

# VOICE OF FICCI

## SHAPING THE AGENDA

January 2019



### From the Secretary General

I would like to wish all our esteemed readers and stakeholders a very Happy New Year.

In December, we held our 91st AGM on the theme of Building a New India. It was two days of vibrant and promising deliberations and discussions with opinion makers and leaders. We also elected our new Presidium: Sandip Somany as President, Sangita Reddy as Senior Vice President and Uday Shankar as Vice President.

We applaud and welcome the appointment of Shaktikanta Das as the new RBI Governor.

We also appreciate the decision of the GST Council in understanding the concerns of the industry and extending the due date for filing GST annual return and GST audit to 30 June 2019. This would provide a big relief to the businesses and strengthen compliance.

At the same time, we also feel there is an urgent need to improve the credit flow to the real economy. The GDP growth is already showing signs of slowing down. With crude oil prices down, we need to take further measures for the revival of animal spirits in the economy and give more momentum to it.

This and more in this issue, as we look to a fulfilling year ahead.

Dilip Chenoy



### FICCI WELCOMES GST RATE REDUCTION ROADMAP

FICCI welcomes the reduction of GST rates on 23 items by the GST Council and taking the landmark reform to the next level by indicating that the 28 per cent bracket is already moving towards a sunset. With a reduction in the rates on more items in the offing in the next meeting of the GST Council and the indication that the remaining issues pertaining to GST application and administration will be resolved speedily, the tax reform is set to yield larger gains for the economy.

The GST Council has followed a pragmatic policy by bringing down the rates gradually taking into consideration the revenue realisation and affordability and this will stabilise and strengthen GST further. The government has been proactively engaging with various sectors and going forward the council would continue to address issues.

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The constitution of the committee for extension of the composition scheme to small service providers for proposing rate of tax and threshold limit is also a step in the right direction. Reduction in the rate of GST on movie tickets was a long-pending recommendation by FICCI, which is very welcome and would benefit the film industry. The GST rate of 5 per cent prescribed for solar power generating plants and other renewable energy plants would put the litigation to rest surrounding this issue.

23 December 2018



### NEW PROVISIONS FOR INDIAN SKILLED WORKERS IN THE UK IMMIGRATION WHITEPAPER PRAGMATIC: FICCI

*FICCI welcomes the new provisions of the UK Immigration Whitepaper on inviting skilled workforce into the country.*

*'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.*

Terming the new provisions as 'pragmatic', FICCI says that at a time when the UK Government is working overtime to cushion the impact of Brexit, the document, which is expected to be implemented in letter and spirit by 2021, would immeasurably benefit the Indian companies and employees doing business in the country. The new system, when implemented, is going to be equitable and fast while providing level-playing field to EU and non-EU citizens seeking top-end assignments and skilled jobs in the UK.

21 December 2018



### EMBASSY OF JAPAN AND FICCI ESTABLISH INDIA-JAPAN FRIENDSHIP FORUM

*FICCI and the Embassy of Japan in India launched the India-Japan Friendship Forum (IJFF). It is an honour for FICCI to join hands with the Embassy of Japan for this great initiative.*

India and Japan relationship attained a new level in recent times with strong initiatives by both the governments. While business-to-business certainly assumes centre stage, people-to-people connect has also gained momentum, augmenting the strategic partnership and making it more vibrant and dynamic. The aim of IJFF is to further deepen engagements on art, culture, knowledge, and tourism. IJFF would serve as an umbrella organisation to foster exchange of people and ideas.

20 December 2018



### TURKEY HOPEFUL OF FTA WITH INDIA

Commerce & Industry and Civil Aviation Minister, Suresh Prabhu, said that India was striving hard to resolve all pending issues relating to trade before his planned visit to Turkey along with a business delegation in February 2019.

*FICCI would work closely with the governments of both countries to remove the hurdles in the way of two-way trade. Prabhu suggested the setting up of Indian industrial parks in Turkey for export-led industries seeking to access the European markets. Indian and Turkish companies were vying for the same contracts, particularly in Africa.*

18 December 2018



### COST-EFFECTIVE, CONTENT-SENSITIVE UNIVERSAL EDUCATION VITAL IN SCHOOLS OF THE FUTURE

FICCI Alliance for Re-Imagining School Education (FICCI-ARISE), in collaboration with Shardul Amarchand Mangaldas & Co., has prepared the Model Code for states for regulating the establishment and operation of new schools and recognising the existing ones as self-financed independent schools. The Model Code lays down the framework for independent schools to practice utmost levels of transparency and governance through self-regulation and accountability. Equity, Quality, Excellence and Partnerships are the four pillars of this code. The code prescribes a balanced framework that provides adequate autonomy to self-financed independent schools to excel and renders adequate power to the state to regulate them.

*FICCI calls for a learner-centric school education system. The need is for increased public spending in school education and mechanisms that incentivise the private sector in delivering quality education.*

17 December 2018



### CEOS' DISCUSS STRATEGY FOR BUILDING A NEW INDIA AT THE 91ST FICCI AGM

Sangita Reddy, Vice President, FICCI and Joint Managing Director, Apollo Hospitals Group, said that the future of healthcare will be determined by 3Bs: Biology (role of genetics), Bytes (processing and computing ability and Artificial Intelligence) and Bandwidth (connectivity).

She was addressing the 91st Annual General Meeting of FICCI during the CEOs' Panel Discussion. She also said that healthcare, the world's largest sector in terms of the total spend, is going to see a lot of transformation in times to come. India spends 5 per cent of its GDP on healthcare taking public and private spend together. Private sector is primarily the driver of healthcare sector, contributing 80 per cent to advanced care and 20 per cent to secondary care. Also, health is the second largest reason for rural distress and indebtedness. She concluded by saying that India can become an epicentre of healthcare by providing value care at one-tenth of the cost in the developed world.

Moderating the session Ajay Chhibber, Chief Economic Advisor, FICCI, said that health, energy and infrastructure were the key to building a New India. He emphasized on building India as an economic superpower with prosperity and happiness leading to more competitiveness.

15 December 2018



### INDIAN FOOD SERVICE INDUSTRY TO REACH RS 5,52,000 CRORE BY 2022 WITH A 10 PER CENT GROWTH

Industry leaders of the Indian Food Service Retail sector predict an upcoming golden decade of growth in the industry driven by the changing consumer behaviour and influx of technologies within the business.

*FICCI says that the Indian food service industry is at the cusp of a massive growth.* The changing landscape of the food service retail industry is largely driven by the changing consumer behaviour which can lead the sector towards a sustained double-digit growth over a decade. There is a huge consumer market, changing consumer habits, increase in disposable income, and as the industry has evolved, it has become bigger and better.

12 December 2018



### FICCI WELCOMES APPOINTMENT OF SHAKTIKANTA DAS AS RBI GOVERNOR

*FICCI welcomes the appointment of former Economic Affairs Secretary and current member of the Finance Commission, Shaktikanta Das, as the RBI Governor.* The government has done well by appointing an economic administrator and manager of his eminence, stature and wide-ranging capabilities to guide RBI and Indian economy at this crucial juncture.

Das has a 360-degree understanding of the financial issues facing the Indian economy and he also understands global issues due to his involvement with G20. The wide-ranging experience in handling the economic matters will certainly help Das in dealing with the critical issues facing the economy. We need to bring down the real interest rates, improve liquidity and promote growth and employment. Improving credit flow to the real economy, especially in sectors like MSME and housing is critical at this juncture.

11 December 2018



### INDUSTRIAL POLICY TO FOCUS ON SCALING UP INDIAN MANUFACTURING ON TECHNOLOGY LADDER

Anand Singh Bhal, Principal Economic Advisor, DIPP, says that the New Industrial Policy, will be announced soon and will address the challenges faced by the manufacturing sector encompassing adoption of standards and quality control to impart competitiveness and take Indian manufacturing to the next level of technology to make the country's industrial base strong.

Speaking at the 'India-Korea Technology & Education Exchange Forum', organised by FICCI jointly with Korea India Business Centre (KIBC) and Korea Productivity Center (KPC), Bhal said that India has moved from an agrarian economy to service dominated one. The manufacturing sector has lagged and the time is opportune to give primacy to this sector. 'India is not a very strong manufacturing nation and only contributes to 16 per cent of our GDP which is not very good,' he added.

*FICCI says that while India and Korea have strong business relations, it is also time to combine the human capital to make it much stronger, especially in the education sector as human capital resource will play an important role in the future.*

6 December 2018



### PUBLISHERS TO MANAGE BOOK PRODUCTION, NOT REGULATE CONTENT

*FICCI says that with the literacy rate at 74 per cent, India has more than 900 million readers permeating the whole gamut of languages and regions with disparate reading needs and aspirations.* This has opened up a wide opportunity for the publishing industry in India for content creation and dissemination. The print and digital publishing will both have to complement one another to meet the objectives of books and reading material for all.

There is a need for all segments of the publishing industry to come together in an organised manner and recognise the value of content creation. Leveraging of technology to create value for the readers in local languages in view of the fact that the medium of instruction at the primary school level is largely in local languages.

The publishers do not want to be gatekeepers but seek a role for themselves as facilitators. Language is not a barrier any more. This is evidenced by comments in local languages from conversations in the social media.

6 December 2018



## FICCI CALLS FOR IMPROVEMENT IN CREDIT FLOW TO BOOST GDP GROWTH

The recent measures taken by the RBI have improved the liquidity situation, but the credit flow is still tight. While easing liquidity further will definitely help credit, more complementary steps are required to improve credit delivery.

*There is an urgent need to improve the credit flow to the real economy. The GDP growth is already showing signs of slowing down. With crude oil prices down, we need to take further measures for the revival of animal spirits in the economy and give more momentum to it, says FICCI.*

Credit availability will certainly give more confidence. The RBI should cut CRR (Cash Reserve Ratio) and interest rate, and release more liquidity, along with other supporting measures like reduction in the risk weightage for MSMEs and affordable housing loans to enhance credit flow. FICCI's assessment shows that the flow of funds to the industry, especially MSMEs, construction, real estate and the housing sector, has been adversely affected by the cost of credit going up. The borrowing rates for companies through instruments such as short-term commercial paper also continue to remain high.

5 December 2018



## GOVERNMENT COMMITTED TO PROVIDING QUALITY HEALTHCARE: SURESH PRABHU

Suresh Prabhu, Minister of Commerce and Industry, Government of India, says that the government is committed to providing quality healthcare within the country and outside by promoting the service sector.

*India is unparalleled in delivering quality medical care at one-tenth of the global cost and aims to transform this sector so that India becomes an epicentre of Medical Value Travel. FICCI will continue to work on better facilities, translation, food, and outstanding medical services for foreign patients. Our doors are open, our hearts are open, and our facilities are on par with the best, says FICCI.*

India has more than 1600 NABH accredited facilities, and 32 JCI accredited hospitals. Cost is not the only differentiator for India when it comes to medical value travel, the country is also known for its talent.

Advantage Health Care India – 2018 had aimed to present India as the most preferred healthcare destination for patients from across the globe. The idea behind

the summit was to provide an opportunity for India to showcase its immense pool of medical capabilities as well as help develop opportunities for healthcare collaborations between the participating countries.

4 December 2018



## A ROBUST CONSUMER GRIEVANCE REDRESSAL MECHANISM FOR DIRECT SELLING SECTOR IS NEEDED

Anil Bahuguna, Joint Secretary, Department of Consumer Affairs, Ministry of Consumer Affairs, Food & Public Distribution, Government of India stressed upon the need for the companies in the Direct Selling business to set-up a more robust and sound consumer grievance redressal mechanism to gain consumer confidence.

*FICCI Direct Selling Sector provides a platform to bring together industry and government to deliberate on issues pertaining to Direct Selling industry. Implementation of Direct Selling guidelines in all the states is one such issue.*

3 December 2018



## INDIA MUST PLAY A LEADING ROLE IN REFORMING WTO

The encouraging signals from the US President Donald Trump and Chinese President Xi Jinping's meeting in Argentina have already initiated the process that, in all probability, will succeed in defusing the impending global trade war which threatens to impact world trade in a major way.

*The very fact that no additional tariffs will be imposed by the US and both the sides will engage in negotiations, is a big relief for other trading nations, including India. Also, with the G20 nations agreeing for the required reforms in the multilateral trading platform, WTO; India's role in this exercise will be critical in bringing together all the countries to the discussion table for finding a workable solution, says FICCI. As the country, will be hosting the G20 summit in 2022, it can play an important role in helping the positive results of the Argentina meeting deliver concrete results, going ahead.*

3 December 2018

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