VOICE OF FICCI
SHAPING THE AGENDA
May 2023

From the
Secretary General

India's success in digital public infrastructure has been remarkable over the past decade. In particular, digital payments have seen a transformation in the way people make payments, moving away from cash-based transactions towards digital modes of payment. According to the 'India Digital Payments Report' for the third quarter of 2022, UPI clocked over 19.65 billion transactions of worth Rs 32.5 trillion.

However, for debit cards powered by RuPay, there has been a decline of 23 per cent in transaction volume and a very modest growth of 19 per cent by transaction value in the last three years.

Based in payments data, India's digital payment revolution is almost entirely through mobile phone-based payments. The share of payments through 'debit card powered by RuPay' has actually seen a relative decline. Paradoxically, debit cards powered by RuPay are denied the facility of merchant discount rate payments (MDR) whereas other debit cards issued by other companies can get this benefit. This is impeding the growth of India's robust RuPay card system since there is little incentive for banks to issue RuPay debit cards. FICCI has submitted a suggestion to the Minister of Finance & Corporate Affairs, Government of India to remove 'debit card powered by RuPay' from the list of prescribed electronic modes on which no bank or system provider shall impose any charge.

On the international front, FICCI along with the Ministry of External Affairs hosted a delegation of Members of Parliament from the UK. The UK MPs delegation travelled to four cities: Delhi, Ahmedabad, Pune and Mumbai.

During the month of May, FICCI took a delegation led by President Mr Subhrakant Panda to accompany Minister of Commerce & Industry, Consumer Affairs & Food & Public Distribution and Textiles, Mr Piyush Goyal during his visit to Ottawa on 8th May and Toronto on 9-10 May. FICCI along with the Business Council of Canada (BCC) announced a new partnership to connect business leaders from India and Canada, promote bilateral economic ties, and enhance cooperation as partners in the Indo-Pacific region. The announcement was made at the conclusion of an India-Canada business leaders' dialogue that was held with Minister Mr Piyush Goyal and Canadian Trade Minister Ms Mary Ng.

Dear readers, startup space is one of the many areas we as FICCI are bullish about. Furthering its commitment to foster the startup ecosystem of the country, FICCI has joined hands with the Ministry of Electronics and Information Technology for G20 Digital Innovation Alliance (G20-DIA), an initiative that aims to recognize and support innovators that have digital solutions for various world economies. G20-DIA will host the top 6 innovation entries from each of the G20 members and invited guest countries (mention all country names) during a three-day event in Bangalore 17-19August 2023.

Shailesh Pathak

Digital Payment Success

Suggestion: India's success in Digital Payments has been appreciated across the world. The number and value of digital payments have seen quantum growth over last 6 financial years. However, for debit card powered by Rupay there has been decline of 23% in transaction volume and a very modest growth of 19% by transaction value in last three years. It is evident that digital payment revolution is through mobile phone payments and not through debit card powered by Rupay. On the other hand, debit card powered by Rupay are denied facility of merchant discount rate payments (MDR) whereas other debit cards issued by other companies can get this benefit. This is impeding the growth of India's robust Rupay card system since there is no incentive for banks to issue Rupay debit cards. Hence, based on empirical evidence over last three years as well as for level playing field, it would be appropriate to remove "debit card powered by Rupay" from the list of prescribed electronics mode on which no bank or system provider shall impose any charge. This may require a slight amendment in Rule 119AA of the notified electronic modes of payment under section 269SU. This was submitted to Hon'ble Minister of Finance & Corporate Affairs, Government of India.

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

India-Canada CEPA: Rules of Origin-Product Specific Rules (PSR)

FICCI has shared inputs t DPIIT on Rules of Origin (Product Specific Rules) under India-Canada CEPA on 295 tariff lines. Major sectors included are steel, copper, aluminium, machinery and machine tools. This was submitted to Office of the Economic Adviser, DPIIT.

For detailed representation, please write to
Ms Pragati Srivastava at pragati.srivastava@ficci.com

Request for withdrawal of electricity duty on auxiliary power consumption by captive power plants

In the present market conditions, cost of power generation from captive power plants is prohibitively expensive on account of the ongoing coal shortage, unprecedented rise in energy prices, non-allocation of coal in sufficient quantities by the Coal India & non-availability of coal rakes. In addition to such high energy costs which are at their all-time peak, all industries in Rajasthan are already paying an exorbitant amount of electricity duty over the power consumed from their own captive power

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.

plants. A further levy of electricity duty on auxiliary power consumption of captive power plants would jeopardize the financial viability and erode competitiveness of industries based out of Rajasthan. Auxiliary consumption is a part of generation activity. For generating electricity, some part of the electricity is also used as an input in running the auxiliary equipment for generation, without which there can be no generation activity. In a generating station, the electricity generated net of auxiliary consumption is only accounted for at the bus bar, which is available for supply and consumption. This was submitted to ACS - Finance, Government of Rajasthan.

For detailed representation, please write to
Mr Atul Sharma at atul.sharma@ficci.com

FICCI Representation on Ceiling Price vide Order (Ref: S.O. 1577(E) and S.O. 1579 (E) dated 31st March 2023

NPPA released a notification to revise the ceiling prices of certain products, including Iohexol of 300mgI strength and 350mgI strength, under the Order (Ref: S.O. 1577(E) and S.O. 1579 (E) dt. 31st March 2023, respectively) issued by the National Pharmaceutical Pricing Authority (NPPA) under the Drugs (Prices Control) Order (DPCO), 2013.

FICCI submitted a representation against the said notification, stating that the methodology of price fixation used and the calculation method employed seemed erroneous and incomplete. Specifically:

It appears that for the review of calculations under the Notification for Iohexol 300 mg strength, NPPA only considered one brand (Contrapaque of JB Chemicals) in the segment (as per the C.P calculation sheet provided with the notification). However, there are at least 5 brands being manufactured and marketed in the country with a significant market share. We suggest that the fundamental assumption of treating this product as a monopolistic product and the calculation and ceiling price thereof should be reconsidered by the NPPA.

The PharmaTrac data used for decision making by the NPPA appears to have inconsistencies and inaccuracies in price calculations.

Furthermore, the redressal process for similar issues, as prescribed under DPCO, is time-consuming and confusing, creating practical complications at the ground level in ensuring price compliance.

In conclusion, it was requested to the authorities to address this major concern by recalculating and issuing a notification with accurate data. These were submitted to Chairman, National Pharmaceutical Pricing Authority (NPPA).

For detailed representation, please write to
Mr Praveen K. Mittal at praveen.mittal@ficci.com

Re-inclusion of Coronary Stents in NLEM 2022- Refixation of Ceiling Prices

FICCI members thanked NPPA Chairman for participating in the virtual stakeholders' consultation organized by SNCM Secretariat on May 02, 2023. The members requested NPPA to kindly maintain the current Ceiling Price and do not do any revision till the stakeholders deliberate on the issues and insisted that there is a need for larger stakeholders' consultation to deliberate the sub categorization of Drug Eluting Stents (DES).

Members also mentioned in the clarification letter to the SNCM that the industry is not asking for Coronary Stents to be removed from the NLEM, but are seeking a fair and science-based segmentation of DES for the benefits of larger society.

Members requested Chairman, NPPA to kindly allocate some time for the meeting as per convenience.

These were submitted to Chairman, National Pharmaceuticals Pricing Authority (NPPA), Department of Pharmaceuticals (DoP), Ministry of Chemicals and Fertilizers, Government of India.

For detailed representation, please write to
Mr Praveen K. Mittal at praveen.mittal@ficci.com

Quality issues w.r.t. medical devices with insufficient clinical evidence as well as loan licensing of high-risk medical devices especially Coronary Drug Eluting Stents (DES)

FICCI, in this letter highlighted the quality concerns regarding the coronary stents, which is a Class IV medical device. The coronary stents are currently included in National List of Essential Medicines (NLEM) under two broad categories (i) BMS and (ii) Drug Eluting Stents (DES). Therefore, the prices of coronary stents are being controlled by National Pharmaceutical Pricing Authority (NPPA).

The industry members mentioned that is in discussion with Standing National Committee on Medicines (SNCM) to sub categorize the DES and highlighted the two very important aspects-1. Many coronary DES manufacturers have begun their operations in last 6 yrs. (since DES price control was announced in 2017) without any focus and investment in generating clinical evidence towards long term safety of DES or additional indications for variety of cardiovascular diseases. This has led to asymmetric DES availability vis-à-vis disease condition, thereby causing undesired outcome leading high morbidity and mortality.2. Strengthening the post market surveillance process as only handful of DES suppliers, who also have supported clinical evidence for their products, report complaints or recalls, if any, which will in turn enhance the patients' trust in safety and efficacy of the drug eluting stents available in the market. Members requested for a convenient meeting time to discuss this further. These were submitted to The Drugs Controller General of India (DCGI), Central Drugs Standard Control Organization (CDSCO), Directorate General of Health Services, Ministry of Health & Family Welfare, Government of India.

For detailed representation, please write to
Mr Praveen K. Mittal at praveen.mittal@ficci.com

Request for extending time limit from present 1 month to stipulated date of 30 June submitting the EPR registration certificate

FICCI submitted challenges faced by MedTech Industry with the undertaking for the signing organisation/company to submit E Waste registration within one month of signing the undertaking.

The EPR portal was active and functional on 27 April 2023 and as undertaking was signed on 14th April 2023, Industry has effective time-period of only 10-12 working days to complete registration process.

Considering the huge data to be updated by Industry on EPR portal like years of sales data, identification of devices falling under ROHS by the international parent companies (time difference and some are on leave) etc.

As member companies are getting challenge in updating the data on EPR portal within stipulated timeline as per order dated 13th April 2023, FICCI requested for consideration of practical challenge faced by member companies and provide extension for the deadline of 30 days EPR registration as indicated in 13th April 202 till 30th June 2023 in-order to provide reasonable time to Industry in complying and getting registered on EPR portal as per E-waste management rules. These were submitted to Scientist 'F', Director & Divisional Head, WM-III Division, Central Pollution Control Board, Ministry of Environment, Forest and Climate Change, Government of India.

For detailed representation, please write to
Mr Praveen K. Mittal at praveen.mittal@ficci.com

Re-inclusion of Coronary Stents in NLEM 2022 – Stakeholders consultation to create sub-categorization under Drug Eluting Stents (DES)

FICCI secretariat expressed gratitude to the SNCM for agreeing to conduct a larger stakeholder meeting to consider the classification of the Drug Eluting Stents based on Clinical evidence of safety and efficacy and to grant a status quo on any further directions from NLEM till a larger stakeholder meeting was organized.

Since the industry was invited at just one day's notice and we had limited time, members felt that it is important for us to explain our position on the NLEM and pricing for Coronary Stents. Members raised few points advocating our request and requested for support and guidance to ride over this unique situation and have a clear distinction for the category of DES that is backed by the RCT and R&D. These were submitted to Secretary, Department of Health Research (DHR), Director General, Indian Council of Medical Research (ICMR), Chairman, Standing National Committee on Medicines (SNCM), Ministry of Health and Family Welfare, Government of India.

For detailed representation, please write to
Mr Praveen K. Mittal at praveen.mittal@ficci.com

Renewal of PC PNDT registration certificate for Ultrasound Equipment's in the State of Rajasthan under the Pre-conception and Pre-natal Diagnostic Techniques (Prohibition of Sex Selection) Act, 1994 ("PCPNDT Act")

FICCI industry members including manufacturers, importers, distributors and dealers of ultrasound equipment had informed FICCI that they are unable to renew their PC PNDT certificates through the IMPACT online platform. They have been facing technical errors [username/passwords] on the platform and have been unable to submit the renewal applications till date i.e., 17 May 2023.

As these devices and equipment are used in critical patient care / diagnostics, in the interest of their continued supply and delivery to the patients, FICCI members requested for an interim arrangement of extension till the time online renewals are successfully submitted [e.g., by resolving the technical username/password challenges] and renewed certificates are issued through the IMPACT online platform.

Members also requested for a kind notice or Order from the authorities side in the health interest of the patients for the state of Rajasthan and for continued delivery of these critical diagnostic equipment's. These were submitted to Mission Director (NHM), Department of (H&FW), Government of Rajasthan.

For detailed representation, please write to
Mr Praveen K. Mittal at praveen.mittal@ficci.com

Meeting request with FICCI Medical Device Committee Industry Representatives to discuss challenges pertaining to Import of Refurbished Devices and PCPNDT regulations by certain states

FICCI Medical Devices Industry proposed a list of high end and high value medical equipment under MDR-2017 for provision for pre-owned / refurbished category. A detailed representation highlighting impact of Refurbished Medical Equipment's and certain inputs from members of FICCI Medical Device Committee was also enclosed.

On behalf of the members, FICCI requested MoHFW, GoI to consider these inputs for the inclusion in High end, High Value medical devices list and fast track the release of the list that will enable CDSCO to start issuing license for imports of pre-owned / refurbished equipment at the earliest.

Also, FICCI highlighted the challenges associated with new norms of PCPNDT adopted by certain states and that our member companies wish to share certain critical technical and operational glitches in current PCPNDT regulations adopted by states. These were submitted to Special Secretary (Health), Ministry of Health & Family Welfare, Government of India.

Members also requested for a convenient meeting time to discuss their requests further.

For detailed representation, please write to
Mr Praveen K. Mittal at Praveen.mittal@ficci.com

Request for rectification in System fault in "ICEGATE" (New Version 2.5) leading to huge interest payment liability

Background:- This refers to the introduction of new version 2.5 in the "ICEGATE" system and the system related problems faced by few of our importer members. Ever after the Customs Duty payment being made well before the statutory due date of payment, the same has not yet integrated into the respective Bills of Entry, system thus reflecting Customs duty as unpaid, resulting interest on customs duty accumulating erroneously on daily basis. It is relevant to mention that Order No 3/2023 Customs dated April 17, 2023, allows waiver of interest from April 14, 2023 till the date of removal of such system inability and thereafter upto three days in respect of goods where duty payment on the Bills of Entry were initiated on or before April 13, 2023. However, "ICEGATE" system is not working properly, even after April 13, 2023, due to technical issues in the common portal.

Issues:- The hardships being faced by importer members are summarised as under:- a) Interest accumulating daily on each Bill of Entry due to non-integration of duty payment made by importers and interest accumulated thereon for no fault of importers; b) Integration of duty paid on the Bills of Entry not reflected yet in the newly introduced version of "ICEGATE" system.

Recommendation:- It is therefore recommended that to overcome the hardships faced by the industry, due consideration be made and necessary order be kindly issued covering the following aspects - a) Waiver of interest till the time the newly introduced system (Version 2.5) starts operating properly in "ICEGATE" system; b) Integration of duty in the respective Bill of Entry in "ICEGATE" system to close the case. These were submitted to Chairperson, Central Board of Indirect Taxes and Customs, Department of Revenue, Ministry of Finance and ADG, Directorate General of Systems, ICEGATE Project.

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

Request for reduction in tax on zero-sugar aerated drinks

Background:- This refers to the rate of tax levied on zero-sugar aerated drinks under GST regime. The industry is of the view that the tax on zero-sugar aerated drinks in India is very high and that it should be removed from the category of SIN Goods.

Issue:- This is to be noticed that a) Aerated waters, i.e. ordinary potable water charged with carbon di-oxide under pressure, attract GST at 18%, whereas Zero Sugar drinks which are also charged with carbon di-oxide under pressure, contains artificial sweeteners to maintain the classic flavour is taxed at 40%; b) Artificial sweeteners are widely used in fruit juices and other processed foods, such as, baked goods, breakfast cereals, frozen desserts, candy, puddings, canned foods, jams and jellies and dairy products. The GST on fruit juices is at 12%, on other goods it is at 12%-18% only, but zero sugar drinks and similar aerated beverages are charged at very high tax rate; c) Zero-sugar/zero-calorie aerated drinks are neither luxury goods nor sin/demerit goods. There seems no logic in picking such drinks for excessively high and harsh GST treatment and appears to be very unfair to consumers; and d) The soft drink companies have investment plans to manufacture zero sugar/zero calorie aerated drinks in India over the next few years and some of these plans are at a preliminary stage; final decisions are yet to be taken. Reduction in GST on this product to 18% would provide the much-needed impetus to the companies to firm up their investment decisions.

Recommendation:- Keeping in view the above, it is recommended to propose reduction in tax on zero sugar/zero calorie aerated drinks classifiable under sub-heading 2202.10 from 28% GST plus 12% Compensation Cess to 18% GST. This was submitted to the Chairperson, Central Board of Indirect Taxes and Customs, Department of Revenue, Ministry of Finance.

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

Request for review of key issues under GST regime

The following Issues and Recommendations were made to Additional Secretary, GST Council Secretariat:

- Natural gas under the ambit of GST - It is recommended to bring Natural Gas under the ambit of GST and also reconsider the increase in GST rates from 5% to 12% since there is no input tax credit available currently.
- Rate of GST on Breakfast Cereals - It is requested to reduce the GST rate to 12% for product like Breakfast cereal for making it more and more affordable and accessible in line with similar occasion products.
- Tax on Zero-Sugar/Zero-Calorie Aerated Drinks - It is recommended to propose reduction in tax on zero sugar/zero calorie aerated drinks from 28% GST plus 12% Compensation Cess to 18% GST.
- Rate of GST on Cement - It is requested that GST rate on Cement be reduced from the current rate of 28% to 18%.
- Clarity with respect to applicability of GST on Processing activities - It is suggested that a clarification be issued that the definition of jobwork under section 2(68) is not restricted to manufacturing activities alone but also covers processing activities.
- Mechanism to have consultation with the industry - To strengthen the consultative approach by the Government, a mechanism may be developed and approved by the GST Council, giving an opportunity to the stakeholders to present their case before any final decision is taken by the Government.
- Issue of multiplicity of audits under GST regime - It is recommended that for a taxpayer having registrations within different States, audit may be conducted PAN India basis by the Central authorities and also with respect to a taxpayer having different registrations within a same State, audit may be conducted as a whole instead of separate audits for different units within a State.

For detailed representation, please write to
Ms Ira Khanna at ira.khanna@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 to FSSAI, FICCI proposed to include some ingredients under the category 2.1.14 Ice cream etc. and 2.1.15 Frozen Dessert Standard in FSS (Food product standards and additives).

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

CIFTI-FICCI request for extension of implementation timeline of Integrated Veterinary Health Certificate for Milk and Milk products

In the submitted representation to the Department of Animal Husbandry and Dairying, on the Office Memorandum dated 31st March 2023 for implementation of Integrated Veterinary Health Certificate (VHC) for Milk and Milk products wherein, the transition time given for implementation was 60 days. This timeline was extremely short and the industry was finding it very difficult to comply.

Also, in VHC under clause II Certification, 2. Sanitary conditions sub-clause a) "The milk has been processed (including destruction of

FMDV3) to make it fit for human consumption as recommended by World Organization for Animal Health (WOAH)" was not present in the old VHC.

FICCI further stated that FBOs have already procured raw materials with old VHC for use in their products over couple of months for export to India. However, these companies were finding it difficult as their suppliers cannot get the new VHC certificate issued retrospectively. Therefore, exporting country governments cannot sign the new health certificate if their suppliers have not declared these conditions earlier. This could potentially impact availability of products in our market and result in shortages and loss of business to FBOs.

In this regard, we requested that the transition time for implementation may be extended to 180 days i.e., up to 30th September 2023 from the date of notification.

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

CIFTI FICCI representation regarding amendment in Soluble coffee powder (Clause 2.10.2:2)

The submitted representation to FSSAI, was in reference to the Food Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011 sub-clause 2.10.2.2 'Soluble Coffee Powder'.

The standard has a quality requirement – It shall conform to the following standards:

"(iii) Caffeine content (on dry basis) m/m shall be Not less than 2.8 percent".

While this condition holds good for Robusta coffee but not for Arabica coffee which is naturally low in caffeine content. We had submitted a data sheet of analysed values which shows that almost 75% of the Arabica coffee samples will fail if a min norm of 2.8% caffeine content is applied. Therefore, it is an extremely risky proposition to manufacture 100% arabica soluble coffee powder. With 100% Arabica soluble coffee powder, the FBOs will be able to add more choice to consumer of coffee. Arabica coffee is known for its high quality, smoother taste and offers more subtle and complex flavours and fewer harsh notes.

Hence, our humble submission was to insert a proviso after (v): "Provided for 100% Arabica, Caffeine content (on dry basis) m/m shall NOT be less than 2.3 percent."

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

Request for inclusion of QR Code along with Barcode/GTIN

The submitted representation to FSSAI, was in reference to Regulation 2 (8) (5) and 4 (10) (3) of Food Safety and Standards (Labelling and Display) Regulations, 2020, which provides exemptions from certain labelling requirements:

"2 (8) (5) and 4 (10) (3): The following labelling requirements are exempted if they are provided in a Barcode/Global Trade Identification Number (GTIN)

a) Address of the brand owner whether or not, he himself is the manufacturer, marketer, packer or bottler, as the case may be,

b) the license number of the manufacturer or marketer or packer or bottler, as the case may be, if different from the brand owner."

Also, Regulation 2 (5) (3) (f):

Nutritional information may additionally be provided in the form of Barcode/Global Trade Identification Number (GTIN).

Bar Code has limited storage capacity compared to QR (Quick Response) code, which limits the Food Business Operator (FBO) in capturing relevant information as per the labelling regulation. Additionally, Barcodes can only be accessed by special barcoding machines which are not available with general consumers.

QR code, being a form of extended Barcode with both horizontal and vertical coding options, can be easily accessed by a smartphone, making it convenient for both consumers and enforcement agencies to read the information provided on a label.

Hence, we requested to include QR code along with Bar Code/GTIN in the Food Safety and Standards (Labelling and Display) Regulations, 2020.

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

FICCI Representation on fatty acid composition of Ghee

The submitted representation to FSSAI, was in reference to the Gazette Notification date 27th December 2021 (uploaded on 31st December 2021) regarding Category 2.1.8 Standard for Milk Fat Products – Ghee (Fatty Acid Composition) wherein, the fatty acid composition implementation comes into effect on 31st December 2023 (attached).

The composition of milk fat is not constant and there is natural variation/fluctuation of fatty acid composition of milk fat is largely driven by the breed of milch animal, Fodder & Feeding strategies, Management of the cattle, Lactation stage, Seasonal and other factors. While industry has attempted to collect samples and analyse them, since this is huge exercise it needs Govt. support.

Hence, we requested to conduct Pan India data collection to assess the natural variation in the milk fatty acid composition. We will be glad to support FSSAI in collecting more data, until then, we requested to keep these parameters in abeyance till the final limit is established basis the data collection.

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

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