VOICE OF FICCI

SHAPING THE AGENDA

April 2023

From the
Secretary General

The University Grants Commission (UGC) released draft guidelines on incorporating Indian knowledge systems (IKS) in higher education for undergraduate (UG) and postgraduate (PG) courses, and invited suggestions in April 2023. FICCI shared recommendations on these draft guidelines with UGC. Among others, FICCI suggested treating such courses as Credit based course (typically of 2 credits) to ensure better involvement/delivery. Also, we suggested that these courses be offered at entry level itself, in first semester / first year of a higher education program. Further the course could be divided in two parts - first on 'general inputs on IKS' and second on the 'domain-specific inputs of IKS'.

Our apex chamber has shared a set of recommendations to enable integration of first-aid education and training into the National Curriculum Framework (NCF) for School Education that is based on the vision of the National Education Policy (NEP) 2020. Providing children with life-saving skills can help build a more resilient generation. Moreover, the inclusion of first-aid in the curriculum can also improve the intellectual, social, and behavioural abilities of India's children.

Responding to a communication received from Department of Science and Technology (DST), Government of India, seeking views with reference to section 7 of the National Geospatial Policy, 2022, FICCI has proposed a roadmap for Geospatial Enterprise Development as per the Policy. A detailed implementation plan submitted by FICCI comprises suggestions for creation of geospatial teams in each Govt department, nurturing the geospatial industry ecosystem, bringing investments, implementation of IGIF (FULL FORM PLS) Framework, raising geospatial awareness among stakeholders, data sharing through open platform, and capacity building & skill development. This was submitted to Survey of India – the illustrious agency in charge of mapping and surveying since 1767.

Dear readers, April holds great significance for FICCI as it was on 7 April 1931 when the Father of the Nation, Mahatma Gandhi addressed at the 4th Annual General Meeting of the federation. We would celebrate 7 April every year as our Foundation Day. FICCI would be completing 100 years of our journey in 2027. The countdown to FICCI@100 has begun, and we'll continue to play a bigger role in India's success over the next decade and beyond.

Shailesh Pathak

High Power Cost affecting textiles industry in Uttar Pradesh

The Government of Uttar Pradesh had promoted spinning industry in a big way through U.P. State Textile Corporation (UPSTC), U.P. State Spinning Mills (UPSSM) & U.P Co-Operative Spinning Mills Federation by putting up Spinning mills in remote area of state and provided employment. Private sector also had put substantial investment in textile units. But of late units have started becoming unviable on account of lack of availability of local cotton, higher freight cost and higher power cost. Another reason had been higher support provided by cotton growing states like Gujarat & Maharashtra in the form of Capital Subsidy, Interest Subsidy & Power Subsidy. Due to these facilities, some mills situated in U.P. had become unviable and started closing-down one by one. Textile & garment industry which provided direct & indirect employment to 100 million people is passing through tough times currently. The spinning mills decision to cut down on the number of working days comes in the backdrop of decline in exports and rising production costs. The textile Industry suffers due to being land locked state with high freight cost for exports, high power costs and non-availability of adequate cotton and other fibres. Power cost is one of the vital cost elements in textile industry, particularly in spinning and processing manufacturing. The textile units in U.P. takes challenges in competing with other states on account of high-power cost because some states have lower power tariff, some states have provided subsidy to textile units, some states providing Power subsidy to new textile units. As a result, the U.P. textile Industry is shifting to other states.

In view of the above it was requested to provide: 1) Flat Power Subsidy of Rs. 2/unit to existing and new textiles units or to the discoms directly to ensure that the same was transmitted to the industry further and 2) Uninterrupted power supply to textile units. These were submitted to Shri Amit Mohan Prasad, IAS, Additional Chief Secretary, Silk Handloom & Textile Department.

For detailed recommendations, please write to
Mr Chetan Bijesure at chetan.bijesure@ficci.com

Draft Guidelines for Incorporating Indian Knowledge System in Higher Education Curriculum

The following recommendations were submitted to University Grants Commission on the Draft Guidelines for Incorporating Indian

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.

Knowledge System in Higher Education Curriculum:

1) Such courses should be Credit based course typically of 2 credits to ensure better involvement/delivery.
2) These courses should be offered right at entry level in first semester / first year of a higher education program.
3) The course should be equally divided in two parts: first on "general inputs on IKS" and second on the "domain specific inputs of IKS". As an example, under the IKS course for electronics engineering 50% contents can come from areas like materials, metallurgy, architecture, health, literature, religion, agriculture, textiles, mathematics etc. The remaining 50% content should be from the domain of electronics itself where in the classical efforts made by Indian (like Sir J C Bose and Sir C V Raman) with relevance to their core domain should be taught.

For detailed recommendations, please write to
Dr Rajesh Pankaj at rajesh.pankaj@ficci.com

Inclusion of First Aid Education and Training in National Curriculum Framework 2023

The recommendations suggested an evidence-based educational pathway to enable integration of first aid education and training into the school curriculum by defining the goals to be achieved for knowledge, skills and attitudes for grades 1-12. Providing children with life-saving skills can help build a more resilient generation. The inclusion of first aid in the curriculum can also improve children's intellectual, social and behavioural abilities. FICCI ARISE has also proposed to support NCERT by collaborating with GVK Green Health Services and develop age-appropriate training modules for schools and children. These were submitted to National Council of Educational Research and Training.

For detailed recommendations, please write to
Dr Rajesh Pankaj at rajesh.pankaj@ficci.com

Recommendations for Existing & future Revenue Sharing Contracts for CBM

The recommendations were submitted to Secretary, Ministry of Petroleum & Natural Gas and Director General, DGH for Existing & future revenue for sharing contracts for CBM to streamline and simplify the contract procedure in CBM thus improving the Ease of Doing Business for all stakeholders.

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

Inputs on Geospatial Enterprise Development

In response to a communication received from DST seeking viewpoints with reference to section 7 of the National Geospatial Policy, 2022, FICCI proposed a roadmap for Geospatial Enterprise Development as envisaged in the Policy. A detailed implementation plan submitted by FICCI comprises suggestions for creation of geospatial teams in each Govt dept, nurturing geospatial industry ecosystem, bringing investments, implementation of IGIF Framework, raising geospatial awareness among stakeholders, data sharing through open platform, and capacity building & skill development. This was submitted to Survey of India.

For detailed recommendations, please write to
Mr Sumeet Gupta at sumeet.gupta@ficci.com

GST Rates – 'Breakfast Cereals' (Chapter Heading 1904)

Issue- The current GST Rate of 18% is applicable to product category "Ready to Eat Cereals Products" [like cornflakes, ready mixes of upma, poha, flavoured oats etc.]. Breakfast Cereals are popular, nutritious and ready to eat food products, essentially made from familiar and staple grains like Corn, Maize, Wheat, Ragi, Rice and Barley and also fortified with a range of vitamins and minerals. They have multiple advantages for the consumers as well as community, as it serves so many development objectives being it offers high nutrition in a much-required low calorie format; it is completely grain based and sourced largely from India and hence has high impact on farmers' income. Despite being nutritious, minimally processed and made from simple grains, breakfast cereals remain a primarily under penetrated category.

It has also been observed that looking at the impact on consumer affordability and farmers, GST rates for similar food categories, from Pre-GST Rate of 18%, have been brought down to current rate of 12% or 5% [for example - Ready to prepare breakfast batters from 18% to 5%; Namkeens, bhujia, mixture, chabena from 18% to 12%; Pasta, spaghetti, macaroni from 18% to 12%; Noodles from 18% to 12%; Sauce from 19% to 12%]. It is believed that lowering the GST rate for breakfast cereals will really help in making breakfast cereals more and more affordable to the Indian consumers and help increase penetration of this nutritious category to levels in line with similar occasion products within the country and outside.

Recommendation- In this background, the 18% tax on such products does need a relook and therefore, it is requested that rate of GST for this category be reduced to 12% keeping in view the intent of making it more and more affordable and accessible in line with similar occasion products. The recommendations were submitted to Member (Tax Policy), Central Board of Indirect Taxes and Customs, Ministry of Finance, New Delhi.

For detailed recommendations, please write to
Ms Ira Khanna at ira.khanna@ficci.com

Amendment to Rule 46 of the Central Goods and Services Tax Rules, 2017 ('CGST Rules') vide CGST Notification 26/2022-CT dated 26 December 2022

Background- As per the amendment to Rule 46(f) of the CGST Rules 2017, the suppliers of online information and database access retrieval services to unregistered persons (B2C) were mandated to issue tax invoices with the name, address and PIN Code of the (unregistered) service recipient. These services are accessed by subscribers either directly login onto OTT application [Apps] or through websites or other platforms. The postal address of subscriber/consumer is not usually obtained from the subscribers as there is no physical delivery of goods. Currently, subscriber's IP address is available on the records of OTT service provider and is used to see user's location and also to determine the place of supply.

Issue- From Dec 2022, the OIDAR providers are required to display on their B2C invoices, the name, Address, PIN Code and State of the recipient, which can be implemented but chances are that users may enter details including PIN at their own discretion which may not correspond to the actual place of consumption of services leading to loss of revenue to the actual consumption state.

Recommendation- Considering the above, it was recommended to the Chairperson, Central Board of Indirect Taxes and Customs, Ministry of Finance and Additional Secretary, GST Council Secretariat, Ministry of Finance, Government of India, that:

- for OTT platforms, who supply only online streaming of subscription service, the proviso inserted in Rule 46 may please be dropped; to meet the correct destination-based consumption principle.
- in the interim, please relax the requirement by deferring the applicability of proviso for OTT Platforms providing OIDAR services.
- without prejudice to our above submission, in case the government still intends to implement the changes, new requirements be made effective for prospective transactions only.
- without prejudice, in case the rule is to be implemented then please allow industry reasonable time (at least 1 year) to make changes in the system and technology.

For detailed recommendations, please write to
Ms Ira Khanna at ira.khanna@ficci.com

CIFTI-FICCI representation on amendment in the Food Safety and Standards (Packaging) Regulations 2018 to enable use of Refillable plastics container for pack sizes less than 5 Ltr

In the submitted representation on FSS (Packaging) Regulations, 2018 which govern requirements for food packaging viz. for paper, metal, glass and plastics. Regulations rightly established safety of packaging materials & also specified different applications of packaging materials in foods. This Regulation under clause 3 of General requirements permits reusable containers as below:

3) (8) Plastic containers of capacity 5 litre and above and Glass bottles, which are reused for packaging of food, shall be suitably durable, easy to clean or disinfect."

The clause presently enables reuse of plastic containers to only those containers above 5 litre capacity in food packaging; whereas PWM 2022 mandates reuse of all plastic containers of all size including plastic containers of ≥900ml and < 5 litre capacity. To implement new requirements as per PWM 2022 FBOs need to launch reusable containers of capacity <5L in market, however FBOs are currently restricted by clause 3(8) of Food Packaging 2018 Regulations requiring amendment.

Given above background in SN # 1 & 2, we proposed that in above Regulation following change may kindly be made by FSSAI in the above cited clause:

(8) Plastic containers and Glass bottles, which are reused for packaging of food, shall be suitably durable, easy to clean or disinfect.

This amendment is crucial step for FBOs and must be undertaken. Further we respectfully submitted that:

i. Enabling reuse provision will help achieve sustainable Food Packaging.
ii. Global Regulatory Practices promote reuse of plastic containers, and it can be adopted as good practice.
iii. Compliance to PWM 2022 is mandatory & violation may attract prosecution.

For detailed recommendations, please write to
Mr Abhinav Singh at abhinav.singh@ficci.com

Request for extension for the implementation of FSSAI gazette notification on FSS (Advertising and Claims) Second Amendment Regulations, 2022 regarding sub regulation (7) of regulation 4

In the submitted representation on the FSSAI notification dated 13th December 2022, regarding enforcement of FSS (Advertising and Claims) Second Amendment Regulations, 2022 with respect to sub regulation (7) of regulation (4) that specifies that in case of trade mark, brand name or fancy name containing adjectives such as "natural", "fresh", "pure'' etc., a disclaimer - 'This is only a brand name or trademark, or fancy name and does not represent its true nature; (relevant one may be chosen as applicable)' shall be mentioned prominently on the front of pack of the label.

FSSAI had issued a direction dated 27th February 2023 providing an extension for a period of six months from the date of notification i.e., 13th June 2023. Thus, the FBOs have been given effectively given four months only to comply which is too short a period. Besides, there will be issues with the carry-over of current inventory. While we understand that the positioning of the 'Disclaimer' on Front of Pack was not part of the earlier drafts, the sudden change has put lot of pressure on the FBOs for making these changes on the label and inventory issues.

Hence, FICCI requested to provide sufficient time for compliance and extend the implementation date w.e.f. 1st Jan 2024. Further, it was also requested to reconsider our plea to allow the disclaimer to be given prominently on the Principal Display Panel instead of only on Front of Pack.

For detailed recommendations, please write to
Mr Abhinav Singh at abhinav.singh@ficci.com

Request for operationalization of amendment allowing Steviol glycosides in 14.1.5

The submission was in reference to the representation made by CIFTI-FICCI regarding the allowance for Steviol glycosides in Food Category 14.1.5 published in draft notification dated 31st Oct 2022 and made available to public dated 3rd Nov 2022 on FSSAI website.

The clause here referred in draft notification of Food Safety and Standards (Food Products Standards and Food Additives) Amendment Regulations, 2022 in Appendix A, under the heading ―IV. USE OF FOOD ADDITIVES IN FOOD PRODUCT, in Table 14 relating to Beverages, excluding dairy products, for Food category system 14.1.5 'relating to Coffee, coffee/coffee substitutes, tea, herbal infusions, and other hot cereal and grain beverages, excluding cocoa for additive ―Steviol glycosides and entries related thereto, in column (6) the entry ―160 shall be omitted.

FICCI understand the process of final notification would still take some time since the draft includes multiple amendments. This was impacting the business due to delays in new product launches who would like to use the said clause. Hence, FICCI requested to operationalize the above clause in the draft and enable new product launches.

For detailed recommendations, please write to
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Seeking extension for the implementation of Recommended Dietary Allowance (RDA 2020)

The submission was in reference to the FSSAI direction dated 16th July 2021 and 2nd August 2021 regarding Recommended Dietary Allowance (RDA 2020) which shall come into force from 1st July 2023.

FICCI appreciated FSSAI efforts to adopt the ICMR revised RDA 2020 and provided 2 years' timeline to comply with the same. However, we acknowledged that there are lots of challenges in reformulation of the products:

- Operational Complexity: The implementation of new RDA level requires trails of products and to establish process capability with changed premix levels at each manufacturing location. Formula optimization with higher amount of premix may take multiple iterations to get right sensory profile. It may also require the addition of new ingredients which require complete qualification. Also, due to some slow-moving products there are unused premixes which cannot be used post June 2023.
- Product Delivery Shelf-life studies: With the increased level of some of the nutrients, the FBOs need to review the taste and shelf stability of the product to prevent any consumer dissonance in consumer experience. Additionally, if some of these formulations are undergoing clinical studies the same also needs to be repeated and re-established. Some shelf-life studies may also end up in result which needs redevelopment of product and will continue until a stable product is developed. In this process also, there may be need to explore alternate ingredients which will require complete qualification process.
- Inventory Holding and Cost impact: As a responsible FBOs our attempt is to minimize any food/ingredient/nutrients premixes/packaging wastage etc. during this process.

In view of the above, our humble submission was to provide an extension of twelve months i.e., till 1st July 2024.

For detailed recommendations, please write to
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Mandatory testing for self-compliance by FBO's through FSSAI recognized labs under condition 12 of FSS (Licensing and Registration of Food Business) Regulations, 2011

In the submitted representation on FSSAI order dated 17th February 2023 related to mandatory testing for self-compliance by FBOs, wherein FSSAI had invited industry to share the list of laboratories which are certified with ISO 17025 presently but not accredited by NABL and /or notified by FSSAI.

The following was addressed the various challenges faced by industry:

- National Accreditation Board of Testing and Calibration Laboratories (NABL) is only accreditation body which provides accreditation to the laboratories.
- Single accreditation body leads to delays in:
- The overall response time on any application or query increases.
- The audit of the laboratories is delayed (even beyond the date of validity).
- Despite renewal audit, a letter of renewal is issued instead of renewed certificate which is not acceptable by Government Organizations resulting in loss of tenders and contracts.
- Overall delay in testing.
- Labs get accreditation for few parameters and all the testing cannot be done in one lab leading to increased cost of FBO. In such cases FBOs also incur an increased transportation cost to get products tested only in such NABL accredited laboratories recognized by FSSAI.
- ISO/IEC 17025 -General requirements for the competence of testing and calibration laboratories has been recognized as standard for labs accreditation. Many Government organizations like APEDA, EIC, BIS etc. have recognized this for the labs.
- Bureau of Indian Standards – Laboratory Recognition Scheme 2020 Section 4.1.1: The referred section is reproduced "The laboratory shall be accredited to Laboratory Quality Management System as per IS/ISO/IEC 17025 (latest implemented/concurrent version). The accreditation body, through which the laboratory is accredited, shall be a full member of International Laboratory Accreditation Cooperation (ILAC) and/or Asia Pacific Accreditation Co-operation (APAC) or any other regional accreditation cooperation body."
- APEDA – Recognition Criteria for Laboratories APEDA/Q/Labree/2010 Section 5.1(b): The referred section is reproduced

"ISO/IEC-17025 accreditation with scope of residual analysis for APEDA products for chemical, microbiological, GMO analysis along with validated methods."

- As per FSSAI order dated 1st Oct 2019; ref- 1-1790/ FSSAI/Imports/2019- testing of imported proprietary products is accepted based on ISO 17025 accredited lab of exporting country.
- There are India and foreign based accreditation bodies other than NABL which are signatories to International Laboratory Accreditation Cooperation (ILAC) and/or Asia Pacific Accreditation Co-operation (APAC).

In this regard, we proposed the list of labs which are ISO 17025 certified to get incorporated in FSSAI list and additional accreditation bodies which will help to reduce the burden on NABL, and more labs will get accreditation on time which will help in ease of business.

For detailed recommendations, please write to
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FICCI on Integrated Veterinary Health Certificate for the import of Milk and Milk Product into India

In the submitted representation to Department of Animal husbandry, CIFTI – FICCI shared comments on Integrated Veterinary Health Certificate for the import of Milk and Milk Product into India as follows:

- Under clause (4), we proposed following amendment: The exporting country may issue single Veterinary Health Certificate, certified by Official Veterinarian or certificate with annexure or two certificates as per its regulations. The said provision has been kept to facilitate trade considering different regulations in exporting countries.
- Proposed to increase the timeline of implementation of proposed Integrated veterinary health certificate from 60 days to 180 days.

For detailed recommendations, please write to
Mr Abhinav Singh at abhinav.singh@ficci.com

Request for withdrawal of FSSAI Order dated 14th Feb 2023 reg. de-recognition of in-house testing laboratories and NABL Newsletter dt. Oct 2022 reg. suspension of accreditation by NABL of in-house laboratories under FSSAI

In the submitted representation to Ministry of Health & Family Welfare, Minister of Commerce and Industry, Department for Promotion of Industry and Internal Trade, on the FSSAI order dated 14th February 2023 "De-recognition and de-notification of in-house testing laboratories of Food Business Operators – reg." and NABL newsletter of October 2022 which states that "FSSAI has decided that In-house Food Business Operators will not be considered for FSSAI recognition under the integrated assessments.

As per the FSSAI (Food Safety and Standards Authority of India) it is mandatory for the Food Business Operators (FBO) to take FSSAI Food License. To ensure safe food and consistent quality of food products, it is essential to establish in-house Food Testing laboratory which requires huge investment and qualified manpower. It involves testing of ingredients, intermediates, in-process materials and finally the finished products to ensure compliance under the Food safety and standards regulations. The in-house laboratories also extend their services to other FBOs for the same purpose as these are not only economical but also prompt in delivering the results.

However, as these in-house laboratories are being de-notified by FSSAI, it would be extremely difficult for them to sustain their operation particularly by MSMEs. Therefore, in view of the above, FICCI requested the following:

- to withdraw the FSSAI Notification dated 14th Feb 2023 to enable the FBOs to operate their In-House Food Testing Laboratory under NABL accreditation and FSSAI recognition.
- that NABL be allowed to continue integrated audits of the in-house laboratories.

For detailed recommendations, please write to
Mr Abhinav Singh at abhinav.singh@ficci.com

Proposal to de-risk certain foods from High Risk Category 99

In the submitted representation to FSSAI, FICCI proposed option/wordings to remove the issues faced with Category 99 being put under High-Risk. For this purpose, the following will NOT be considered as high-risk products under category 99:

- Food/Food Ingredients/intermediates which are not meant for direct human consumption.

(Rationale: These materials undergo further processing to manufacture a finished product. As these are not intended for direct human consumption, any food safety risks associated with these materials are quite limited. Hence, these can be removed from high risk category.)

- Food additives, Processing Aids which are approved in Food Safety & Standards (Food Product and Food Additives) Regulations.

(Rationale: Food Additives/ Processing Aids are used only after they have been duly approved by FSSAI through the above regulations. Historically there has not been any instance of a systemic food safety risk arising out of use of approved food additives/ processing aids. Hence these can also be removed from high risk category.)

These materials will be eligible for instant modification/renewal of licenses.

For detailed recommendations, please write to
Mr Abhinav Singh at abhinav.singh@ficci.com

CIFTI-FICCI representation on Amendment for 2.1.14 Ice cream etc. and 2.1.15 Frozen Dessert Standard

In the submitted representation on Amendment for 2.1.14 Ice cream etc. and 2.1.15 Frozen Dessert Standard, we proposed to include following ingredients under Essential Composition and Quality Factors:

Vegetable and Vegetable Products (excluding vegetable oils/fats/proteins as such) & Coffee extracts, Tea & Tea extracts, Malt Based Foods, Cereals, cereal products and cereal based extracts (excluding proteins obtained from cereals & cereals products as such), Sweets/Indian mithai, Probiotics, Herbs, Salt, Dietary fibre, pre-biotics, Lactase Enzyme, and Nuts products, Colouring Foods. Edible flower parts, nutrients like vitamins and minerals and ingredients as specified under Milk and Milk products of Food safety and Standards Regulations, non-nutritive sweeteners (maltodextrin, oligofructose, trehalose etc.)

For detailed recommendations, please write to
Mr Abhinav Singh at abhinav.singh@ficci.com

CIFTI representation for seeking permission to utilize pre-printed unexhausted packaging material inventory w.r.t. Labelling of various types of bread

In the submitted representation to FSSAI, on Food Safety and Standards (Labelling & Display) Regulation Amendment, 2022 w.r.t. "Labelling of various types of bread" which was effective from 1st May 2023, we expressed our sincere gratitude for the continuous support provided by the FSSAI to the industry by extending deadlines or issuing specific approvals from time to time, to ensure compliance with various regulations.

The industry has recently undergone extensive label modification in compliance with FSS (Labelling and Display) Regulation 2020. Industry has put forth the best efforts since October 2022 to affect the changeover in bread label artworks. However, they are still facing a challenge with respect to bread packaging inventories.

It would require another six months (from 1st May 2023) to exhaust pre-printed packaging material and comply with the upcoming regulation.

Hence, we requested to grant extension of six months permission to exhaust pre-printed inventory lying in the supply chain.

We proposed a value of 2.5 percent instead of 3.5 percent for the protein content of all three types of frozen desserts in standard 2.1.15. Standard for Frozen Desserts or Confections with Added Vegetable Oil/ Fat or Vegetable Protein, or both.

For detailed recommendations, please write to
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