

**Press Statement of Mr. R. V. Kanoria, President, FICCI  
on 'Reforms, The Way Forward'  
September 19, 2012, New Delhi**

FICCI observes with concern the positions taken by various political parties following the recent announcements by the Government. FICCI also notes with concern the calls made for various forms of civil protest including "Bharat Bandh". FICCI urges all parties to reconsider such proposed actions as these will result not only in **national losses which the nation can ill-afford**, but also **directly affect mainly the poorer sections of society and daily wage earners**.

Addressing the media here today, **Mr. R. V. Kanoria, President, FICCI**, said, "We urge the Government to consider proceeding with **much needed deeper reforms**, as the steps taken in the past week **have signaled just a start to a comprehensive reforms process**. FICCI understands the burden placed on the common citizen and on businesses, due to the decision of addressing subsidies, but believes that some **short term pain will be necessary for long term gain**."

He said, FICCI believes that proactive investment measures are **essentially in the greater interest of our nation and consumers as opposed to narrow benefit of any industry section**. FICCI believes these will go a long way in increasing production, providing economic benefits to both farm producers as well as consumers, and reducing wastage of precious produce.

More importantly, he said, it will open many new avenues for **creation of employment for our expanding young work force**. Apprehensions of FDI leading to a deluge of imports are effectively defeated by recognizing that imports are freely possible even today. Implementation of FDI has been left to State Governments and therefore should not require a national agitation.

**Even in June 2012**, FICCI had suggested an action agenda.

- FICCI had noted that when faced with adversity our nation has risen to the occasion. Be it 1991, 1997 or 2008, the country was ruled by coalition governments which took tough decisions **in the interest of the country**.
- We **urge the national polity to stand united** and strengthen the hands of policy makers to act proactively and decisively.
- FICCI highlighted **deterioration in the state of public finances**. It is difficult to imagine that with a weak fiscal position we can drive growth, which is **essential for social cohesion**.
- The **all important objective is of creating jobs** and meaningful employment opportunities for the millions who join the work force every year in India. Our requirements are so huge that **we need to evaluate all policy decisions in the light of this single overarching objective**.
- FICCI had pointed out the need to **channelize subsidies efficiently** to those who truly deserve it and suggested that new schemes be avoided until efficient transfer mechanisms are put in place.
- FICCI viewed **FDI in retail** as having the potential to create farm linkages and supply chains for the benefit of agriculture and ultimately that of the economy as a whole. **FDI in aviation** should not be viewed in any narrow sense of but rather as a step which will help **preserve and expand a critical national infrastructure** and one which can **both safeguard and provide many jobs going forward** for an educated young section of society.

- On **Diesel pricing** FICCI had pointed out that India was encouraging an automobile industry as well as increasing oil imports, **largely based on subsidy**.
- There is a need to **bring down lending rates** which at present levels are dampening investment.

FICCI also believes that **policy initiatives without reforming administration** and doing away with many bureaucratic layers and hurdles **will not yield the final desired results**. Procedural reforms are essential to send a signal to both domestic and global investors that there is certainty of policy and that their investments won't hit a wall suddenly. There is a **critical need** to kick-start the overall process by immediately addressing (i) the current **unproductive negative environment** which is discouraging decision making and (ii) the absolutely **essential issues including those pertaining to land, environmental clearances and present/future power availability**.

**FICCI's objective in making its suggestions has consistently been to bring growth back to at least 9% levels besides improving the health of the economy on a long term basis. We have miles to go.**

To act in the greater interest of common people and generate sufficient employment opportunities for all remains the basic aim for our country and **we urge our entire polity to stand united behind what are widely seen as positive measures which will benefit the grassroots**.

Mr. Kanoria said, "Despite a general atmosphere of disappointment as far as fresh investments are concerned, FICCI believes there are **multiple evidences to demonstrate that India has been moving ahead in many ways**. The gain is no longer limited to in large urban centers, but has permeated to the "small village India" that has been an important driver of consumption led growth, particularly for consumer goods. This is quite different from what we have witnessed in the last half a century or more and speaks well of both farming margins in broad terms as well as the result of policy steps taken to stimulate rural growth."

In this context we return to the imperative need to revive the investment story to create capacities for the future, without which neither growth nor consumption aspirations of the largest part of our population will be addressed. **If we satisfactorily address the aspirations of rural India then already we would have delivered for 70-75% of India.**