

- **COMMENTS ON WPI INFLATION NUMBERS – MARCH 2014**

The WPI numbers released indicate inflation inching up to 5.7 per cent in March 2014. A sizable jump is seen in the inflation rate for fruits and vegetables. This coupled with the fact that we could witness some disruption in the progress and spread of monsoon going ahead again highlight the importance of tackling supply side issues on a priority basis. Tackling food inflation should be the top priority for the incoming government. Unless this critical economic variable is brought under control, we could see a lasting impact on the overall growth scenario.

Straightening the kinks on the supply side and improving overall agri-productivity are the real solutions to food inflation. The central bank must take a more nuanced stand on its reading of the growth inflation dynamics as we are fast losing ground with regard to performance of the industrial sector. Latest IIP numbers show a decline of 3.7 per cent in manufacturing in February 2014. Along with growth of the industrial economy, we also have on stake sufficient employment generation.

- **COMMENTS ON RBI MONETARY POLICY REVIEW**

The Reserve Bank maintained status quo on key policy rates in its first bi-monthly monetary policy announcement. FICCI feels tweaking policy rates downwards would help lift business sentiments. Industrial growth remains sluggish. The improvement in January IIP numbers is meager and there are no clear signs of growth bottoming out. Going ahead, it will be vital to strengthen the sync between government actions and RBI policy. FICCI feel relying primarily on monetary policy for inflation management may not be a comprehensive approach. There are administrative fixes and fiscal measures that need to be adopted. This is all the more important because the inflation problem that confronts us is largely the result of supply side factors. Also, there has been an evident shift towards consumptive expenditure from investment expenditure and we need to amend this on a priority basis.

In addition, in the recently conducted FICCI's Economic Outlook Survey a view emerged that basing the monetary policy on a single variable (like Consumer Price Index) may not be the right approach. We might be ignoring important warning signals from other variables that are as important to maintain stability and these have to be given due cognizance.

- **EVENING TRADING IN AGRICOMMODITIES WELCOMED**

Since commodities are traded globally, FICCI believes this is a step in the right direction to improve the linkages of the Indian commodity exchanges with global markets. Domestic participants have been unable to hedge their price risk associated with international price movements adequately in certain agri commodities during the evening hours. Any significant movement in the international markets

during this period caused significant gap on the domestic exchanges the following day thereby making the hedge ineffective for the trade participants. The new directive irons out this inefficiency with evening trade being allowed for soya oil, soya meal, crude palm oil, RBD palmolein, cotton, kapas, cottonseed oilcake, cotton seed, sugar and maize. Evening trading on domestic exchanges will facilitate more efficient alignment of the domestic prices with the international prices, thereby greatly reducing the basis risk currently faced by the domestic industry. FICCI welcomes the move as this will help farmers, traders and processors. The move will also help in restricting the parallel (illegal) trade that reportedly took place once the domestic market closed for the day.

- **NEED TO SPREAD IP AWARENESS TO BOOST DOMESTIC FILING OF APPLICATIONS**

In the recently amended Patent Rules, DIPP, Ministry of Commerce and Industry has given substantial concessions in all types of patent fees to small entities. Online filing of all forms in patents and trademarks has been introduced which will facilitate the users of the system to file their applications directly to the IP offices by using facilities which in the long run will save their time, money and efforts. FICCI is of the opinion that India has a climate conducive for innovation and an IP compliant regime can encourage more innovations.

- **INDIAN IP LAW IS TRIPS COMPLIANT AND MORE: INDIAN COPYRIGHT LAW IS ONE OF THE STRONGEST AND BEST IN THE WORLD**

FICCI in its response to Hearing Testimony of India before USTR had strongly asserted that India has a well-established legislative, administrative and judicial framework to safeguard IPRs which meets its obligations under TRIPS, and has withheld the test of severe international scrutiny. We are glad to note that India has not been given the Priority Country status as this could have had serious ramification on economic, political and trade sanctions.

Indian IP law is TRIPS Compliant and more. Indian copyright law is one of the strongest and best in the world. India protected computer programs by copyright much earlier than the US. Indian Copyright Act 2012 Indian law in full conformity with international treaties of WIPO. Recent upgradation of the Intellectual Property Offices in accordance with the international standards has been one of the significant steps taken by the Indian Government to make it more service oriented and user friendly. With effect from October 15th, 2014, Intellectual Property Office has also started functioning as International Search Authority (ISA) and International Preliminary Examining Authority under PCT.

India has been active advocate of the policies and strategies of the UN Framework Convention on Climate Change (UNFCCC), WTO and WIPO. India has engaged constructively with these organizations, exploring solutions to intricate problems and to build a consensus.

- **FICCI WRITES TO CHIEF ELECTION COMMISSIONER ON ENVIRONMENT & FOREST CLEARANCE PROCESS**

FICCI has requested Election Commission of India to issue clarification to Ministry of Environment & Forests on the continuation of the grant of environment and forest clearances for projects while the

Model Code of Conduct is in place. FICCI stated that ever since the Model Code of Conduct (MCC) has been implemented from 5th March 2014, we are given to understand that Ministry of Environment & Forest has kept these permissions for the projects in abeyance pending opinion about the on-going clearance process under different statutes. This is further delaying the implementation of these projects and affecting the viability as it has taken many months for these projects to reach at this stage of clearance. All these clearances are ongoing regulatory activities of Ministry of Environment and Forests and should be allowed to be granted.

- **INCREDIBLE INDIA TOURSIM BAZAAR**

The India Tourism Bazaar held in April highlighted several policy initiatives which were welcomed by the industry. The electronic travel authorization to visit India and tourism infoline in 12 languages becomes operational in about a year. The relaxed visa regime and expanded the Visa-on-Arrival (VoA) scheme are facilitative measures that will attract more foreign tourists to India. The Government launched the VoA scheme in January 2010 for citizens of five countries, viz. Finland, Japan, Luxembourg, New Zealand and Singapore, visiting India for tourism purposes. The scheme was extended to the citizens of six more countries, namely Cambodia, Indonesia, Vietnam, the Philippines, Laos and Myanmar in January 2011.

FICCI looks forward to more such travel facilitating decisions in the coming months. A Knowledge Paper by FICCI and Roots Research on 'India Inbound –The Kaleidoscopic Canvas' was released.

The knowledge paper highlights 10 key areas for policy intervention to promote foreign tourist arrivals. These are:

1. Promotion of India as a Destination
2. Community Support
3. Secure & Safe Environment
4. Upgradation of Skills
5. Know your Customer
6. Up Selling & Cross Selling.
7. Technology as an Enabler
8. Treating Tourism as Market Offer
9. New Policy Initiatives
10. Infrastructure Upgradation

- **NEED TO DEFINE RULES AND POLICIES GOVERNING MSMEs**

FICCI CMSME is of the view that it is imperative to work towards removing the bottlenecks inhibiting the growth of MSMEs so as to enable the sector to respond effectively to challenges. This in turn required reliable partners who could provide these enterprises with requisite help in scaling up their business and making them competitive for entry into the global value chain. FICCI has also urged for a 'facilitating' ecosystem to foster MSME growth & help MSME register as well as procure finance & upgrade technologies. FICCI CMSME is also working with MSME's and cluster to address issues of organization of MSMEs, uptake of government schemes and enabling greater ease of business for MSME's.

- **EUROPE UNION (EU) BAN ON FRUITS AND VEGETABLE IMPORT FROM INDIA IS UNFORTUNATE**

The ban imposed by Europe Union (EU) on import of select fruits and vegetables from India is an unfortunate development. The way it has happened leaves open the question if this is the only measure or some more could be expected. This move would have a bearing on the farmers and exporters from India as well as impact trade and consumers in UK and other countries in the EU. The entire ecosystem for exports in India is well geared to meet the quality and safety requirements of countries across the world. Our farmers, packers and exporters supply agri-commodities to different countries. There may have been a few isolated cases in the past, but the way to deal with such a situation is through a discussion. We would have arrived at a constructive solution. What we have got now is a punitive solution that does not bode well for the larger economic relations between the two sides.

- **BUSINESS-FRIENDLY, CORRUPTION-FREE GEORGIA INVITES INDIAN INVESTMENT**

The current trade between India and Georgia is only US \$ 182 million, India's economic engagement with Georgia has increased substantially in the last few years. The key policy input from FICCI is that there is a huge potential for Indian companies to strengthen business ties with Georgia in sectors like agriculture, IT, hydropower, pharmaceuticals, healthcare and tourism. There is scope for investment in power projects, hydrocarbons, transport infrastructure, agricultural machinery and appliances such as tractors, etc. The potential is also being seen in that Georgia is a member of WTO, follows liberal trade policies, ranks very high in World Bank's "Doing Business " index and is an important transit point connecting and these would act as a strong facilitation for businesses keen to enter Georgia.

- **KEEN ANTICIPATION TO TAKE FORWARD THE INDO-US STRATEGIC PARTNERSHIP**

In the shadow of current challenges in India-US relations, FICCI urged business leaders from both sides to look at opportunities beyond infrastructure and IT, driven by genuine interest in each other's economy. In the backdrop of the Indian elections and a new Indian government by June, there is a keen anticipation to take forward the Indo-US strategic partnership, which seems to be somehow gone to a zone of discomfort..

Both Indian and American industry needs to look beyond the temporary irritants in our engagement and continue to gain from each other's strengths through business to business and people to people connects. We now need to look beyond traditional cooperation in infrastructure and IT and highlighted 3 more sectors viz., defense, Skills development & higher education and energy, going forward.

- **BOAO FORUM FOR ASIA 2014 (BFA)**

FICCI is one of the founding members of the BFA. The Forum seeks to achieve a consensus of thinking among leaders from political, business and academic circles, and identify the entry points and new ideas for the new round of reforms, on the basis of building a consensus on reform. FICCI and BOAO Forum for Asia have agreed in principle to jointly organize a conference in India to serve as an interactive and

engaging platform for public private dialogue with a focus on seeking sustainable sources of growth, multilateral partnerships, to build investments in long-term infrastructure and trade.

- **RE-ENERGISE TRADE AND INVESTMENT RELATIONS BETWEEN INDIA AND CENTRAL EUROPEAN ECONOMIES**

The main policy input from FICCI is the creation of a platform to initiate fresh dialogue on commonalities and synchronization of economic agenda, sectoral cooperation and business-to-business engagement between Central European companies and their Indian counterparts. The important focus areas in which CE countries can support India's cause are infrastructure development, assured power to its rapidly expanding industrial base and small and medium enterprises.

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