

Further, prohibiting merchants from storing card data could increase fraud risks as merchants use card data to analyse fraud risk, build fraud mitigation tools and strategies. Today, most merchants have robust risk assessment frameworks to control frauds on their platforms, which have been built in collaboration with banks and payment system operators.

Also, without customer card data, merchants will not be able to perform basic functions such as the resolution of customer complaints/disputes, customer service, and speedy resolution of refund requests. While PAs have a regulatory obligation to resolve disputes, merchants still need to prioritize and resolve customer concerns, as customer satisfaction is critical for their business. Deprecated customer service would increase the number of customer grievances and escalations, which could have been easily managed at the initial stage by the merchant itself.

This was submitted to the Department of Payment and Settlement Systems, Reserve Bank of India.

*For detailed recommendations write to
Mr Anshuman Khanna at anshuman.khanna@ficci.com

Pre-Policy Meeting

In the pre-policy meeting of RBI, FICCI President gave some key suggestions for the revival of economic growth. These included making emergency credit line guarantee scheme simpler; urging for a reduction in policy rates; requesting support for hardest-hit sectors like tourism and hospitality, aviation, retail, and healthcare; strict implementation of moratorium by banks; enabling one-time restructuring of loans; relaxing NPA recognition norms till the end of the financial year; taking steps towards the establishment of Development Finance Institution, and allowing NBFCs to access public deposits.

*For detailed suggestions write to
Mr Anshuman Khanna at anshuman.khanna@ficci.com

Reforms for Making India a 5 trillion-dollar economy

FICCI shared with PMO a note on reforms needed for making India a 5 trillion-dollar economy. This comprehensive note included several suggestions across various economic sectors such as Defence, Roads and Highways, Railways, Pharmaceuticals, and Agriculture. It also included suggestions to make Indian industry competitive by taking steps towards reduction of cost of doing business; especially in areas related to factors of production, compliances, and contract enforcement. Besides, reform measures were suggested for deepening India's global integration, as well as social sector reforms for more inclusive growth.

*For detailed recommendations write to
Mr Anshuman Khanna at anshuman.khanna@ficci.com

Suggestions for Revival and Growth

In a meeting with Secretary, DEA, FICCI made key recommendations for reviving growth; identifying these under areas of immediate priorities and suggestions for strengthening the industry's competitiveness in the medium-long term. The immediate priorities that were suggested include measures to provide greater support to demand, and measures to support the financial health of industry such as establishing of COVID-19 liquidity bridge, allowing one-time restructuring of debt, relaxation of NPA recognition norms till the end of the financial year, etc. Measures to improve the competitiveness of industry were suggested such as enhancing the ease of doing business through reforms in factor markets, setting up of Development Finance Institution, etc.

*For detailed recommendations write to
Mr Anshuman Khanna at anshuman.khanna@ficci.com

Freight Subsidy for Furniture Industry

India's furniture is uncompetitive because of the comparatively high cost of raw material, the scale of operation, and inefficient logistics. The cost of logistics is very high in the case of furniture and is about 6-12% of the sales value of the product depending upon the distance from the factory to the destination. Therefore, the Indian furniture industry needs some support from the government in the form of a railway freight subsidy to compensate for the high logistics cost. Given the odd size products & large size of final packages, the furniture products are volumetric cargoes which result in less loadability and minimum utilization of containers. Hence, the average value of a full container load cargo of furniture products is much lesser than other products and therefore, logistics cost becomes very high. Also, as raw material is available only in limited states, manufacturers pay transport & carriage apart from other charges. Further, there are very few certified wood and panel suppliers in India and furniture manufactures must import such materials. After importation, these materials are brought from ports to factories mainly through rail transportation cost which is very high. Inefficient infrastructure like lack of good roads, dedicated freight corridors, shortage of ICD/ports also increases the logistics cost. It was requested that the government may introduce a rail freight subsidy scheme also for the furniture industry and may provide a 50% subsidy on freight cost. The recommendation was submitted to Joint Secretary, DPIIT.

*For detailed representation write to
Ms Mousumi Ghose mousumi.ghose@ficci.com

FICCI Recommendations for Maize

Around the globe, Maize is one of the most important cereal crops, known as 'Queen of cereals'. Maize is important to India as 15 million Indian farmers are engaged in Maize cultivation. Having realized the potential of Maize in generating better income to farmers while providing gainful employment, Maize qualifies as a potential crop for doubling farmer's income too. Trickle-down effects of COVID-19 have impacted the agrarian economy, causing supply chain disruptions. The demand destruction due to COVID-19 for the maize end-users has been unprecedented. Poultry industry consumes 47% of India's total Maize production. Since early mid-January 2020, the poultry sector has been on a downtrend due to fake news. India's annual requirement for Maize seed is around 1 lakh ton. FICCI submitted a set of recommendations related to developing a competitive Maize supply chain to the Ministry of Agriculture & Farmers Welfare, Government of India.

*For detailed recommendations write to
Ms Ruchira Saini at ruchira.saini@ficci.com

Flexibility in the Standard Pack Sizes, Rule 5 & Second Schedule to the Legal Metrology (Packaged Commodities) Rules, 2011

As per the said Rule 5 read with the Second Schedule, it is required that commodities which are appearing in the Second Schedule should only be sold in standard pack sizes. Considering the current pandemic due to COVID-19 wherein lakhs of migrant workers are stuck in various parts of the country and at times, when consumers would prefer to buy smaller and more affordable packs, it is requested that an amendment be made to 'Column 3' under the Second Schedule to include a wide range of standard quantities which would provide greater flexibility. Rule 5(3) which provides an exception to the above referred Second Schedule, be further amended by increasing the upper-value limit from Rs. 10/- to Rs. 20/-. This will help small and marginal consumers to buy for more than a day's consumption and not visit the market daily helping the cause of social distancing.

This was submitted to the Joint Secretary, Ministry of Consumer Affairs, Food & Public Distribution, Government of India.

*For detailed recommendations write to
Ms Leena Jaisani at leena.jaisani@ficci.com

FICCI E Commerce Committee submission concerning certain provisions relating to e-Commerce introduced in the Finance Act, 2020

Finance Act 2020 (FA 2020) has inserted new withholding tax provisions under Chapter XVII-B of Income-tax Act, 1961 to cover e-commerce operators making payment to e-commerce participants (being residents). S.194-O provides that an e-commerce operator who, through his digital or electronic platform, facilitates the sale of goods or supply of services of e-commerce participant shall be liable to undertake TDS @ 1% on the gross amount of such sale or service at the time of credit or payment to e-commerce operator, whichever is earlier. It is submitted that the introduction of TDS will negatively disrupt the business conducted through e-commerce platforms. The e-commerce and Online Merchants in India witnessed a huge number of transactions in a short period. Considering the volume of transactions involved, the introduction of TDS (Section 194-O) would cause irreparable loss to the entire industry as well as derail the initiative of the government to promote the business of MSME initiative, Digital India, Skill India, and Start-up India movement through online platforms through banking channels. This was submitted to the Ministry of Micro, Small and Medium Enterprises, Government of India, NITI AAYOG, and Revenue Secretary, Ministry of Finance.

*For detailed recommendations write to
Ms Leena Jaisani at leena.jaisani@ficci.com

The intervention sought by Retail & Wholesale Sector amidst new lockdowns being imposed by State Governments

Leading Retail Stores and B2B Wholesalers that operate across multiple states are facing huge challenges owing to State specific lockdowns that have been announced in the recent past. Being in the business of providing daily essentials and food to the nation at large, this will cause severe inconvenience to the citizens and disrupt the distribution of essential supplies. In view of the above it is suggested that The Central Government should appeal to the State Governments to follow the Centre's lockdown guidelines. Wholesale stores and Kirana / Trader stores, Malls should be allowed to remain open to serve the daily critical requirements of citizens and to ensure that there is no inconvenience caused on account of the unavailability of essential goods. Stores should be allowed to remain open for at least 10-12 hours in every city. This will avoid crowding, panic buying/hoarding and enable hygienic service. These were submitted to Secretary, Department for Promotion of Industry and Internal Trade, Government of India.

*For detailed recommendations write to
Ms Leena Jaisani at leena.jaisani@ficci.com

Requesting for minimum 6-7 months' timeline to implement the Consumer Protection (E-Commerce) Rules, 2020 since the date of official gazetting

There are certain new requirements within the gazetted notification which would need detail work and depends on other stakeholders for their actions as like grievance officer appointment by sellers, payment gateway sharing details, sellers to be informed about rules, gather many details/undertaking/revised contracts from/with them, to appropriately put the required information on the website that was not mandated earlier and relevant technological/product changes requirements besides reviewing new requirements that were not part of draft rules., it would need more understanding, clarity, cooperation & time. Although regular consultations on earlier draft have taken place the notified version has components that would need further consultation and guidance for effective implementation and handholding by MoCA. FICCI e-Commerce members have requested MoCA to consider rules be made applicable prospectively, granting minimum 6-7 months' timeline to implement the Consumer Protection (E-Commerce) Rules, 2020 since the date rules get notified. This was submitted to Secretary (CA), Ministry of Consumer Affairs, Food & Public Distribution, Government of India.

*For detailed recommendations write to
Ms Leena Jaisani at leena.jaisani@ficci.com

Intervention sought in the wake of new lockdown at Kolkata vide order reference no 285 – CS / 2020, dated July 30, 2020

Leading B2B Wholesalers and Retailers that operate stores in Kolkata are facing huge challenges with the implementation of the recent order by observing two days of closure in a week in the new lockdown enforced by State. As per the above-referred order, the stores will be closed 7 days during August 2020 and will seriously impact the traders, employees, daily workers, and the State Exchequer in terms of indirect taxes. Given the above, it is suggested that, Wholesale stores, Retail Stores and Kirana / Trader stores should be allowed to remain open subject to the condition that they follow the prescribed safety and social distancing guidelines prescribed by the MHA, to serve the daily critical requirements of citizens and to ensure that there is no inconvenience caused on account of unavailability of essential goods. Also, stores should be allowed to remain open for at least 10-12 hours in every city. This will avoid crowding, panic buying/hoarding and enable hygienic service. This was submitted to Chief Secretary, Government of West Bengal.

*For detailed recommendations write to
Ms Leena Jaisani at leena.jaisani@ficci.com

Recommendations on procurement of CCTV from domestic manufacturers

FICCI submitted recommendations to Secretary – Border Management, MHA, regarding the procurement of CCTV from domestic manufacturers. The following points were highlighted:

1. CCTV and surveillance equipment/solutions could be considered as 'Strategic Electronics' devices due to their increasing role in Smart cities, SMART policing, and safe city & border management projects.
2. Encourage industry for indigenous manufacturing in view of large domestic demand and security concerns as the industry is largely dependent on import of components from overseas & networking that is not so secure & sanitized.
3. A Solutions & Systems Approach can be leveraged to build export markets on a secure & sanitized platform that will be a win for CAPFs, Industry, and the country creating employment.
4. MHA to play a 'Market Maker' role for the sector by consolidating the requirement of police forces & CAPFs, and be the nodal agency to look into the procurement by Govt. users from domestic sources and create a process for update specifications & implementation of Privacy norms as legislated.
5. Establishing long-term strategic partnerships between the government and the Indian entities. A coordinated interface with industry shall ensure that there is no gap between the government and the industries with regards to understanding the aggregated procurement requirements, technology adoption, and its planning, or getting a hand holding support from the Government, especially for MSMEs.
6. CCTV needs better clarification of indigenous content at the equipment level & project level such that 'Make in India' GFR benefits can be meaningfully implemented in favour of domestic value addition.
7. To create a healthy innovation and R&D ecosystem for smart technologies for CCTV in partnership with the industry.

*For detailed recommendations write to
Mr Sumeet Gupta at Sumeet.gupta@ficci.com

FICCI Recommendations on the Draft Unmanned Aircraft System Rules, 2020

FICCI submitted recommendations on the Draft Unmanned Aircraft Systems Rules, 2020 to DGCA. The inputs include amendment/change suggested by FICCI drones committee on different clauses in the draft. This was also submitted to Secretary, MOCA.

*For detailed recommendations write to
Mr Sumeet Gupta at Sumeet.gupta@ficci.com

Strategies and Recommendations for national Geospatial and Earth Observation Industrial Development Policy

FICCI in association with Geospatial Media prepared a policy paper for National Geospatial Strategy for new India and submitted to Head - NRDMS & SEED, Dept of Science & Technology, Govt of India:

1. This policy paper outlays the vision, mission, and principle of Geospatial Strategy for Achieving New India Vision.
2. It suggests strategies and mechanisms towards building an integrated geospatial infrastructure and knowledge platform that would facilitate greater adoption and utilization of technologies in National Development Programs.
3. It also showcases the value and potential of Geospatial Technologies in India's growth and development and gives a strategic direction towards its mainstreaming for easier and greater adoption, while giving a broader vision on how these strategies must be implemented on the ground.

*For detailed recommendations write to
Mr Sumeet Gupta at Sumeet.gupta@ficci.com

State wise Mapping of Activities During Unlock 2.0

FICCI submitted a state-wide mapping of Activities during Unlock 2.0 to Union Home Secretary, Ministry of Home Affairs, with a purpose to map the activities in states / UTs while implementing Unlock 2.0. The documents consist of the following:

1. State wise listing of Additional Relaxation, Additional Restriction and Activities Prohibited.
2. Navigable Map showcasing containment zones and health facilities across India prepared in association with MapmyIndia.
3. State wise Quarantine Regulation for Passengers Entering State by Flight.

*For detailed recommendations write to
Mr Sumeet Gupta at Sumeet.gupta@ficci.com

Recommendations for Unlock 3.0

FICCI submitted recommendations/SOPs for Unlock 3.0 to MHA. The purpose of the document was to provide recommendations to unlock activities that are currently prohibited under the MHA Unlock 2.0 order:

1. Recommendations for lifting restrictions on Prohibited Activities with Unlock 3.0.
2. Proposed SOPs for reopening of Schools.
3. Recommended Remote Delivery Execution Framework for Schools.
4. Proposed SOPs for Opening up Cinema Halls.
5. Proposed SOPs for allowing Live Events.

*For detailed recommendations write to
Mr Sumeet Gupta at Sumeet.gupta@ficci.com

Technical Discussion Paper on Drone Usage for Agrochemical Spraying

FICCI in association with CropLife India prepared a Technical Discussion paper on Drone Usage for Agrochemical Spraying. The paper highlights the application of agrochemical spraying via drones in India, the benefits and potential risk and mitigation strategy around it. The paper focuses on proposing recommendations on building a robust and pragmatic science-based policy framework.

The paper also outlines the drone regulation in other countries such as the EU, Japan, Australia and New Zealand, citing the best practices in agrochemical spraying.

This was submitted to Joint Secretary, Ministry of Civil Aviation, Government of India and Joint Secretary (M&T), Ministry of Agriculture & Farmers Welfare, Govt of India.

*For detailed recommendations write to
Mr Sumeet Gupta at Sumeet.gupta@ficci.com

Decriminalization of Minor Offences for Improving Business Sentiment and Unclogging Court Processes

Based on inputs received from members, FICCI has made a representation to the Department of Financial Services, Ministry of Finance on the proposal of DFS to decriminalize certain provisions under the Acts administered by the DFS. These include recommendations to decriminalize certain provisions of Insurance Act, Negotiable Instruments Act, Actuaries Act etc.

*For detailed representation write to
Ms Abha Seth at abha.seth@ficci.com

Decriminalization of Minor Offences for Improving Business Sentiment and Unclogging Court Processes

An addendum was submitted to DFS on recommendations pertaining to Prize Chits and Money Circulation Schemes (Banning) Act and the need for its harmonization with framework promulgated by the Ministry of Consumer Affairs.

*For detailed recommendations write to
Ms Abha Seth at abha.seth@ficci.com

Follow up note to Secretary, MCA based on interaction on July 6

Based on the closed-door interaction of the Corporate Laws Committee with Mr Rajesh Verma, Secretary, Ministry of Corporate Affairs, a detailed submission was made highlighting key industry concerns about Companies Act, CSR and other pertinent issues including need for a COVID Crisis Liquidity Bridge, Overseas Listing, Clarifications needed on PN 3 etc.

*For detailed recommendations write to
Ms Abha Seth at abha.seth@ficci.com

Request to kindly repeal the increase in water usage charges for industries

In Rajasthan, the water usage charges by industries from tank / canal / river / nullah has been increased from Rs 20.00 per 1,000 cft to Rs 250.00 per 1,000 cft.

While industries are struggling to cope up with the adverse effects of the pandemic, this increase in water usage charges by 12.5 times has put tremendous pressure on their already stressed financial situation.

It is requested to repeal this increase and provide relief to the affected industries in this time of crisis. This was submitted to Principal Secretary - Water Resources, GoR,

*For detailed recommendations write to
Mr Atul Sharma at atul.sharma@ficci.com

Representation on Concern over government's proposal for a unified tariff for gas transportation pipelines

A unified transportation tariff unduly favours the customers who are located at a distance from the gas source as this results in cross-subsidy to them from customers who are located at the source.

It should be left to the free market forces to decide where the plant should be set up. Our few arguments in this matter are as follows:

- Unified gas pricing for transportation would be against the producing states, as they will lose their advantage for attracting industrial investment that consumes gas. Moreover, the consumers at source, both current and future, will end up subsidizing consumers away from the source.

  This will lead to cross subsidizing which is undesirable.
- Gas pooling as a policy would result in a situation like 'freight equalization' that happened around 40 years ago in the Steel industry, which was unviable and eventually had to be done away with.
- As an example, if an industry which is dependent on imported raw material has set up / sets up a plant at the port, they will lose their cost advantage to a similar industry which has set up far away from the port if the freight is equalized.
- Different pipelines will have different capacity utilisations; for example, spur lines and pipelines far away from the source because both the gas quantity will be lesser and compression costs/transmission losses will be higher.

The representation was submitted to the Secretary, Petroleum & Natural Gas Regulatory Board.

*For detailed representation write to
Mr Vivek Pandit at vivek.pandit@ficci.com

FICCI Recommendations for Unlock 3

In preparation for Unlock 3.0 FICCI submitted its recommendation on restarting key components of the economy still most affected by the lockdown such as education, international travel, sports, tourism. The document contained industry solutions on how the sectors can best contribute towards the twin national effort of containing the spread of COVID and rebuilding the economy. This was submitted to Home Secretary, MHA.

*For detailed recommendations write to
Mr Vivek Pandit at vivek.pandit@ficci.com

Concern over PNGRB's proposal for a unified tariff for gas transportation pipelines

As the government is aiming to cut down the cost of transportation of natural gas by setting a unified tariff for inter-connected cross country gas pipelines for longer distances to boost consumption, the industry is concerned over the proposal as it may have severe economic implications.

A unified transportation tariff unduly favours the customers who are located at a distance from the gas source as this results in cross-subsidy to them from customers who are located at the source. It should be left to the free market forces to decide where the plant should be set up. This was submitted to Secretary, Ministry of Petroleum & Natural Gas.

*For detailed recommendations write to
Mr Vivek Pandit at vivek.pandit@ficci.com

Requesting urgent intervention & support for the installation of Flue Gas Desulphurization (FGD) in operational IPPS & CPPs

FICCI made a representation to Shri P K Sinha, Principal Advisor, Prime Minister's Office (PMO), Government of India requesting urgent intervention & support for the installation of Flue Gas Desulphurization (FGD) in operational IPPS & CPPs.

Some of the key points mentioned were:

i) A committee may kindly be constituted by the Government of India, comprising the Ministry of Power (MoP) and Ministry of Environment, Forest & Climate Change (MoEFCC), to review the timelines for FGD implementation, via assessment of the requirements and prevailing bottlenecks. This committee may, in a time-bound manner, take inputs from stakeholders including IPPs, CPPs, CPSUs, States, regulators, financial institutions and others, and issue the necessary directions for speedy execution.

Ii) CERC may be directed to issue provisional tariff for power plants implementing FGDs and where the commission has approved a change in law under the long term PPAs.

iii) A mechanism for cost recovery may be implemented for power plants selling power in power exchange or under short term contracts through bidding under DEEP along with the extension in time for installation of FGD.

iv) An immediate time extension may be granted for installation and commissioning of FGDs by CPP, who may be exempted against any adverse action for non-compliance of the new emission norms in view of the June 30, 2020 deadline.

*For detailed recommendations write to
Ms Rita Roy Choudhury at rita.roychoudhury@ficci.com

Briefing Note - Webinar on Effective Dispute Resolution in the Indian Power Sector

FICCI submitted a Briefing Note, highlighting the key discussion points from the Webinar on Effective Dispute Resolution in the Indian Power Sector (held on July 21) to Shri S N Sahai, Secretary, Ministry of Power & Shri Sanjay Malhotra, Additional Secretary, Ministry of Power.

Some of the key points mentioned were:

I) Need to separate regulatory setting from adjudication

There was an overwhelming consensus around the fact that the delays, lack of independence, and strict enforcement of contracts in a bi-partisan manner at the state level pose a high regulatory risk that needs to be addressed. It is advisable to segregate the adjudicatory function from other regulatory functions since they have a crucial role with multiple functions which are getting neglected – legislative (regulation-making), executive (like overall regulation of the sector, tariff determination, grant of a license, evolving the market in the power sector), advisory (consultation under section 79(2) and 86(2)).

ii) Strengthening the regulatory mechanism for effective implementation

Proposed draft amendments to Electricity Act, 2003 empowers APTEL to take action on wilful disobedience to any of its judgment, decree, direction, order or other process or wilful breach of an undertaking given to it, as a High Court under the provisions of the Contempt of Courts Act, 1971. CERC / ERC orders are not complied with as a matter of routine, since the ERCs do not have substantive power in implementing their orders. In the proposed amendment to Section 121 (Power of Appellate Tribunal), enforcing orders of appropriate commission and ECEA should be included to empower APTEL to initiate contempt proceedings for non-compliance of orders/ direction of commission & ECEA. This will ensure compliance and accountability by DISCOMs.

iii) Proposed Enactment of Electricity Contracts Enforcement Agency (ECEA) to help in speedy resolution of disputes

Given the huge backlog of cases in the Regulatory Commissions, there was consensus on the definite need of an Authority, perceived as independent, towards ensuring quick disposal and resolution of disputes and which will help lessen the burden on the regulatory commissions. The delay in the adjudication of disputes is hurting the development of the sector. While disputes involving tariffs have been kept out of the purview of the proposed ECEA, most decisions in contractual disputes will invariably have an impact on tariff. The adjudicatory body as proposed should be vested with the power to adjudicate all disputes (under sections 79(1)(f), 86(1)(f), and other provisions). This will help bring in the uniformity of approach, independence etc.

iv) Need for capacity building and strengthening regulatory and adjudicatory institutions

The formation of proposed authority will not be effective unless due attention is given to ensure capacity building of the proposed ECEA and also regulatory commissions; increasing strength of benches, including regional benches, will reduce the load on CERC and other ERCs and ensure early resolution of disputes.

v) Need to enforce part payment of disputed amounts pending appeal

By an amendment to Section 111 of the Electricity Act, it needs to be ensured that any order of an ERC can be treated as a money decree such that the appellant must pay 75% of the disputed amount as a necessary condition before an appeal can be filed in APTEL.

vi) The broader requirement of urgent measures for enhancing the viability of the sector

The government has taken prompt measures recently to improve cash flow in the sector, however, yet there remains a serious issue of liquidity in the sector and urgent measures are required to restore the health of the sector. While the net return on equity for the private generators has eroded over the years and was -5% in FY2019, efforts towards reviving the investors' sentiments will be necessary for ensuring the infrastructural development in the country in the next few years.

*For detailed note write to
Ms Rita Roy Choudhury at rita.roychoudhury@ficci.com

Formula for Calculating Production Average for Newly Auctioned Mines

Rule 12A in the Mineral (Other than Atomic and Hydrocarbon Energy Minerals) Concession Rules vide GSR 191(E) dated March 20, 2020 mandates that the new lessee of merchant mines auctioned in March 2020 shall maintain such level of production to ensure minimum dispatch of 80% of the average of the annual production of two immediately preceding years on pro-rata basis. This calculation takes into account the waste or fines generated also which is of no market value and is dumped in the mines. FICCI representation sought to clarify that such 80% calculation should be done only on marketable output. This was submitted to Secretary, Ministry of Mines.

*For detailed note write to
Mr Arpan Gupta at arpan.gupta@ficci.com

Representation on CRGO Steel

This representation highlighted upon the need to have a level playing field for the domestic steel manufacturers of value-added products like CRGO steel vis-à-vis imports into the country. This was submitted to Secretary, Ministry of Steel.

*For detailed representation write to
Mr Arpan Gupta at arpan.gupta@ficci.com

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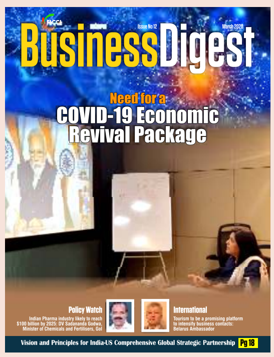

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