1927-2017 FICCI @90



# Presidential Address

## Pankaj R Patel

90th Annual General Meeting

Indian Business in a New India

December 13, 2017 - New Delhi

**Address by Outgoing President FICCI –**

**Shri Pankaj R Patel**

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Good Evening!

It's truly an honour and privilege today to welcome the architect of a vibrant, progressive and New India that is emerging, our Hon'ble Prime Minister Shri Narendra Modi to the 90th AGM of the Federation of Indian Chambers of Commerce and Industry.

On behalf of the Executive Council, the members and staff of FICCI, I'd like to thank our Hon'ble Prime Minister for being here amidst us to mark this occasion.

I'd also like to extend a very warm welcome to the dignitaries on the dais,

- my fellow executive council members
- distinguished guests assembled here and
- my friends from the media

It's a pleasure to have you here on this special occasion.

Prime Minister Sir, we take this opportunity to laud the Government's bold and pathbreaking reform agenda

which has been singled out for special mention and praise from different quarters. The Indian economy, Indian industry, Indian society and institutions like the WB, IMF as well as rating agencies like Moody's and S&P have all recognized the giant leap that our country has taken over the last three years.

In a significant achievement, we jumped up 30 notches into the top 100 rankings on the World Bank's 'Ease of Doing Business' index. This is jump is the highest by any country and crucial for future growth and development. It's a positive affirmation that the all-round and multi-sectoral reform agenda of the Government is yielding results.

Close on the heels of this, the credit rating agency Moody's praised the Government's efforts to broaden the tax base and tackle non-performing loans and said these reforms provide stability and enhance India's high growth potential.

The agency also praised the demonetisation policy, for helping reduce corruption, increase the size of the formal economy and improve tax collection. This is a recognition for India's macro-economic reforms.

The Year 2017 has been a historic one with GST finally coming into force. Not just this, the steps taken to help

business adjust to the new system, the user-feedback system, helping resolve bottlenecks relaxing deadlines for filing returns and cut in tax rate are all indicative of the Government's commitment to involve all stakeholders in its development agenda. Sab ka Saath, Sab Ka Vikas is not just a slogan but is being practiced in reality.

Sir, earlier this year you had given a clarion call of 'India First'. Indeed, this is the passion and spirit with which we need to work. It speaks volumes about the commitment that the Government has shown for the furthering growth and development of the nation. FICCI stands united in this goal for the Nation's progress.

There have been several milestones over the past three years that have revved up the Indian economy and placed us firmly on the path to progress. Let me just enumerate a few of them for a special mention:

1. The stage is all set for the economy to register high growth. Both consumption and exports are picking up and this is expected to take the growth trajectory upwards.
2. Fiscal Deficit target is being treated very seriously.
3. Inflation is under control after several years of being out of control.

4. Our rank in EoDB, as I mentioned earlier, has jumped up by 30 ranks. We are now in the top 100 and will soon be in the top 50 as well.

5. There are several structural transformations like the new role for Niti Ayog, competitive federalism, and the new approach of the 15th Finance Commission for tax devolution and the empowering of states.

6. The States too are powering the reform agenda in a big way.

7. FDI flows show a historic high. It's a confirmation of the attractiveness of India as an investment destination today. We are now the envy of all our neighbours.

8. Brave reforms like GST and Demonetisation have been launched already.

9. The Government is sensitive to issues and solves problems quickly and almost proactively.

10. Internationally we are now recognized universally as a constructive partner for development, cooperation and global peace. How can we forget that India has given the International Yoga day to the world?

11. We see extensive use of technology by government effectively e.g. Adhaar, JAM, GST. We now await the changes in our direct tax laws too.

12. Government has focused on grass root inclusive development. The vulnerable, the needy and deprived have been given practical support on actual issues with meaningful schemes. Our rural India is undergoing a rapid transformation too, and is emerging as new markets for us.

13. Sab ka Vikas – is not tall talk but a reality.

- The Government has addressed systemic issues that have always plagued development schemes. The big shift to a sector-wide approach and uniting similar schemes and bringing in a greater role for states in implementation has resulted in greater efficacy of schemes.
- Bottlenecks in delivery of these have also been addressed with the increased use of technology in monitoring. We have seen the Government using GARV and Swachch Bharat dashboards, fixing accountability with PRAGATI

and reaching out and broadening public interaction with MyGov.

- E-governance and digital interface which is now under one umbrella of Digital India, is powering many of these missions in the implementation mode.

14. Banking sector, Manufacturing sector and Infrastructure are all getting ready to come out of their long term problems with major reforms, better rule-based business environment, expedited large investments respectively to take India on a new journey and renewed economic growth.

15. Strategic sale and privatization of public assets has been a historic high under your able leadership.

16. The youth of India have a new spring in their step with initiatives like Start-Up India, Stand-Up India. The Youth in India have an opportunity to realize their dreams not just as Job Seekers but as Job Creators and Entrepreneurs creating jobs to millions of others.

17. With all these reforms we expect the growth to cross 7% soon but the need of the hour is to grow 9-10% per year for the next 30 years. This is

imperative if we have to engage the poor in development, reduce inequality and most importantly to generate direct and indirect employment at the speed of 20 million jobs per year.

- To go from 7% to 9%+ growth, we need a booming export growth of over 25% per year. China has become a superpower based on the strategy of becoming the manufacturing hub of the world, with a pegged lower currency rate, a low interest rate and developing just 4 major sectors that are now 10 times the size of our total exports. With this stable developmental strategy, China grew over 10% for over 30 years, brought in huge industrial investments, understood global market demands, created large exports, generated an enviable scale of doing big business and lifted 300 million people out of poverty.
- We in India do not have these options of a fixed exchange rate, low interest rate options, so we need to develop and execute our own alternate long term strategy to ensure export growth of

25% per annum and a 10% GDP growth per annum, over the next 30 years. FICCI has submitted an analysis on Export Development to the Ministry of Commerce earlier on developing our Exports.

- As India grows, it must lead to higher manufacturing from India to meet this growth in domestic demand. The current trends show an increasing dependence on imports to meet this growing domestic demand, thereby denying the jobs, industrial growth and economic development of companies in India. This is a matter of serious concern Sir, and it needs a sector based focused strategy for competitiveness and targeted indigenisation of production within the country to meet our own growing domestic demand.
- The future is ours and there is optimism in the air. Recently even the Index of Consumer Expectation in November 2017 showed a historical upswing, coinciding with the positive change in the direction of GVA growth figure in the 2nd quarter of this financial year.

Most importantly Sir, we feel you and your government are in full control and very responsive to the genuine concerns of people and industry, something that we had missed for a long time earlier. It is good to hear the Government speak in one voice today. This voice is clear, unambiguous and free of confusion. The vision is bright and understood by all. The policies are progressive and have created an environment of continuity, stability and overarching purpose.

At the HT Summit you recently said that you might have to pay a heavy political price for the steps that you are taking and that you are ready for it! We are pained that you had to say this and assure you of our support.

All of us share your enthusiasm as you will undertake further much needed long overdue reforms in Land, Labour, Legal- 3L under your guidance. In your Independence Day Address, you had said there is a New India shaping up and this needs a new approach. From a Chaltha Hai attitude to a Badal Saktha Hai mindset! We are committed to this and stand by you as you give shape to a more competitive India.

Prime Minister Sir : India is ready. Lead us on to a US $20 trillion inclusive global economy.

## 2. FICCI Vision 3.0

Sir, the world is going through a major upheaval. The recent amendment in the US tax laws are seeing a shift from a global economy to an internal looking economy with a focus on a territorial taxation regime. This is likely to result in a kind of imbalance in the world trade and will create changes in the way international business takes place. In the new tax regime proposed by the US government, the maximum tax will be 20% and simultaneously any remittances made out of US, even for normal transactions like trade, will attract a tax at the rate of 15 to 20% as per the House or Senate versions. I believe with Brexit, UK is moving towards a different kind of tax regime and we are seeing a similar trend in Singapore. Globally, nations are moving towards a low tax regime and focus on internal economy.

Sir, India under your able leadership has been globalizing rapidly. These steps by major economies like the US and UK can be disruptive for global economic scenario. Sir, we need your guidance and interventions on developing a new path for India amidst such disruptive changes and emerge victorious. FICCI would be happy to partner and

collaborate with the Government to brainstorm and arrive at appropriate solutions for India.

Today, India needs to speak in one voice together. This unified approach will bring in collective strength and encouragement to take the reforms further and deeper.

I assure you Sir, that the industry can be trusted as 'Partners in Development'. This dialogue has to be at a higher level of understanding and engagement to overcome our national growth deficit quickly not only for us but also the next generation of teeming millions in our country.

On FICCI's part, we are redesigning our organisation and the way we will work with our principal stake-holder viz. Industry Members, as well as with all other agencies including Governments, State administrations, Civil Society, Academics and Institutions, Sector Experts, Start Ups and Technology Pioneers; that too not only in India but also abroad. We are focussing on creating a Member Driven organisation and would like to bring in greater accountability to ensure the organisation's continuous relevance.

We need to focus on brilliance and eminence in our leadership approach to create accelerated development and growth.

Sir, I am happy to report to you that we have all agreed in a special meeting for creating our New Vision that will focus on National Development. It would greatly help us if the government steps forward proactively, and reciprocates with trust on the ground. This will indeed be - A New Beginning for us in FICCI, for India.

**3. India Vision 2022**

Sir, you have shared a Vision 2022 for our country and have called for building of a New India. FICCI whole-heartedly supports your vision of a New India which would be built on the four pillars of:

1. Development for All
2. An India Free of Hunger, Illiteracy, Communalism and Fear of Terrorism
3. An India in which Individual Enterprise Can Blossom; and
4. An India that is a Leading Power in the comity of Nations.

At FICCI we have dedicated ourselves to these goals. Our various programmes are aimed at:

(a) Promoting Development

(b) Supporting New Enterprise

(c) Enhancing National Security and

(d) Making Indian business globally competitive.

We are proud to inform you, Sir, that this year we have built productive partnerships between FICCI and the ministries of human resources development, urban development, renewable energy, environment, skill development, science and technology and sports. We are collaborating with ISRO, ICMR and DRDO to facilitate commercial development of Indian technologies.

FICCI participated actively in the Global Entrepreneurship Summit by mobilising women entrepreneurs from across the country. Over 120 women entrepreneurs from within FICCI participated in this Summit.

Mahatma Gandhiji, the original architect of FICCI had once said, "Industry should regard themselves as trustee of the poor". In its 90th year, FICCI has rededicated itself to his ideals and has launched a new initiative to promote Dalit enterprise.

As a New India emerges creating a plethora of opportunities for growth and development, FICCI will continue to lead the way as a voice for policy change. We will continue with our mission to support rapid, inclusive

and sustainable growth that encompasses health, education, livelihood, governance and skill development.

On behalf of all of us present here, I would like to request our Hon'ble Prime Minister Shri Narendra Modiji to accept a small memento which depicts the vision, the initiatives, the actions for social change and the various paths that are going to converge and create a New India which is vibrant and dynamic.

Sir, the stalwart who unified India Shri Sardar Patel had once said and I quote :

*"Faith is of no avail in absence of strength. Faith and strength, both are essential to accomplish any great work." In this mission to create a New India, FICCI assures you of both Faith and Strength.*

Thank you

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## Notes

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