Economy Watch

October 2015
Issue 8

Inside this issue

This newsletter is prepared by the Economic Affairs & Research Division, FICCI

State of the Economy

In the first half of current fiscal year economy remained on the recovery course. Even though in terms of pure macroeconomic numbers there have been mixed signals and the pace of recovery remained gradual; but an overall sense of optimism remained intact with the Government sticking to its broad reform agenda.

Gross Domestic Product (GDP)

So far, GDP data for the first quarter of 2015-16 has been reported and the growth numbers indicated some moderation vis-à-vis the quarter 4 numbers of 2014-15. GDP growth was reported at 7.0 percent in quarter 1 of the current fiscal year, while the corresponding growth in quarter 4 of 2014-15 was 7.5 percent and in quarter 1 of 2014-15 was 6.7 percent.

Further, a sector wise breakup of the GVA numbers reported an improved performance in agriculture and industry segments in quarter 1 of 2015-16 when compared to the previous quarter numbers; while the services sector indicated a slight moderation in growth.

Going ahead, an uptick in growth can be expected as recovery in the industrial sector is picking up and there have been signs of revival in the capital and consumer goods (durables) segment.

While the quarter 2 GDP numbers are scheduled to be announced end of November 2015, the latest round of FICCI's Economic Outlook Survey had put the median forecast for quarter 2 GDP growth at 7.3 percent with a minimum and maximum range of 7.2 percent and 7.5 percent respectively.

Index of Industrial Production

The index of industrial production, which is one of the key indicators to gauge industrial activity in India, reported a thirty four month high growth of 6.4 percent in August 2015.

The increase came at the back of a broad based recovery with all the

Table 1: Gross Domestic Product: (% Growth)

Quarter ended	GDP at market prices	GVA at basic prices	Agriculture, forestry and fishing	Industry	Services
Jun-14	6.7	7.4	2.6	7.7	8.7
Sep-14	8.4	8.4	2.1	7.6	10.4
Dec-14	6.6	6.8	-1.1	3.6	12.6
Mar-15	7.5	6.2	-1.4	5.6	9.2
Jun-15	7.0	7.1	1.9	6.5	8.9

Source: CMIE

three major segments (mining, manufacturing, electricity) as per the economic activity wise classification registering an improved performance.

Table 2:Index of Industrial Production: (% Growth)

	Aug-14	Apr-15	May-15	Jun-15	Jul-15	Aug-15
By economic activity						
IIP	0.5	3.0	2.5	4.4	4.1	6.4
Mining & quarrying	1.2	-0.6	2.1	-0.5	1.0	3.8
Manufacturing	-1.1	3.9	2.1	5.4	4.6	6.9
Electricity	12.9	-0.5	6.0	1.3	3.5	5.6
By usage						
Basic goods	9.0	2.6	6.2	5.3	5.0	3.4
Capital goods	-10.0	5.5	3.0	-2.1	10.6	21.9
Intermediate goods	-0.1	2.3	1.2	1.1	1.7	2.6
Total Consumer goods	-6.2	2.8	-2.2	7.7	0.9	6.8
Consumer durables	-15.0	1.3	-3.9	17.4	10.3	17.0
Consumer non-durables	0.4	3.8	-1.0	2.2	-4.6	0.4

Source: CMIE

On a cumulative basis, IIP recorded a growth of 4.1 percent over the period April-August 2015, vis-à-vis 3.0 percent growth reported in the corresponding period previous year.

As per the use based classification of industrial production, capital goods and consumer durables continued to remain on the recovery course. The capital goods and consumer durables segment witnessed a growth of 21.9 percent and 17.0 percent respectively in August 2015. This is the second consecutive month of double digit growth noted in the capital goods segment. Nonetheless, domestic private investments needs to be firmed up. Both the Reserve Bank of India and the Government have been closely following the situation. The Reserve Bank of India undertaking 50 bps cut in the repo rate in the latest monetary policy announced on September 29, 2015 was a welcome step. Following this, the immediate decision to revise down base rates by several banks has come as a shot in the arm for members of India Inc.

Table 3: Revived Investments-Private and Government (Quarterly)

Project cost (Rs. Million)	Mar-15	Jun-15	Sep-15
Government	52,264.20	117,599.50	86,107.50
Central Government	6,673.70	42,400.00	80,875.80
State Government	45,590.50	56,849.50	2,606.20
Private Sector	88,722.80	58,617.10	34,109.00

Source: CMIE

Inflation

Both wholesale and retail based inflation rate have softened noticeably. The WPI based inflation has been in the negative terrain for eleven months now and was reported at (-) 3.4 percent over the period April-September 2015, vis-à-vis 4.8 percent inflation rate in the same period last year. The CPI based inflation rate was reported at 4.5 percent during April-September 2015, vis-à-vis 7.3 percent in April-September 2014. The fall in prices has been noted across key segments. The global commodity prices have remained subdued for some time now and the demand conditions have been persistently subdued.

Though food prices have remained within range so far; prices of pulses and edible oil have edged up exerting pressure on the overall inflation. The government has been undertaking measures to check the rise in prices. About 80,000 tonnes of pulses have been seized from hoarders across states and the Government has also lined up imports of pulses. Already 5000 tonnes of tur dal has been imported by the Indian Government. India is the world's biggest consumers of pulses but somehow our production levels have remained stagnant over the years. It is imperative that the overall agri-productivity levels see an improvement so that we are cushioned from such seasonal exigencies.

Foreign Trade

The situation on external front remains a primary concern. Both exports and imports have registered negative growth for ten consecutive months.

Exports contracted by (-) 17.7 percent over the cumulative period April-September 2015, relative to 4.8 percent growth witnessed over the same period last year.

Imports, on the other, declined by (-) 14.2 percent growth in April-September 2015, while registering a growth of 2.1 percent over the period April-September 2014. Both oil and non-oil imports plummeted in the month of September 2015 by 54.5 percent and 10.7 percent respectively. Commodity prices remain subdued and the same is reflected in our muted import value. Gold imports declined by (-) 45.6 percent, iron and steel by (-) 9.2 percent and coal, coke and briquettes by (-) 35.6 percent during September 2015.

Way Ahead

The prognosis for the second half of the fiscal year is somewhat neutral in the sense that the current pace of recovery is likely to be maintained. There is some expectation of a pickup in investment activity in the second half of the year. The various announcements that have come forth as part of the 'Make in India' initiative are expected to materialize going ahead. This would lend some strength to domestic manufacturing. Also, India's position vis-à-vis other major emerging markets remains solid.

Table 4: India's Attractiveness as Investment Destination

Report	
Financial Times, September 2015	"At $31 billion, the country is the top destination for greenfield investments in the six months ended 30 June, having attracted about $3 billion more than second-ranked China and $4 billion more than the US at No. 3."
India Attractiveness Survey 2015, Ernst Young October 2015	"India has emerged as the number one FDI destination in the world during the first half of 2015. With FDI capital inflows of US$30.8b, India has outpaced all other economies, moving up to the premier position from being in the fifth spot during the corresponding period of the previous year".
Nielsen November 2015	"India was ranked at top position in the global consumer confidence index in the third quarter of the year 2015. United States was ranked at position 2 and was followed by Philippines and Indonesia".

Source: Various press articles

The World Bank Ease of Doing Business Report 2016 released recently indicated an improvement in India's overall rank by twelve places (India is positioned at 130 among 189 countries). Further, in the latest Global Competitiveness Report, 2015-16, World Economic Forum, India was ranked at a position of 55 among 140 countries. This marked an improvement by 16 positions from the rank in 2014 and ended five consecutive years of fall in India's position. This is positive news and is in line with other latest surveys citing India as the most promising investment destination.

Most of the reforms announced last year are underway. And the initiatives announced this year – including the 'Startup India Stand up India' program and Indradhanush (comprehensive banking sector reforms) - showcase Government's commitment to address key gap areas.

The pressure on inflation emanating from the food segment can persist in the second half of the year, but price levels are expected to remain in line with trajectory indicated by the Reserve Bank.

What could possibly come as a dampener is the US Federal Reserve's undoing its accommodative stance on monetary policy. In the last meeting on October 28, 2015, there were indications of an expected rate hike in December this year.

The increase in interest rates by US Fed if undertaken can lead to volatility in financial and currency markets. Also, global growth situation remains muted and thus exports are expected to remain frail over the near term.

Nevertheless, India's fundamentals remain strong. Some aberrations due to changing global conditions can arise going ahead but further efforts towards strengthening domestic demand and industry will allow us to tide over the situation.

Life Insurance: A Consumers' Perspective

FICCI and Canara HSBC Oriental Bank of Commerce Life Insurance Company released a consumer survey based report - Life Insurance: A Consumers' Perspective on 30 September, 2015. Given below are the key excerpts from the report.

The Insurance Industry in India has entered an interesting phase with the passage of the Insurance (Amendment) Bill, 2015 earlier this year that paved the way for higher foreign investment in the sector to 49 percent. This has brought much cheer to the industry. Foreign partners of some of the Indian insurance companies have already shown interest in raising their stake from present 26 percent to 49 percent, and many such announcements are likely to be made in the due course of time.

The Indian insurance industry, particularly the life insurance segment, holds enormous growth opportunities. About 80% of India's population is still to be covered by life insurance, reflecting the huge potential that remains untapped.

Both life insurance penetration (ratio of premium underwritten in a given year to gross domestic product) and density levels (per capita premium) in the country have improved over the years but they continue to remain much below the world average. India's life insurance penetration and density levels stand at 2.6% and US$ 44 respectively as compared to world average of 3.4% and US$ 368.

Life insurance is an important financial instrument that provides not only a means of systematic long term savings to people but also offers protection cover to the family members of the insured at the time of his/her untimely death. Hence, this should ideally form a part of every individual's financial portfolio. However, the fact remains that in India, life insurance products often have to be sold and are essentially termed as a 'push product' rather than a 'pull product'.

More worrisome is the fact that the scenario has remained largely unchanged in spite of the industry making continuous efforts towards enhancing awareness about this vital asset. This necessitates an analysis of the underlying factors which have held back the popularity of this essential and critical asset.

To understand better the overall perception of individuals towards life insurance and the robustness of the existing processes, Federation of Indian Chambers of Commerce and Industry (FICCI) and Canara HSBC Oriental Bank of Commerce Life Insurance Company conducted a pan-India survey during April to June 2015 covering more than 5000 people, including 4488 policyholders of which around 60% were Bancassurance customers, and about 650 non-policyholders.

The survey findings highlight that people in India recognise the importance of life insurance as a financial asset. About 85% of the policyholders shared this view and cited two key reasons for purchase of life insurance. Firstly as a savings instrument to take care of future needs (three fourth of the policyholders have chosen this reason) and secondly for the security that life insurance provides (64%).

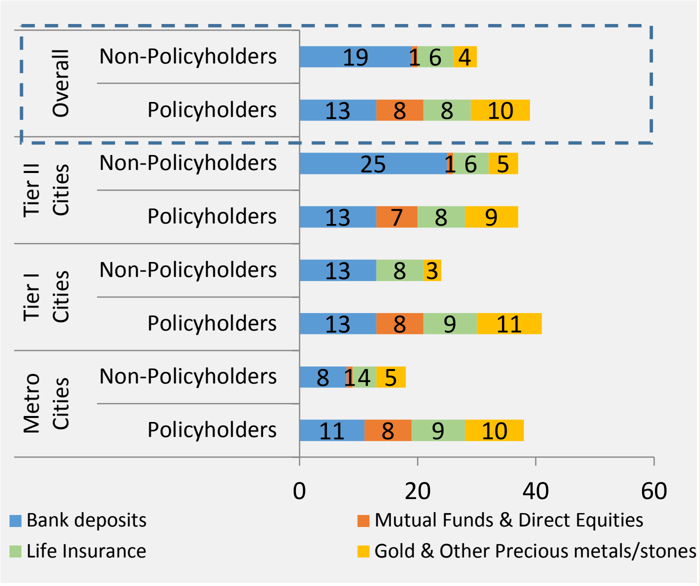
The non-policyholders have a slightly different opinion with about 35% of them perceiving life insurance primarily as an instrument to provide protection against uncertainties and an equal proportion of them considering it to be a tax saving destination (35%). However, around one-fourth of them consider that life insurance is not important.

The survey which also attempted to identify the overall savings and expenditure pattern of an individual reveals that on an average, a person saves about one fourth of his/her income, of which about 70% is invested in various financial assets including life insurance which account for a significant 21% of the total savings.

The respondents have also shown a strong preference for bank deposits and gold – a trend which is likely to continue in the near future as well.

However, all respondents including non-policyholders have indicated plans to invest about 6-8% of their income in life insurance in the next six months.

Chart 1: Future Investment Plans (% of savings to be invested)



Source: FICCI- CHOICe Report: Life Insurance: A Consumers' Perspective

Among the survey respondents who presently hold life insurance policy, majority of them have purchased traditional plans (64%), followed by ULIPs (19%) and protection plans (14%). Many of the policyholders have even invested in more than one policy. Interestingly, more than half of these people (54%) indicated that their purchase had been a planned decision and they had undertaken a need assessment exercise as well. Further probe revealed that while most of them assessed product suitability (84%) and identified their future goals (82%), risk appetite was identified by a lower proportion of the policyholders (41%). In future, however, three fourth of the policyholders and about half of the non-policyholders expressed willingness to spend significant time (about 30-60 minutes) for a professional need assessment by a financial advisor.

An analysis of the purchasing process that the respondents went through shows that 9 out of 10 respondents among the policyholders were actually approached by agents or company and bank representatives for pitching life insurance. This indicates that though people consider life insurance as an important asset, they themselves do not make the first move towards purchase of these products.

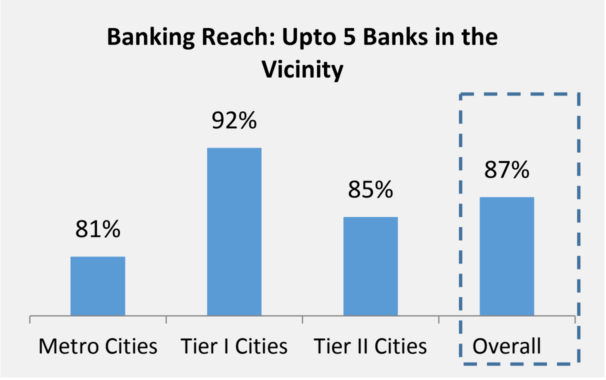
But when they are approached, they do try to gather relevant information about the policies on offer like details regarding the insurance provider (90%), features of the insurance policy (89%), premium to be paid (82%) etc. However, people do not necessarily compare policies offered by the same provider or different providers. Only about half of the policyholders reported to have compared their policies against other similar products.

The survey results also show that even though many respondents have purchased their policies in a planned manner after assessing their future needs and collecting information about the product features, the feeling of being inadequately covered with their existing policies is strong with about 60 percent of the policyholders saying so. They are also ready to pay extra premium to obtain additional cover.

The study has also tried to examine the extent to which Bancassurance channel can help in extending the reach of life insurance in India. Based on the feedback received from the respondents, the prospects of the Bancasurance channel appear to be good in the country. Extensive reach of the banking segment along with people's positive outlook towards the channel, can make it a potent medium of distribution of life insurance plans in India.

The survey highlights that bank reach is very high with 87% of the respondents indicating to have upto 5 bank branches in their vicinity with the distance of their operating branch being less than or equal to 1 km (48%).

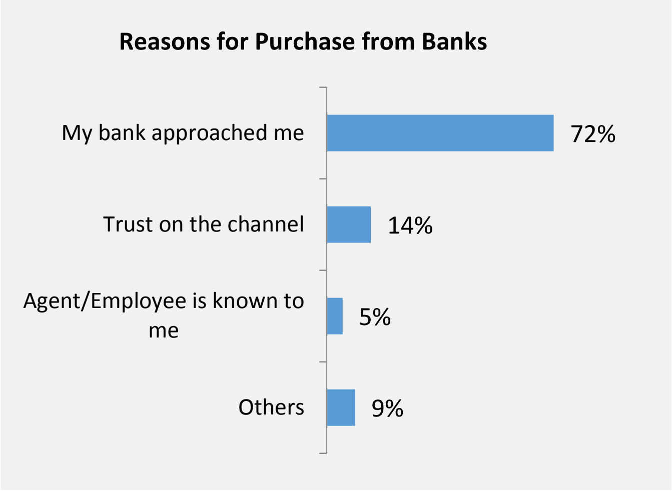
Chart 2: Banking Reach



Source: FICCI- CHOICe Report: Life Insurance: A Consumers' Perspective

Among the factors which have motivated people to buy insurance from banks, while the primary reason has been the fact that they were approached by the bank representatives (72%), some of them have also selected Bancassurance channel as they have trust on the channel (14%). Further, respondents have indicated that they will be motivated to purchase life insurance from banks in future and would do so after understanding product features and benefits in detail, and expect to receive preferential treatment in services and continued safety and security for their money.

Chart 3: Reasons for Purchase from Banks



Source: FICCI- CHOICe Report: Life Insurance: A Consumers' Perspective

Overall, respondents have shown satisfaction with the quality of services that they have received from the insurance companies/distribution channels.

More than 90% of them received policy documents within a month of paying their first premium and 88% received reminders for premium payments also.

Based on the survey findings, the report has suggested some action points for the industry to weave a better future for the sectoral growth.

- Since professional need assessment is a key requirement, a comprehensive and ongoing process can be implemented by companies as part of their sales engagement cycle.
- Focused & localised awareness campaigns and workshops must be conducted to further promote benefits of life insurance traditional plans among people.
- Since gold & bank deposits appear to be preferred investment avenues, life insurance providers should showcase the value proposition of Life Insurance as an alternative / complementary offering for the target customers.
- There is latent opportunity for the industry to Cross sell & Up sell to promote coverage of the 'mortality gap' as the respondents perceive they are not adequately covered and are willing to pay for additional cover.
- Banks are an important access point for the target segment and customers have shown a significant preference for banks as a channel for insurance purchase. Hence, insurance companies need to leverage on their positive association to further reach out to bank customers through their partnerships with banks.

The full report titled – 'Life Insurance: A Consumers' Perspective' which was released on September 30, 2015 can be accessed at http://ficci.com/publication-page.asp?spid=20643.

Gold Monetization Scheme

People assume that gold is the reason behind the current account deficit and this is the reason behind the launch of the Gold Monetization Scheme. While this certainly may be partly true, what many people are unaware of is how much the gems and jewellery industry contributes to the economy of the nation. The size of the industry is approximately Rs. 4,50,000 crores and constitutes of 90-95% MSMEs while providing 46 lac jobs and contributing 7% of the nation's GDP. Thus, since 600 tonnes of the 850 tonnes that is imported into India is used for the manufacture of jewellery, it is imperative to ensure that this much gold continues to be imported into the nation as it is in the best interest of the economy of India to do so.

What then is the purpose of the GMS? To my mind, one reason is to reduce the import of the gold that is being purchased for the purpose of investment that is approximately 250 tonnes. More importantly, it is to harness the benefits that lie in the "lending arm" of the Gold Monetization Scheme; the Gold (Metal) Loan.

The Gold (Metal) Loan is a financial product which is akin to gold leasing and is a form of inventory financing that is offered at an annual interest rate of 3-4%. Considering that the gems and jewellery sector is 90-95% dominated by MSMEs, the GML has the ability to provide a huge impetus to assist MSMEs and to help this traditionally vilified and ignored sector.

As for the subscription of the Gold Monetization Scheme, complete success would lie in the ability of the GOI to approach this with an unconventional disposition and to look for out of the box solutions. For example, the gold reserves of India stand at 557.7 tonnes that lie un-utilized with the Reserve Bank of India. If this gold were to be subscribed to the Gold Monetization Scheme it would save USD 23.5 billion of foreign exchange thereby reducing the current account deficit by 33%[1] while injecting Rs. 1,35,000 crores into the economy without printing a single Rupee and creating an annual income based on the interest rate offered by the GMS, (which should be no more than 1% per annum in my humble opinion, thus creating an income of Rs. 1350 crores annually)!

It may be prudent to point out that a large portion of this gold is currently placed in the vaults of the Bank of England where India pays for its safekeeping. So, by subscribing it to the GMS, the GOI would turn a cost into a revenue-generating asset. Incidentally, Central Banks of other countries are known to place their gold in the international market on lease, (known in India and referred to in this article as the Gold (Metal) Loan).

While there has been much discussion as to how much interest should be payable on the deposits received under the GMS, it is imperative to recognize that this needs to be at par with international gold lease rates. Currently, this is hovering at 0.35%[2] in the international markets, thus to pay more than 1% would be an error as it would disable the lower interest rate benefit to the borrower, which is where the larger benefit to the nation lies.

Religious trusts and temples are another area where deposits of gold may be procured. Most trustees on the governing boards of religious trusts and temples are ordinary citizens who would like to ensure complete transparency on the gold deposits made by devotees, however they lack knowledge of complex financial products such as the GMS. Even the safekeeping of the gold deposits received is a mammoth problem that can be solved through the subscription of the GMS. This is where banks can play an enormous role in increasing the subscription of the GMS.

It is for bank managers to identify religious trusts and temples and to educate the trustees with the details of the GMS and how the GMS can be of benefit to them.

[1] This would only be a one time saving as the gold would need to be imported as and when the gold would need to be returned to the depositor. If, however, the deposit were to be renewed, then it would postpone the import till the new maturity date of the deposit accepted.

[2] Gold Lease Rates are calculated by reducing the gold forward (GOFO) from LIBOR, i.e. GLR = LIBOR – GOFO.

As gold deposits are accepted and upon maturity, gold itself is returned along with interest, the problems of transparency and safekeeping of the gold received from the devotees is comprehensively solved. However, banks need to be given targets that need to be monitored to ensure that banks comprehensively undertake a sincere effort to accrue gold deposits.

The success via the individual depositors is hinged on several factors. The RBI, in its findings, has ascertained that up to 70% of the total gold jewellery sold is in rural areas. While the GMS is being rolled out in a few cities to begin with until it is available in rural areas its success will continue to be limited from individual depositors. Moreover, information such as whether or not the source of the gold jewellery etc. needs to be disclosed would also play an important role in the factors that would determine the success from this segment of depositors.

At this juncture it may be prudent to point out that there are many refineries that are of good repute and have the capability of refining the gold received on comparable levels of any refinery worldwide. The hallmarking centers in India are as good as any other facility in the world, (I would even go so far as to say that they are better)! Gold of 995 purity is acceptable throughout the world and the gold prices that are quoted in India are calculated on the basis of 995 gold. To insist on any further level of purity such as 999 or 9999 may be an overkill as the efforts should be on increasing the number of centers so that the GMS may become available throughout the nation. Of course, continual upgradation of external validations of all the facilities should be mandatory and special care should be taken to ensure the same.

As for the utilization of the gold deposits, as mentioned earlier, the Gold (Metal) Loan is the mechanism through which banks lend the gold accumulated. Currently the GML has a tenor of 180 days as has been prescribed by the RBI. Keeping such a short tenor implies the necessity to continually import gold twice a year up to the amount of the Gold (Metal) Loan extended.

Since the GML is another form of inventory financing, it may be prudent for the GOI to increase the tenor of the GML to match that of the gold deposits received by the bank under the GMS. This would lead to a reduction in the gold imported into the nation while permitting the borrower to remain within the confines and benefit of the lower interest rate that is offered by the GML.

To take advantage of the GML and the benefit that it offers as a low interest inventory financing option, the RBI/MOF need to instruct banks to prioritize lending via the Gold (Metal) Loan so that they take extra effort to use the gold deposits that they have received. Do remember that the gems and jewellery sector is 90-95% dominated by MSMEs and uplifting MSMEs is critical to the growth of any economy in the world.

The lack of interest by banks to lend to this sector can be further seen through some simple trivia. Take, for example, the fact that while the total size of the gems and jewellery sector is approximately Rs, 4,50,000 crores, a total of Rs. 71,000 crores (as taken from the Reserve Bank of India website) is the total bank outstanding to this sector. However, bench this against the size of the apparel industry, which is approximately Rs. 10,00,000 crores but has a bank outstanding of Rs. 4,07,000 crores (as taken from the Reserve Bank of India website). So, while the apparel industry has an approximate of 40% in bank financing, the gems and jewellery sector only has a meager 16%. This number becomes even more glaring when it is factored with the fact that the gems and jewellery sector have, historically, only added 1.5% to the NPAs of the nation, against a cross-industry average of 4.5%. And do remember that bank financing is a far more effective tool to motivate businessmen to increase transparency and correctly report transactions thereby achieving higher tax compliance and thus help the economy of the nation to grow.

The GML also needs to be made into a singular, uniform product that is offered by all banks in the same manner and the interest rate of the GML needs to be prescribed by the RBI, similar to that of INR financing.

It may be prudent to point out that Indian Overseas Bank has even taken the initiative of sanctioning the Gold (Metal) Loan in the weight of gold itself along with a tolerance limit concept, thereby permitting the borrower stability in the face of continual margin calls due to gold price volatility. Such a lending policy needs to be adopted by other banks too as doing so will address the many problems being faced by the borrowers, thereby making it more attractive.

The Gold Monetization Scheme has many salient benefits and it is the first time in the history of India that the government has decided to harness the benefits of the gems and jewellery sector and to use its growth to help the growth of the nation.

However, to limit the GMS to merely reducing the import of gold and thereby the current account deficit would be limiting. The low interest rate benefit offered by the Gold (Metal) Loan must be taken advantage of thereby making the Gold Monetization Scheme a successful one in many more ways. If ever an example of unconventional thinking for the development of the economy is sought, the Gold Monetization Scheme shall prove to be an excellent case study.

The article is written by Mr. Ajay Mehra, Managing Director, Mehrasons Jewellers and Member, FICCI -Gems & Jewellery Committee, for FICCI's Economy Watch.

Financial Inclusion - Make Her Accountable

This August, the 2015 Brookings Financial and Digital Inclusion Project report ranked India ninth among 21 countries in financial and digital inclusion efforts. This was based on four dimensions of financial inclusion: country commitment, mobile capacity, regulatory environment, and adoption of traditional and digital financial services.

India trails countries like Kenya, South Africa and Brazil. The silver lining is that the government is committed to inclusive growth where financial inclusion plays a crucial role in helping provide numerous benefits through the strengthening of the banking system, better access to financial resources and transparent governance.

The Pradhan Mantri Jan Dhan Yojana (PMJDY), the biggest financial inclusion initiative in the world, is a case in point. A year after the scheme was implemented across India, its success has highlighted the enormous role that financial inclusion programmes can play in the growth of the economy. At present, more than 17.5 crore bank accounts have been opened under the initiative and people have deposited more than Rs. 22,000 crore in them. Plus, zero-balance accounts under PMJDY have declined from 76% to 45.74% since its inception. PMJDY is enabling citizens at the grassroots to perform financial transactions and keep their hard-earned money safe.

There is no denying that the banking sector plays a critical role in bringing financially excluded people into the formal financial sector. Many government initiatives towards financial inclusion are implemented through banks, while many private sector banks are investing in the rural markets through microfinance institutions. Even as the Centre implements its national agenda of financial inclusion, state governments have been proactive in implementing such initiatives. Some states, such as Rajasthan, have taken the lead. The Rajasthan government is seeking to implement a model of development that puts socioeconomic reform at the centre of the development strategy and, avowedly, rests on the triad of social justice, effective governance and job creation. Financial inclusion forms a critical component in this.

Predating the Centre's Jan Dhan Yojana is Rajasthan's Bhamashah Yojana that dovetails financial inclusion with women's empowerment. The scheme was launched in 2008 based on the premise that conditional and direct transfer has the highest impact of government spending on poverty reduction. Monetary benefits to which families were entitled under a number of welfare schemes were transferred to the bank accounts of the women in the family.

It was the first direct benefit transfer scheme in the country . At that time, 50 lakh families were enrolled and 29.07 lakh bank accounts were opened under which Rs. 161.49 crore had been transferred in 10.76 lakh accounts.

In 2014, the Bhamashah initiative was refurbished with a broader coverage of gender empowerment, financial inclusion and family-based benefits. It now provides end-to-end delivery system for individuals and various family-based benefits of the government's social welfare schemes -like the PDS, pension funds, health insurance, MNREGA and scholarships -through a centralised e-government platform by leveraging the enhanced electronic infrastructure of the state.

These transfers are made to the bank account of the woman of the house through the Bhamashah smart card, which also provides biometric identification of family members. The card is also a co-branded debit card with the participation of several banks.

The merits of financial inclusion are deeply rooted in citizen empowerment. Access to credit is a critical link between economic opportunities and outcomes. By empowering individuals and families to cultivate economic opportunities, financial inclusion can be a powerful agent for strong and inclusive growth. With women constituting half the population, their equal participation in society is imperative for sustainable development.

Ensuring sustainable financial inclusion will require supply-side and demand-side challenges to be addressed simultaneously through systemic solutions.

All stakeholders of the financial inclusion ecosystem, including financial institutions, regulatory agencies, technology service-providers and civil society organisations, will need to play their parts effectively.

They will also need to collaborate with each other to formulate and implement effective interventions. We have seen the success of self-help groups in effecting change.

They have also been good creditworthy borrowers.

Inclusive growth is the sine qua non of India's economic development. Unless all sections of society enjoy the fruits of economic expansion, growth itself shall be short-lived. If financial inclusion is being implemented with success across states, it is because there is strong political will to carry out bold structural reforms and successfully make technology work towards this end.

The article is written by Ms. Naina Lal Kidwai, Past President, FICCI. It was published in The Economic Times on October 26, 2015.

States need to do a lot more

32 percent is not even the pass percentage, let alone the distinction to qualify for any test. That's the average score for India in the 'Assessment of State Implementation of Business Reforms' released by the World Bank for India recently, for the reforms at the State level. The highest score for any State is 71.14 percent in the report. This report however, despite several criticisms, is unique and different from others in many ways.

This report finalised as part of the 'Make in India' initiative is an in-depth and extensive exercise of the assessment of reforms at the State level. The 98-point action plan was the first in the methodology of the Report and data was collected on these 98-action points from each State. The responses were than validated through a series of in-depth workshops with State Governments. Unlike the World Bank's Ease of Doing Business ranking that looks at just two cities i.e. Mumbai and Delhi or its previous sub-national report for India in 2009 where it ranked 17 cities, this time the ranking was done for 32 States/UTs.

More importantly, the report is a result of shared vision of the Centre and States as agreed upon in the 29th December 'Make in India' Workshop in 2014. Essentially this assessment is a shared responsibility and not a unilateral judgement on the state of affairs.

The poor average score of 32 percent is not surprising given the albatross of regulations we have created over the years without assessing the need for many of these regulations to continue. It reminds me of what Peter F. Ducker in its Post-Capitalist Society 1993 said and I quote "Every Organisation of the day has to build into its very structure the management of change". And States are no exception to this management of change.

Then there were questions raised about the ownership of this report post release. Whether it is DIPP, the World Bank or an industry chamber like FICCI who owns the Report? Does it really matter?

We need to move on. One needs to learn from Jharkhand which was quite a surprise in the report for everyone as it ranks 3rd overall leaving behind some of the traditionally industrialised States. Jharkhand Labour Department is the only one in the country to score 100% on all parameters studied in this assessment across all seven processes. The State offers fully automated experience to users for registration and grant of licenses under labour laws.

Our Hon'ble Prime Minister has launched many progressive projects like 'Smart Cities Mission', 'Housing for All', Atal Mission for Rejuvenation and Transformation (AMRUT), 'Start-up, Stand-up' etc. The success of these missions would depend upon the progress made to enhance the ease of doing business in terms of starting a business, construction permits, obtaining clearances from utilities and others. Similarly, progress of industrial corridors and National investment and Manufacturing Zones (NIMZs) are all dependent on how fast States simplify and reform their business environment. Of course this includes simplifying procedures for land acquisition, that has faced a stonewall much to the detriment of our development.

The last few months have witnessed a number of reforms in the rules and procedures be it environment or forest clearance, or our inflexible labour laws. The impact of some of these would be seen in coming months as investment activity picks up. Besides simplifying number of procedures, Ministry of Environment & Forest & Climate Change has delegated powers at the regional level to enable decision making faster. Intensive inter-Ministerial deliberations are also underway to conclude the process of streamlining approvals for construction projects in urban areas by the end of this year.

Now all project clearances can be monitored directly by PMO. e-Nivesh portal launched by Project Monitoring Group (PMG) has got all the Departments together to make the clearance process online which can then be monitored for delays.

Ministry of Civil Aviation has formulated the Colour Coded Zoning Maps of some airports, which obviates the need for applicant to go to the Ministry for seeking approvals for their chimney and building heights.

This report also has a message for the World Bank's Ease of Doing Business Ranking which puts India at 142 position out of 189 countries. According to the 'Assessment of State Implementation of Business Reforms' Maharashtra and New Delhi are ranked 8th and 15th respectively. The only two cities that are surveyed by the World Bank in India for its annual Ease of Doing Business Country ranking are Mumbai and New Delhi.

For the next edition, the Bank must look at states like Gujarat and Andhra Pradesh for any meaningful comparisons with other countries. Surely, India is going to be better placed if these States are considered for the rankings.

The report also clearly brings out that there are no leaders amongst the States, but only aspiring leaders. Implying that States need to do a lot more and that would require bold reforms. Such initiatives will ultimately lead to healthy competition among States and together lead to all going up the rankings. Industry awaits patiently for that.

The article is written by Dr A. Didar Singh, Secretary General, FICCI . A slightly revised version of the article appeared in The Hindu Business Line on October 9, 2015.

It's time to take that leap of faith

The Prime Minister's exhortation to Indian business to resume investing, trusting the "risk-taking DNA" of Indian entrepreneurs, was perhaps overdue. A welcome move would be to intensify such direct engagement with business, more so when one can perhaps perceive some hesitation in the face of a political offensive. Any such hesitation which sends mixed signals about the vigour of implementation and reforms would be unfortunate at a time when India needs vikas like never before.

For academic interest, from India's leading industry chamber FICCI, I had voiced our sentiments in late 2014: "…real proof of the pudding lies in re-starting of outlays on brick and mortar assets by domestic business...we (may) need balance between cultivating domestic investment and inviting FDI. It can be of value for government to deepen engagement with established and potential Indian enterprises, to address basic problems and any inhibitions". Hopefully, a process which shifts engagement to more fundamental issues has begun; it is only through a focused process that we can strategise how to harvest gains even as others slow down.

The economic reality

Let us reflect on India's economic reality. Any analyst will see obvious signs that businesses can do well by expanding and investing here. Government spending is under control and qualitatively better due to controlled revenue spending. Allocation for infrastructure has increased (though it is yet to translate on the ground). Inflation is largely under check. Consecutive poor monsoons did not hurt acutely (though there is still much distress in farming), and aggregate growth is improving. Indirect tax collection (adjusted for additional measures) is higher, in essence signalling increased coverage of economic activity and healthy future revenue streams.

The domestic market is, and will remain, the real growth driver for India. This greatly insulates us from weak global scenarios; advantage can also be taken at home of commodity price falls across the board.

On the other hand, if our manufacturing is competitive enough we can become part of established global supply chains the way much of Asean did.

Why then has private domestic investment not speeded up? Is it just not taking a leap of faith or are the concerns deeper? Is it a case of "spirit being willing but the flesh being weak"? In any event, we owe it to ourselves to seek the right answers.

Engaging with the issues

The macro economy comprises micro-elements: while the macro rationally inspires investment there are inhibiting micro factors. Without mounting any defence, I feel there are issues both on the side of industry and the administration — but I can see nothing that cannot be resolved through deeper engagement and administrative skill.

We cannot ignore the fact that delivery and implementation of policy in India have been creaky for decades. "Control" was the default mode of thinking at policy and executive levels. Similar to a Hindu rate of growth, we acquired a "Hindu speed of decision-making" which is simply out of tune with the time and the needs. One comes across people who even now think of the 1970s type of command-control-punish raj as the most effective. Such philosophy at nodal points needs to change.

Sector-agnostic competitiveness that the country needs cannot be supported by legacy decision-making systems, including where a decision-maker can be suspected or harassed years later for decisions that are bona fide. Despite firmness at the highest levels about simplifying the business-government interface, one has not witnessed true resonance or speed at operating levels, other than areas with largely digital interactions.

Either way, decision-making speed and processes do not yet support investment and expansion needs.

Attention must also be focused on various government associates or arms — be they local authorities, professional or regulatory bodies — because the government's intentions can be frustrated by its actions at cross-purposes. "Ease of doing business" is being pursued aggressively, but this is largely procedural and takes time. It is distinct from reparing decision processes.

Risks and realities

Let us assume a business investor has crossed the minefield of analysing demand vs capacity, production competitiveness, infrastructure support, taxation, natural resource availability, and so on, and answers are positive in sum. The key dimension of his investment decision is then his risk appetite, which is also somehow regulated by the amount of capital he has access to. Investment decisions are always subject to risk; the deciding factor can be the risk-reward analysis and an assessment of whether the risk could be potentially grave.

Let us juxtapose this with financial and systemic realities with the aim of evolving solutions. Brick-and-mortar companies in general have stressed balance sheets due to low profitability and/or debt hangover of capital spending or loss of funding. In raising new capital or debt, returns must be foreseeable to adequately service both — traditional business does not enjoy the luxury of (say) e-commerce where entry valuations are rich and cash burn-rates actually enhance these.

Companies additionally open themselves to punitive risks from shareholders and bankers if they end up making decisions that go bad, even if due to external factors. Perhaps as a society we have not matured enough to take genuine lack of success in our stride.

Conversely, industry should also perhaps not confine itself to routine requests and sector-specific indulgences or outcomes on politically contentious issues.

Greater participation in nation-building can include (a) offering greater engagement in eliciting support from all quarters for intensive reform; (b) collective generation of equitable solutions for existing or potential industrial NPAs; (c) well-informed and candid debate on building the competitive abilities of Indian industry; and (d) a deeper engagement with the government on finding ways to ensure effective and speedy decision-making systems, going beyond the definition of "ease of doing business".

Investment and growth are the raison d'être for business and central factors in creating livelihoods, particularly in smaller businesses like MSME's and service outlets. The multiplier effects of growth at this end of the scale are profound, yet it is here that the maximum blow from weak sentiment is felt.

In summary, both sides — government and business — need to take leaps of faith reciprocally.

The article is written by Mr. Sidharth Birla, Immediate Past President, FICCI. It was published in The Hindu Business Line on September 23, 2015.

The long arm of the law

Recent months witnessed a debate on, and the fallout of, laws and regulations being drafted and implemented with what can be politely termed over-enthusiasm. An active media feeds a populace fed up with cronyism and graft, whipping up sentiments to unsustainable levels. Then starts the application of our over-abundant laws, piling up allegations.

A slow legal process delays the pronouncement of guilt or innocence, strangely helping the former and being unfair to the latter. Amidst shrill media trials and deafening innuendo, patience and reputations are both shredded.

Does this make our environment credible? Conservatively perhaps, NO. Though wide debate is required, I will focus on limited aspects. This is not a critique but a message for progress.

Taxing plot

The design and administration of our tax system has, perhaps, been the most discussed one both at home — by taxpayers and businesses — and abroad — by those who have invested or about to invest. Early 2014 saw the term "tax terrorism" coined and one expected much improvement in this area from the new government; but it continues to occupy more space in debate than in action. No surprise then that international insurers now offer cover against Indian tax shocks.

India, oddly, seems to be one major country where tax dispute and litigation is a huge subject. In countries with larger or more developed economies it is tax policies that are central to the discourse. Rational policies and fair administration usually form the basis of people wanting to work (or not) in a country; yet developed nations grapple with the tax-driven exodus of businesses and individuals, showing how relevant tax matters are to a good business environment.

So where do we lose the plot?

Collateral damage

When the Prime Minister advocates that tough policies are necessary to combat black money, any responsible citizen would agree with him. When he hints that some collateral damage may be par for the course, one can appreciate both the political rationale and governance compulsions of pursuing such a course of action.

However, it is of central importance for all sides to analyse what such "collateral damage" could imply for honest citizens and businessmen. To the extent that collateral damage is limited to persons contemplating disclosure or facing exposure, there cannot be an issue. But if the fallout is likely to be a potential trigger for unwarranted harassment/rent-seeking across a much larger canvas (enquiries or threats of punitive action which could take years to resolve in courts), it assumes tragic dimensions.

What if there is a clear and present risk to the innocent? The law as written could obscure the distinction between the illegal and the legal, which raises anxieties given our track record. The overall black money problem being addressed is complex and serious; so prima facie it does need a sledgehammer approach. Still, since my younger days I have been given to believe that an equitable legal system ensures that even one innocent must not be adversely affected, even if a few guilty ones escape its wrath.

Perhaps, a clear statement from the Prime Minister that the system shall be strictly mission-driven, and every innocent will remain protected , could have gone a long way in setting credible benchmarks and ensuring faith in the implementation.

Clarity is key

Time and again, we have seen that lack of clarity in the way our laws are interpreted or implemented lie at the core of the resulting problems.

Discretion must be reduced; the government must write tax laws with not just with an eye to bolstering revenue but also on ensuring fairness. If, for example, Singapore can write clear laws in English and address a wider range of situations than we face, why can't we write equally good English? Seeking clarity is not asking for favours.

Next, there has also been a recent and high profile regulatory confrontation in the food sector. I am not getting into core merits or demerits, which are in any case sub judice; but it is of value to reflect on how our environment reacts to a perceived infraction. Whether the brouhaha was a result of an over-hasty or zealous inspector raj, media debates, usual outrage against a multinational or just an over-cautious approach by the government, only time will tell.

The company concerned is reported to have suffered humongous loss, not just in tangible terms but in reputational terms. I believe no global giant grudges losses due to a business cycle or event, but finds it awkward to digest one caused by possible dilution of due process and natural justice principles. In the extreme, the event could create a reputational damage for India .

It speaks volumes that some central ministers also feel it may be an enthusiastic inspector raj at work. Now, if such a raj is an arm of the very government that distrusts it, can you imagine what a hapless recipient of misplaced enthusiasm goes through?

Protective role

The reality remains that risks for honest citizens and businesses in working under our commercial laws and regulations are immense and out of sync with India's growth aspirations. Taxpayers and businesses must believe that their legitimate interests will be safeguarded and quickly protected by the government and legal institutions. Rent-seeking and harassment (including last minute delays and interventions) by elements in the establishment must invite deterrent punishment.

Citizens and businesses do not seek leniency but credibility in equitable formulation and effective implementation of laws. The anomalies are largely legacy legislative and behavioural issues which make it easier to deal with but require unambiguous political will. India does not have the luxury of time; a few ill-conceived administrative actions can be very damaging.

The article is written by Mr. Sidharth Birla, Immediate Past President, FICCI. It was published in The Hindu Business Line on August 24, 2015.

New Horizons

As the heads of governments of nations across Africa congregate in India for the third edition of the India-Africa Forum Summit (IAFS), a strong signal would go out to the world that India and Africa are ready to pursue a more intense and mutually beneficial strategic engagement. IAFS 3 is India's largest ever Africa outreach and biggest gathering of pan African leaders in India since the Narendra Modi Government took office in 2014. Expectations are high on either side and there are reasons driving this optimism.

One, India's commercial ties with Africa have seen substantial leap over the years setting the stage for a deeper connect. Tipped as the next growth frontier, Africa is already an important trade partner for India with trade with Africa increasing from $39 billion in 2009-10 to $71 billion in 2014-15. India's private sector has established significant presence in countries across Africa and continues to expand its footprint in agribusiness, automobiles, pharmaceuticals, information and communications technology and energy.

Second, economic prospects in India and Africa are on an upward trajectory and that augurs well for our expanded collaboration. India's GDP growth projected at over seven per cent makes India, according to IMF, a bright spot among emerging markets. Initiatives have been rolled out towards transforming India into a manufacturing powerhouse, creating a global pool of skillsets and ushering in a digital economy. FDI caps have being relaxed in key sectors of the economy and it is getting easier to do business in India. Africa too is not far behind. The continent is now a burgeoning market projected to expand to $1.4 trillion by 2020 from $860 billion in 2008. According to a May 2015 issue of The Economist, Africa is witnessing strong FDI flows, its booming middle classes are driving in investment into technology, retail and business services and Africa's outward investment in 2014 touched $11.4 billion, up by nearly two-fifths since 2011-12.

A vibrant India and Africa are thus placed opportunely to build a more strategic partnership as the global slowdown compels emerging economies to diversify their commerce.

There is in fact a lot of enthusiasm among Africans to utilise 'Make-in-India' to boost trade between the two geographies. While the 54 countries together offer vast opportunities in raw material sourcing, what is finding favour among Africans is the idea of real value addition in India with products being exported to third countries. India's vast pool of trained manpower and its growing status as a global manufacturing and export hub should be a major draw for Africans looking to move up the value chain and seeking lucrative gateways to third country markets.

With growing energy demands, further engagement with Africa is possible, especially in renewable energy with India planning to add 175 Giga Watts of capacity in the next seven years. India and Africa could look at tapping wave energy as a major cooperation plank. India with an over 7,000-km coastline, can generate 40,000 MW of wave energy, besides harnessing the ample tidal energy. The African continent has 39 countries with a sea coast. Harnessing the wave and tidal energy from the Indian and Atlantic Oceans could help meet Africa's electricity needs.

The real game changers in the India-Africa growth story are, however, areas such as IT, agriculture, and pharmaceuticals. According to a McKinsey report, India can aspire to quadruple its revenues from Africa to $160 billion by 2025 by developing its presence in these sectors where it has a unique value proposition. India can facilitate the setting up of successful distribution channels for fragmented consumer markets. India can source pulses from Africa and Indian agri-business firms can leverage on Africa's strength in organic farming and export the finished organic products back to India for which there is a growing consumer demand. Indian investments in agriculture can cater to the significant scope for improvement in access to credit for small farmers, utilisation of inputs, enhancement of yield per acre as well as address the need for low cost mechanisation of farms and irrigation solutions.

The value addition that India can make to Africa's IT sector can unleash massive possibilities in digital penetration in the continent.

The 'Digital India' initiative aimed to prioritise improved net connectivity and boost e-governance will be useful as Africa steps up its IT spend on e-government solutions, new banking platforms and security of information management. India industry has technical expertise in these areas as well as the capabilities to set up low cost IT parks which could be an asset to Africa's nascent IT sector.

The Indian pharmaceutical industry sees good prospects for growth in Africa, with the sector expected to be worth $40 billion to $65 billion by 2020 supported by strong demographics, rising healthcare spending in the public and private sectors and improved access to health facilities.

The scope for Indian companies is immense – from R&D to supply of low cost generic drugs, from creating strong local marketing teams to serving as local business partners to help navigate African markets.

As India steps in to woo African countries, it is no doubt coming across as a far more ambitious drive than one has seen previously.

There is a lot at stake bilaterally for India and Africa and great expectations on both sides. This Indo-African safari should be a win-win game for both sides.

The article is written by Dr. Jyotsna Suri, President, FICCI. It was published in The Economic Times on October 29, 2015.

Duties should boost manufacturing, not imports

The BRICS Business Council was established in March 2013 during the BRICS Heads of State Summit in Durban. The council, comprising 25 prominent entrepreneurs from Brazil, Russia, India, China and South Africa, is seen as one of the vital mechanisms of BRICS cooperation. Apollo Tyres Chairman Onkar S Kanwar, who is also Chairman of the BRICS Business Council (India), shared his views with BusinessLine, via e-mail, on the current state of business ties within the group.

What is your assessment of India's role in BRICS?

India has been playing a very constructive role within BRICS. The idea of a BRICS Development Bank (now called New Development Bank or NDB) was mooted at the summit meeting in Delhi in 2012.

India's commitment to BRICS flows from the highest political levels, and the main reason for this, as Prime Minister Narendra Modi noted at Fortaleza, Brazil, is that "for the first time, it brings together a group of nations on the parameter of 'future potential, rather than existing prosperity or shared identities. The very idea of BRICS is thus forward-looking".

How can India play a leading role in improving intra-BRICS ties?

In 2012, intra-BRICS trade totalled $281 billion and, in 2014, it rose to $297 billion. While this is an encouraging trend, intra-BRICS trade is still less than 5 per cent of BRICS countries' total global trade. Given the various complementarities that we have in this grouping, there is a lot of scope to scale up.

We have drawn up a set of recommendations for the government to facilitate greater trade flows. We have suggested promotion of trade in local currencies to encourage intra-BRICS trade.

We would also like our government to consider putting in place a long-term, multiple-entry visa regime for entrepreneurs from BRICS nations. South Africa has already moved in this direction. Likewise, there is a need to facilitate greater interaction amongst entrepreneurs. Modi's suggestion for India to host the first BRICS Trade Fair and Exhibition next year is excellent.

Some other areas where we would want government support include harmonisation of technical standards across BRICS for exports and imports, as well as closer cooperation amongst customs authorities for better trade facilitation.

Do you think the recent currency adjustments by China will impact India's export competitiveness?

The current adjustment in China has to be looked from two perspectives. First, the impact vis-à-vis the Indian rupee. Over the past six months, the rupee has depreciated over 5 per cent. Thus, exports remain competitive against Chinese exports.

However, it is the second factor that will play spoilsport to our export competiveness and domestic manufacturing. China has a large capacity in most sectors, and if their economy does not have the demand, they will sell it somewhere in some form or the other.

Coupled with the devaluation of the Chinese currency and the slowdown, this will certainly impact India's export competitiveness. Indian manufacturers are already complaining of non-market prices of China's exports to India.

What policy intervention is needed to improve India's trade competitiveness?

Companies in India have the potential to become the best and compete with global players. However, this cannot happen in isolation. The government and all political parties must play a constructive role to make the right policy intervention to provide a level playing field to all companies in India. Duties have to be set in a manner that encourages domestic manufacturing, not make imports of finished goods more attractive. Labour laws must be realistic and facilitative towards those who wish to invest. The government should aim at ensuring adequate facilities in terms of land, basic infrastructure like roads, and basic services like access to finance, education and healthcare.

What are your views on initiatives, such as Make in India, and steps to ease 'doing business' in India?

Make in India could not have come at a better time. India can be the ideal manufacturing destination riding on a strong domestic market, a young working population and a low-cost destination.

Steps are certainly being taken to improve the ease of doing business. I see things moving at the high level and hope the trickle-down effect happens soon. Else, it will lose momentum.

What can be done to enhance business ties within BRICS?

One of the key points that merits attention is availability of information on business opportunities and regulatory environment across BRICS. For large companies and groups, this may not be an issue, but we must remember that SMEs may require support. Within the BRICS Business Council, we have tied up with the Fudan University in China and support the 'BRICS Information Sharing and Exchanging Platform'.

Through this portal, we hope to plug some of the information gaps and make businesses aware of the upcoming opportunities.

Your take on the BRICS Bank or NDB?

The launch of NDB is a milestone and shows that BRICS as a grouping is also capable of setting up global institutions. We are looking forward to its guiding principles and feel the institution must, on priority, support projects that promote intra-regional connectivity, use of renewable energy and focus on skill development.

NDB must help BRICS governments prepare a pipeline of bankable projects to address development priorities and put some seed money in these. It should also enhance its risk prevention mechanism by establishing reserve funds and improving reserve structures, and create effective guarantee mode for project financing.

Members of the BRICS Business Council would like the NDB to foster regional value chains in manufacturing.

This interview of Mr. Onkar Kanwar, Past President, FICCI and Chairman, BRICS Business Council India Chapter was published in The Hindu Business Line on October 27, 2015.

Indians no match for the yuan game

The domino effect of the slow plunge of the Chinese yuan against the US dollar is already being felt. The Indian currency has already felt its effect — losing practically a rupee to the dollar. The Reserve Bank of India has claimed that it doesn't predict any further slide, but the situation remains bleak.

Why the yuan was devalued by over 3 per cent by the People's Bank of China is being debated every day by economists and analysts. But one over-riding theory and reality is that this move will help tackle a fall in Chinese exports.

A weaker currency will make China's manufactured products even cheaper for other countries to procure. This will ultimately result in China's exports beating out its competitors in the global market.

Impact of the gameplan

While this may well be the gameplan for China, the immediate impact of this devaluation remains of great concern — both for China and India. There are concerns that liquidity will tighten in China as investors are moving capital out of the country.

There's further concern that Beijing may start withdrawing its hitherto unquestioned support for share prices. China's securities regulator has also announced that market forces will be allowed to play a bigger role in determining stock prices.

The immediate impact in India is beyond stock markets because of China's imminent role in the global economy and trade.

Today, China has over 10 per cent share of the world gross domestic product. Its share is more than 15 per cent in exports and 11 per cent in imports. It accounts for close to half of the global consumption of copper, aluminium and steel, and more than 10 per cent of crude oil.

It's fair to expect that the renminbi depreciation will lead to an increased drop in prices of commodities China exports to India.

We are already suffering owing to non-market prices and often the dumping below cost of China's exports to India. Now, a decrease in China's capacity utilisation in products such as bulk drugs, iron, steel and chemicals will lead to a further drop in prices.

Besides imports, India's exporters will also lose out on currency competitiveness to China in segments such as chemicals, project exports, textiles and apparels — sectors in which India competes directly with China.

Is it transient?

Hopefully what our finance minister, Arun Jaitley has said, will turn out true: that the devaluation of the Chinese yuan currency may merely "have a transient impact on India".

Yet, we cannot ignore the fact that if the yuan weakens against the dollar more than the rupee does, there is a very strong possibility of Chinese goods being dumped in India. The Indian rupee fell to as low as 66.58 a dollar this week.

Even if Chinese goods are not dumped, they will be sold either at the same price at which they are sold in their domestic market or will be sold at prices below cost of production. Neither of these are enviable situations for Indian manufacturers.

To put things in perspective, imports from China jumped by one-fifth to $60 billion in 2014-15, compared to a year ago.

Exports to China have plunged to $12 billion, leading to a huge trade gap between the two countries. And now there is the imminent fear of a China-led global economic slowdown.

Bad timing for tyres

The tyre industry is not singing a different tune and for the Indian tyre industry, this depreciation could not have come at a worse time. Keep in mind that China's tyre industry is the largest in the world. Unlike the US, we do not have stringent anti-dumping policies in place.

Without restrictive policies, Chinese tyre makers are anyway making the most of the lacunae by dumping stocks in India. Imports of Chinese tyres have increased almost 24 per cent just in the previous financial year.

It is alarming to note that in the highly competitive Truck Bus Radial segment, the lowcost Chinese tyres have cornered over 10 per cent of the market share, up from 3 per cent within two years, purely due to the advantage of making in China. Despite the slowdown, the growth of Chinese lowcost tyres continues unabated and volumes are only expected to increase going forward.

As it stands, Chinese tyres are 25-30 per cent cheaper than locally manufactured tyres. The devaluation of the yuan will only ease these prices further. At Apollo, we strongly believe in the Make in India policy.

But for us, it is impossible to cover even the raw material costs at the price we need to sell currently so as to match the Chinese tyre prices. Also, it is not just raw material costs which add to the price of Indian-made tyres. Few realise that lower costs of tyres are also directly proportionate to lower quality.

The quality tests and standards we undertake in India add to the cost of the product. To allow substandard products to enter and be sold in the Indian market will have a direct impact on road safety.

The other fallout is that there may be a repeat of what occurred in South Africa where we exited our manufacturing outfit because of the high imports from China. If steps are not taken soon to stem the dumping from China, the probability of manufacturing outfits in India exiting the manufacturing scene is very high.

What is required is for the government to realise the clear and present danger that these Chinese imports hold for the domestic tyre manufacturing industry and ultimately for the economy. We are not looking at protectionism but a level playing field. The policymakers need to take a serious re-look at policies to ensure that Indian players can have a fair pitch and they do not unduly favour just one team. Else, we can safely say that we shall be over-run by Chinese tyres in not too short a time.

Given the global auto slowdown and our current policies and now the devaluing of the yuan, it's going to be a far from smooth road for tyre manufacturers in India.

This interview of Mr. Onkar Kanwar, Past President, FICCI and Chairman, BRICS Business Council India Chapter was published in The Hindu Business Line on September 1, 2015.

Ease of doing business: Contribution from capital markets

Ease of doing business and improving India's rank to top 50 in World Bank's rankings in the next 5 years has been a key focus area for the BJP led government. India currently ranks a dismal 130 among 189 countries on the ease of doing business in the latest World Bank's 'Doing Business' report, behind its BRIC counterparts and most other South Asian countries. With the exception of three parameters viz. protecting minority investors (Rank 8), getting credit (Rank 42) and getting electricity (Rank 70), India does not feature in the top 100 in any of the other 8 parameters.

Over the last 18 months, the government along with SEBI and RBI has introduced several reforms and initiatives to improve the overall investment climate and give impetus to economic growth. These steps have pivoted around removing bottlenecks, reducing processes and decreasing delays and costs, resulting in speedy and efficient administrative processes. Capital markets act as the economic barometer of the country and robust, easily accessible and well-regulated capital markets go a long way in improving the ease of doing business in India.

There has been a renewed focus from SEBI on strengthening the market infrastructure, making capital markets more transparent and more accessible to all – from large institutional investors to new age start-ups. Some of the key initiatives by SEBI include:

- Relaxation of listing guidelines for start-ups: Alternative institutional trading platform, easier lock in requirements, removal of promoter concept and diluted disclosure requirements (only broad objects of the issue required), no cap on amount raised for general corporate purposes will help further strengthen the start-up ecosystem in India. At the same time, SEBI is protecting the retail investors by keeping the minimum investment size for such IPOs to INR10 lakhs
- Crowd funding norms for start-ups: SEBI is in the process of finalizing crowd funding norms for start-ups aimed to encourage young entrepreneurs and small companies to raise capital
- Introduction of new instruments such as REITs and InvITs : SEBI came out with regulations for REITs and InVITs with an objective to help real estate and infrastructure developers to raise funds using operational assets
- Streamlined corporate governance regulations: Regulations on corporate governance and similar matters have been made consistent with the corporate law which removes unnecessary compliance burden on listed companies
- Strengthening Insider trading regulations: New insider trading regulations have been announced with an objective to align Indian regime with international practices. Definition of insider has been widened to include persons connected on the basis of being in any contractual, fiduciary or employment relationship with access to unpublished price sensitive information (UPSI). Definition of UPSI has been strengthened by providing a test to identify price sensitive information, aligning it with listing agreement and providing platform of disclosure
- Introduction of Foreign Portfolio Investment (FPI) regime: SEBI rationalized the various foreign portfolio investment routes such as FII , QFI and FII sub accounts under one category – FPI. Simplified the registration process authorizing designated depository participant to grant registration to FPIs. In the same regulation, SEBI also allowed granting permanent registration to FPIs unless suspended or cancelled by SEBI. These regulations have made it easier for foreign entities to enter and operate in Indian capital markets.
- Use of exchange based platform for delisting, open offers and buybacks: This is a significant step as it makes the process easier and at par with taxation on secondary trading.
- Relaxation of delisting regulations: Reduction in delisting timeline from 135 days to 91 days is a big positive for the corporates. Ability to undertake a direct delisting whilst acquiring control is also a step in the right direction as it provides a choice to acquirers to structure their business as per their needs

The government and the RBI recognize the need for a well-developed corporate bond market. There have been several reforms to encourage corporates to issue bonds and encourage increased participation from foreign investors in the corporate bond market. Some of the key initiatives include:

- Increasing the limit of foreign investments in corporate bond market
- Allowing corporates to raise rupee denominated debt overseas (Masala bonds)
- RBI has also proposed fund raising via ECB route by allowing corporates to borrow from foreign regulated financial entities, pension funds, insurance funds and SWFs

The government has also taken several steps for the development of capital markets such as mandating EPFO to invest 5%-15% of their total corpus in equities. EPFO has entered the equities market through ETFs and would be investing 5% of its incremental deposits in the equities market this year. The new government is keen to regain the confidence of foreign investors and encourage increased participation from them in the capital markets. Some of the key initiatives include:

- Increasing the FDI limit in insurance, railway infrastructure and defense is a step in the right direction
- Removal of separate caps for FPI and FDI and moving to a composite cap is another shot in the arm for foreign investments. The composite cap provides greater flexibility to foreign investors to structure their investment and saves the investee company from complying with several regulations
- Allowing foreign investment in Alternative Investment Funds will help in fund raising for start-ups, small and medium enterprises and early stage venture
- The recent announcement of MAT not being applicable to FIIs retrospectively brings the much awaited clarity around taxation reform
- The government also plans to modify Permanent Establishment norms to ensure there is no adverse tax implication for offshore funds with a fund manager in India
- These reforms have resulted in stable foreign investment flows in India despite global volatility – India has received more than US$80 bn of foreign investments since the new government has come to power
- India is on a similar growth trajectory as China and the continued improvement in business environment through ease of doing business will ensure massive foreign investment in Indian capital markets in the coming years.

India is home to two of the largest equity bourses in the world – NSE and BSE are world class trading platform with combined execution capabilities of 0.5m trades per second and response time of 200 milliseconds. The stock exchanges are planning to further improve the speed by 10,000 times in the next 3 years. This will strengthen the market infrastructure and provide investors an experience in line with the top global exchanges.

The Way Forward

While the new government has shown commitment towards capital markets reforms and has managed to win the confidence of foreign investors, there are a few development areas which need to be addressed in the coming years:

- Development of bond market: While there have been recent initiatives to provide higher flexibility to investors and corporates, initiatives are required to simplify bond issuance procedures, strengthen market infrastructure and enhance transparency and disclosures.
- Penetration of Mutual Funds: India has significant growth potential as its AUM penetration (AUM as % GDP) is just 7%, compared to 83% in USA and 41% in EU. Steps need to be taken for increasing awareness of mutual funds products through investor education campaigns to ensure that penetration of mutual funds increases.
- Development of new capital markets products: The government along with other regulatory bodies should incentivize the use of new and innovative products such as gold-backed schemes & deposits,

REITs and InVITs. Since these products replicate the returns from physical assets, they are likely to get a lot of interest from retail investors and will help in channelizing household savings to capital markets.

Conclusion

The capital markets have evolved considerably over the last few years and there is a strong foundation to support future growth. As the inter-linkages between capital markets increase around the world, India should continue on the path of capital markets reforms and ease of doing business to become a globally competitive capital market.

This article is written by Mr. Sunil Sanghai, Managing Director and Head of Banking, India, HSBC and Chairman, FICCI-Capitals Market Committee.

Financial Inclusion in Asia

Financial inclusion has been recognised as one of the most powerful tools to ensure equitable growth and adopted as a top development priority by policy makers around the world. Financial inclusion is defined as access to affordable formal financial services by enterprises and households including the disadvantaged and low income group people. Globally, around 2 billion people or 38% of adults are reported to be not using formal financial services. The scenario in developing Asia is even grimmer with less than 27% of the adults having an account in a bank (formal financial institution) and only 33% of the firms (enterprises) having a line of credit or loan from a financial institution.

Achieving financial inclusion is important and desirable as it benefits both individuals as well as small scale firms. For instance, access to financial services encourages greater savings. It also provides micro, small and medium sized enterprises (MSMEs) a means to access business loans which helps in improving productivity levels and competitiveness. The enhanced domestic resource mobilisation not only strengthens the financial sector but also contributes significantly towards overall growth and socio economic development of a country.

Therefore it becomes important to understand the level of financial inclusion achieved by developing nations. Keeping with this view, Asian Development Bank (ADB) recently released a working paper titled – Financial Inclusion in Asia: An Overview, which has highlighted the current state of financial inclusion in developing Asia. In this article, we present some of the highlights from this paper.

Financial Development across Developing Asia

The reach of the financial sector has been analysed in the paper on the basis of three standard indicators:

1. Liquid Liabilities to Gross Domestic Product (GDP) – an indicator used to estimate financial depth
2. Bank Deposits to GDP – representing resources available with the financial sector for lending activities, and
3. Private Credit to GDP – depicting claims on private sector

The first two parameters measure the liability side of the balance sheet, while the last one indicates the asset side.

A comparative analysis across economies in terms of median values of the selected indicators (2011) reveals that while the performance of median economy in developing Asia was better than the median in Europe, Latin America and the Caribbean (LAC) and the Sub-Saharan Africa (SSA) regions, it is relatively weaker than the high-income group countries and the Middle East and North Africa (MENA).

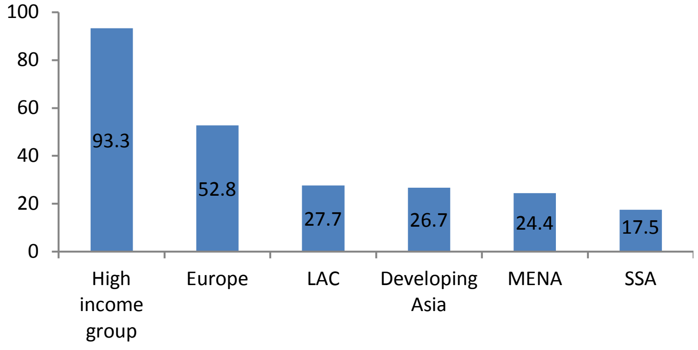
Access to Finance

In developing Asia, the scenario with respect to access to finance is not very bright, with few households accessing formal financial services and very few enterprises having access to external credit.

Status of Households

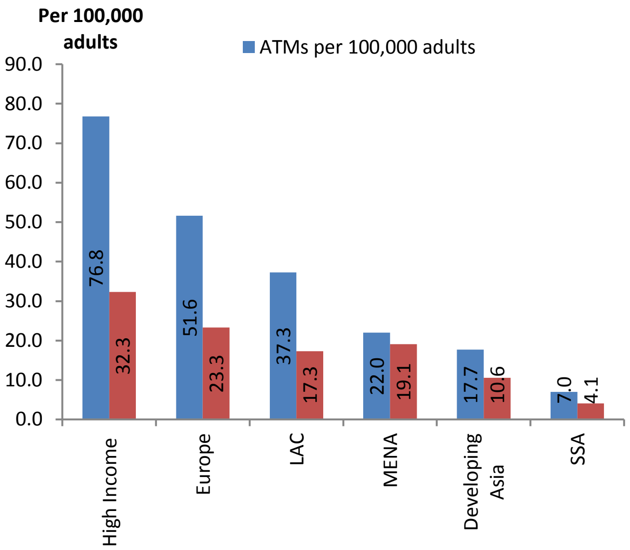
The paper suggests that account penetration (defined as percentage of adults having individual or joint ownership of an account at a formal financial institution) at the global level stands at around 45.7%, as compared to this, account penetration in the median economy in developing Asia is low at 26.7%. Within developing Asia, there is wide disparity in formal account penetration. While it is universal in countries like Republic of Korea and Singapore, it is lower than 5% in Cambodia, the Kyrgrz Republic and Tajikistan and even lower than 1% in Turkmenistan.

Chart 1: Formal Account Penetration Worldwide (%)



Supply side data on financial inclusion analysed using two indicators, the availability of number of ATMs and the number of commercial bank branches per 100,000 adults reveals a positive significant correlation between availability or access to financial services and the use of these services by individuals.

Chart 2: ATM and Commercial Bank Branches



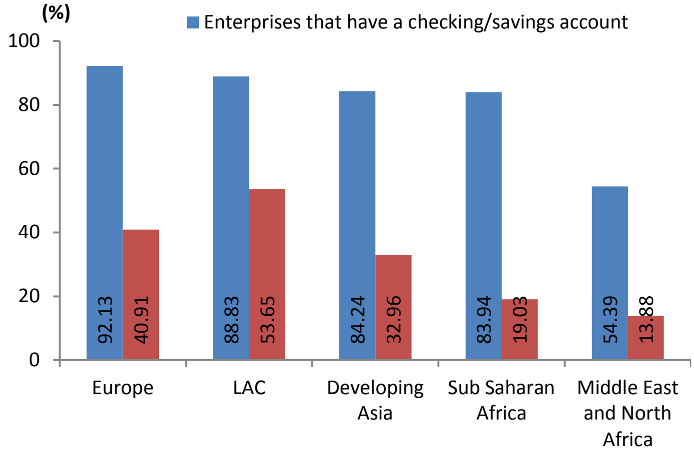
*Data – Financial Access Survey IMF 2011

However in developing Asia, the correlation is relatively weaker. Within the region too there is wide variation in the number of ATMs per 100,000 adults. For instance for Brunei Darussalam and Thailand it is around 75 while it is less than 5 for countries including Afghanistan, Bangladesh, the Marshall Islands, Pakistan and Uzbekistan.

Status of Firms

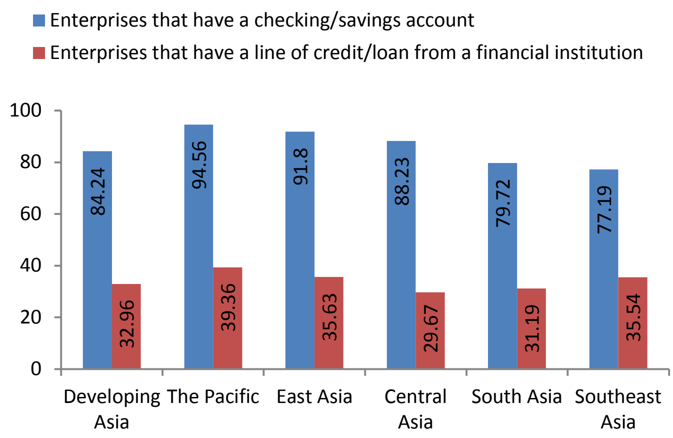
For small firms, lack of access to finance can be a major constraining factor for growth and innovation. The report with the aid of data from World Bank Enterprise Surveys for two leading indicators – 'presence of a checking and/or savings account' and 'access to a line of credit or loan from a financial institution' analysed the business climate constraints for private sector growth and performance across economies (depicted in graph).

Chart 3: Access to finance by firms



In terms of both parameters, developing Asia fared better than SSA and MENA, and lagged behind Europe and LAC. Within developing Asia, the Pacific fared much better than other regions.

Chart 4: Access to finance by firms



Further, the study of financing pattern followed by firms in developing Asia reveals that on an average 75% of their working capital requirement is met through retained earnings. Banks are the second largest source of finance for meeting the working capital requirement accounting for 8.2% for small firms (5-19 employees) and 17.14% for large firms (more than 100 employees).

Access to credit of small firms is particularly constrained in developing Asia with relatively lesser percentage of small firms having a line of credit/loan from a financial institution as compared to medium-sized and large firms.

Thus, the analysis shows that the banking sector depth is relatively higher in the median economy in developing Asia as compared to other global economies but, relatively less proportion of households actually access these formal financial services with very few companies having access to external credit.

Challenges for Financial Inclusion

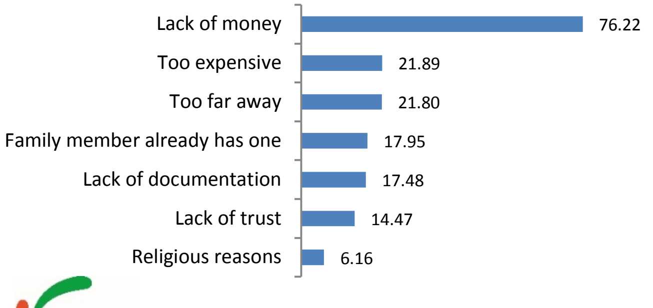
Identification of challenges and barriers restricting reach of financial services to the lower strata of the society is of utmost importance as it enables policy makers design suitable policies addressing these issues.

Barriers to Access and Use of Financial Services

For Households

Various socio-cultural, economic issues, involving a mix of both demand and supply driven factors hamper the process of financial inclusion. Demand-side barriers include financial illiteracy, lack of awareness, low income levels, erratic cash flows, amongst others, while supply-side factors include, geographic distance and higher transaction costs.
During the Global Findex Survey conducted by IMF in 2011, the respondents from developing Asia highlighted 'lack of money' as the prime reason for not opening an account (76.22%), the other factors being high transaction/fixed costs associated with opening and maintaining an account and long distance to bank branches or ATMs.

Chart 5: Barriers to account penetration in Developing Asia, 2011



Alternate delivery channels such as mobile banking, mobile finance and e-finance, that permit the customers to do financial transactions with the aid of smart phones and internet can contribute in a great way for reducing costs and removing physical access barriers. However, adoption of technology in financial sector is still relatively low in developing Asia with only around 2% of respondents in these countries using online payment modes as compared to 44.8% in the median high-income economy.

Firms

In case of firms, barriers to access financial services include high interest rates, collateral requirements and cumbersome paperwork, while many firms do not access or use financial services also because they do not need them (55% in developing Asia).

Table 1: Reasons for firms not applying for loans (%)

Reason	Developing Asia	Europe	LAC	MENA	SSA
No need	55.4	64.8	65.4	48.3	37.2
Unfavorable interest rates	14.8	19.8	12.3	11.7	19.3
Complex application procedures	10.8	7.1	5.8	9.6	17.4
Collateral requirements	8.2	4.9	4.6	7.6	11.6
Size of loan and maturity are insufficient	3.4	1.1	1.1	3.8	2.3
Did not think it would be approved	3.2	0.4	2.4	3.0	6.1
Other	4.3	1.8	8.4	15.9	6.3

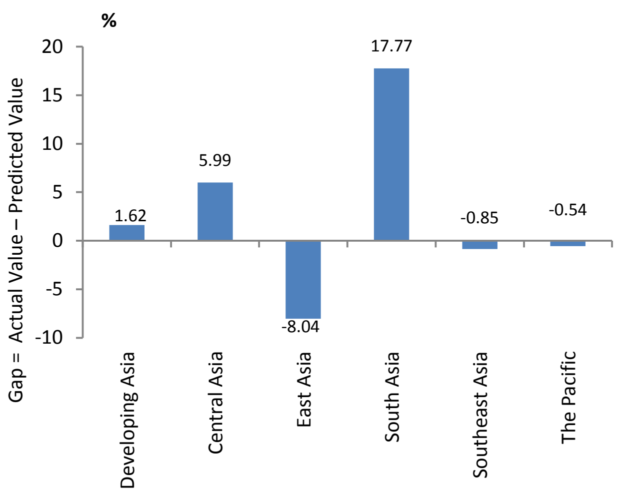
Benchmarking the Financial System in Asia

The analysis reveals a great variation in the range and depth of financial inclusion across economies, due to the presence of various types of market frictions that hamper the efficient operation of financial institutions and of markets and their ability to overcome these frictions. Various factors including the broader socio-political and structural environment in which the financial system operates, policy variables related to the finance sector influence the ability of the financial institutions to overcome these market frictions.

The difference in the actual and predicted levels of financial development in 2011 has been analysed on the basis of three financial indicators - private credit to GDP (%), account per 100,000 adults and percent of firms with lines of credit. The key results obtained for developing Asia are:

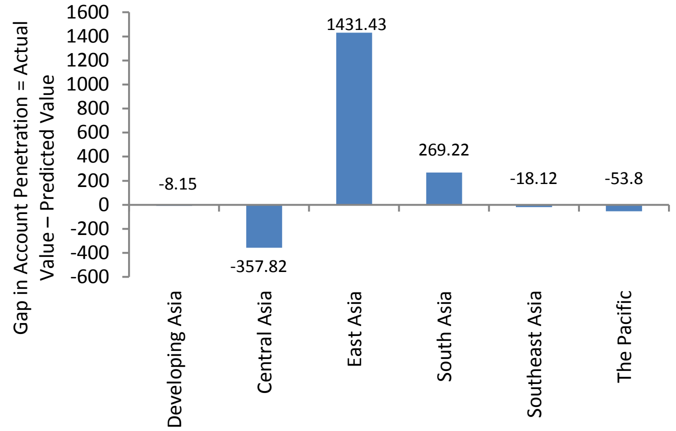
- In terms of banking sector depth, the median economy in developing Asia fared better than the median in other economies. The median gap so obtained implies that the actual value of private credit to GDP has exceeded the predicted value by 1.62 percentage points in developing Asia, indicating satisfactory banking depth. However, it varies across regions.

Chart 6: Gap in Private credit/GDP in Developing Asia



- In terms of financial inclusion (gap in account penetration in terms of number of depositors per 1000 adults) however, many of the economies in developing Asia trails in spite of satisfactory financial development. For instance, in Central Asia the gap in account penetration (actual – predicted) is -357.82 while the gap in private credit to GDP is 5.99 percentage points which indicate good banking depth.

Chart 7: Gap in Account Penetration in Developing Asia
(Number of depositors per 1,000 adults)



- There is huge variation in terms of access to credit to firms as well, with Indonesia having a predicted share of 27 percentage points below the actual share of enterprises with a formal loan while for Tajikistan the actual level is 25 percentage points above the predicted level.

Conclusion:

It is evident that developing Asia presents a mixed picture of overall financial development. There are various challenges that need to be overcome to augment financial inclusion in this region. Banking sector depth (median level) in developing Asia is higher than the median in most other developing regions of the world; it however, trails the median of the high income group. However, the scenario gets grimmer in terms of financial inclusion, with the region lagging behind high income economies, LAC and emerging Europe.

Innovative methods/techniques, encouraging healthy competition and a favourable regulatory framework would be the major action points needed to broaden financial inclusion in developing Asia.

Indian Defence Manufacturing Sector

India is amongst the world's largest importer of defence and arms equipment, with imports catering to over 60% of the demand for these products in the country. In recent years, imports of defence equipment have shown sharp increase. Consequently, India's share in international arms imports has doubled to 15% during 2010 to 2014, from 7% recorded in 2005-09. The Government of India over the years has stressed on the need for greater indigenisation and gradual march towards self-reliance to reduce dependence on highly expensive imports, encourage innovations and boost Indian defence manufacturing to meet domestic requirements as well as improve exports of defence equipment.

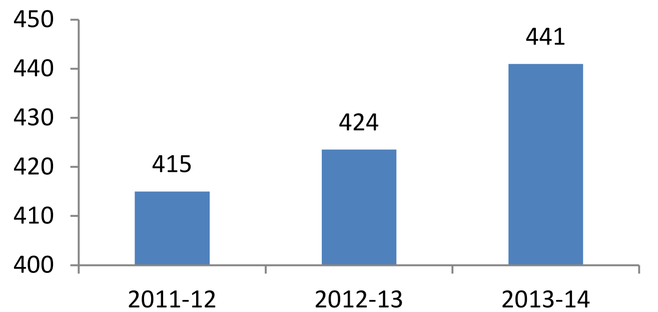
Defence sector has attained highest priority of the government as is evident with the Hon'ble Prime Minister showing keen interest towards establishing a Defence Industrial Base in the country. Defence manufacturing sector has been identified as one of the key priority sectors under the government's 'Make in India' initiative.

Some of the other measures which the government has taken lately include the issuance of joint venture guidelines for the sector, introduction of new changes in the defence offset policy, increase in FDI limit, and relaxation of licensing requirements, amongst others. Private sector participation and foreign investment of up to 26% was allowed in the sector for the first time in 2001; the limit was raised to 49% and even more than 49% in projects involving modern and state-of-the-art technology transfer to India. The Press note 12 of 2015, issued on November 24, has further relaxed the FDI in the defence sector by paving the way for automatic route till 49% of FDI. The government has taken several measures in the past one year to boost defence manufacturing and has introduced a number of industry friendly policies. For instance, the list of Defence industries which require industrial licensing (IL) has been pruned down significantly, the process of IL has been made online and time bound, and all cases of ILs have been cleared. Further, validity period of licences, wherever applicable, has been extended to 15 years (initially 3, modified to 7 years), with a provision to extend it for an additional 3 years thereafter.

Low Private Sector Participation

Though entry of private players has been allowed in the sector since 2001; there has not been much traction observed in this direction with share of private players remaining relatively low over the years. The domestic defence manufacturing sector is still dominated by 9 Defence Public Sector Undertakings (DPSUs) and 39 Ordnance Factories (OFs), which together account for about 90% of the total defence manufacturing output in the country. These firms together produced defence equipment worth Rs 441 billion in FY 2013-14. In addition, about 6000 small and medium scale companies supply components and sub-assemblies to the DPSUs, Ordnance Factories, DRDO and private industries, while another 800 SMEs are engaged exclusively with DRDO. Around 20-25% of the production requirements of the DPSUs and OFs are outsourced to the private sector companies. There are only 49 private companies operating in this sector presently.

Chart 1: Production Value of Defence PSUs and OFB (Rs. Bn)



Source: Annual Report of Ministry of Defence 2014-15

To encourage greater participation from private players, the government has been making special provisions and trying to offer level playing field to private companies. The government appointed a 10-member Experts Committee under the leadership of Shri Dhirendra Singh in May 2015 to streamline the Defence Procurement Procedure, 2013 (DPP) by removing bottlenecks and suggest the way forward to attract investment into the sector facilitating the establishment of Defence Manufacturing Base in the country.

The committee has submitted its report to the government in which it has recommended to encourage Defence Manufacturing in India.

The committee has also recommended active participation of MSMEs in defence manufacturing including in strategic MAKE programme. One of the key recommendations of the committee has been with regard to the identification of Strategic Partnership to compliment the DPSUs and OFBs. With the operationalisation of Strategic Partnership, the committee expects that a second line of production in Defence Manufacturing will be developed with active involvement of Indian Private Sector. In order to identify the strategic partners, the government has further formed a sub-committee under the Chairmanship of Dr V.K. Aatre. The government has identified six sectors and has requested the Dr Aatre committee to evolve the methodology to select Strategic Partners from Indian Private sector. The committee is yet to submit the report to the government.

The six sectors identified are aircraft and their major systems; warships of stated displacements, submarines and their major systems; armoured fighting vehicles and their major systems: complex weapons that rely on guidance systems; Command and Control System and critical materials (special alloys and composites).

In June this year, the government has also announced the withdrawal of excise and customs duty exemptions that were applicable to goods manufactured by Ordinance Factory Board and DPSUs. This is expected to make defence manufacturing a little more attractive for both domestic private companies as well as foreign players who are willing to invest in India.

Foreign Direct Investment

Like domestic players, foreign companies too have shown hesitance towards investing in defence manufacturing sector in India. Despite the relaxation in FDI limit to 49% in mid-2014, the sector has received inflow of only US$ 0.08[1] million during July 2014 – June 2015 and a total of US$ 5.02 million during, April 2000 – June 2015.

[1]April 2000 – June 2014 USD 4.94 million, April 2000 – June 2015 USD 5.02 million

This is mainly due to a number of apprehensions that global players have regarding operating in India. For instance, global defence manufacturers have not been happy with the idea of transferring their technology to an Indian partner without having majority stake in the joint venture. Foreign companies also expressed their reservations regarding the offset guidelines. In addition, lack of proper policy framework (constantly changing defence policies) has also been a deterrent. As a result, many of the joint ventures (JV) signed between Indian and foreign companies have remained on paper only, except for one JV between The Telephonics Corporation, USA and The Mahindra Defence, India, jointly known as Mahindra Telephonics. With the announcement of Press note 12 of 2015, dated November 2015, the automatic route on FDI in Defence till 49 percent is seen as a positive development, and industry is now optimistic on flow of funds. With the automatic route in operation, the uncertainty on proposed JV's and long time lines has been addressed.

Positive Future Outlook

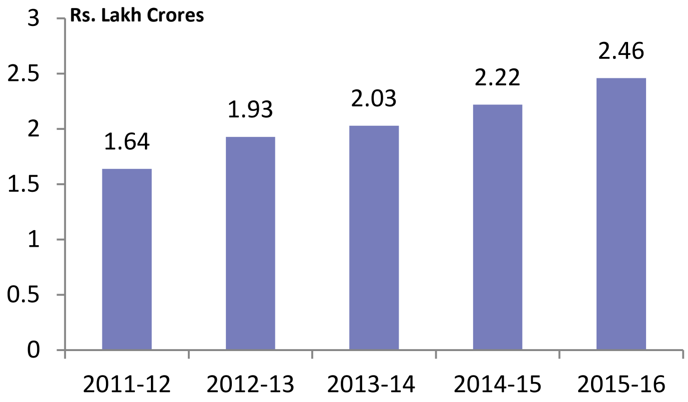
However, latest activities suggest that both foreign as well as domestic players are quite optimistic of the future growth of the sector in India. While, domestic companies are keen into getting into strategic acquisitions and joint ventures to augment their production capacities and capabilities; foreign companies have also evinced interest in the Indian defence manufacturing sector. According to media reports, Bharat Forge has set up 3 joint ventures in the last 3 years, two of which have been with reputed foreign companies. Besides, the company is also targeting two European companies for similar investment ventures. Many other Indian companies are looking at acquisition opportunities as well. On the other hand, one of the largest foreign defence manufacturers in the world, Lockheed Martin has reportedly signed an agreement to invest in the Indian defence sector during Prime Minister Narendra Modi's recent visit to the US.

There is a prevalent feeling amongst companies that India has the potential to become a global defence manufacturing hub in future and the present scenario will change drastically over the next five years.

The defence landscape in India is evolving rapidly, unfolding numerous opportunities for both Indian and foreign companies across the supply chain. There are various positive attributes of the Indian defence manufacturing sector which makes it attractive for investment. For instance, India, which is presently the largest importer of defence equipment in the world has set a target of achieving 70% indigenisation in defence manufacturing by 2027.

Secondly, the government has been steadily increasing its defence expenditure, reflecting its resolve to strengthen the Indian defence sector. In the Union Budget 2015-16, the government allocated Rs. 2.46 lakh crore (US$ 40.4 billion) for defence, 7.7% higher than the previous year's allocation of 2.29 lakh crore which in turn was 12.5% more than Rs. 2.03 lakh crore allocated in FY 2013-14.

Chart 2: Budget Allocation to the Defence Sector



Source: Union Budget

Thirdly, emphasis has also been laid on improvement of the research and development infrastructure in the country which is critical for technology upgradation, an area in which India lags behind. The government had announced setting up of a 'Technology Development Fund' with an initial corpus of Rs 100 crore in Union budget 2014-15 to support public and private sector companies engaged in R&D activities in defence systems. This is an opportunity for foreign firms to tap this space by sharing their state-of-the-art technology and be a part of the growth of the defence sector in India. The market size of the Indian defence market is estimated to touch around Rs. 863.5 billion by 2022 and to Rs. 1,650 billion by 2027.

Moreover, the government is looking to further simply regulations and procedures applicable to the sector. By the end of November 2015, the government is likely to introduce new simplified eligibility criteria for foreign defence equipment manufacturers to invest up to 100% in Indian ventures and simplified defence procurement procedures as well.

These continuous efforts to bring improvement in the ease of doing business in the sector are likely to draw the attention of both foreign and domestic players, which will lead to increase in the overall defence manufacturing capacity in the country. In the long term, this will also help in boosting India's exports of defence equipment which has already started showing improvement over the past few years. All in all, the sector has a strong growth potential.

Recent Developments

- The Defence Ministry on (29th October) cleared proposals worth Rs 11,000 crore for the modernisation of the armed forces including procurement of four multi-purpose vessels for the Navy and upgradation of heavy lift aircraft IL 76 and IL 78.
- October 16: Russian sovereign wealth fund Rusnano Management Company has decided to create a US$ 2-billion (Rs 13,000 crore) fund with equal contribution from Indian financial institutions to invest in joint venture companies formed between the two countries which will develop defence and aerospace equipment with high-end technology
- Airbus Helicopters, a unit of Europe's Airbus Group and Mahindra Defence, a Mahindra Group subsidiary, have announced their plan to produce helicopters in India. The proposed joint venture will be the first private manufacturer of military helicopters under the Make in India programme.
- India and Russia have agreed to jointly build 200 military choppers as part of intensification and diversification of their strategic ties
- Tata Advanced Systems has entered into a joint-venture with Boeing to build aero-components in India. The joint venture will initially produce fuselages for the AH-64 Apache helicopter. Both the partners intend to grow the partnership in future with a focus on opportunities to collaborate on the development and selling of integrated systems.
- Sure Safety Solutions is setting up a manufacturing unit for Aerial Target products for defence products in collaboration with Meggitt Defence System at Tata Steel's Gopalpur Industrial Park.

HE Tovar Da Silva Nunes
Ambassador of Brazil to India

1. ***Signs are emerging that Latin America is becoming increasingly important to India, particularly in the economic arena. Prime Minister Modi and President Dilma Rousseff at their meeting in Ufa decided to intensify the strategic relationship between India and Brazil. What is the road ahead?***

We welcome India's initiative to become closer to the Latin American region. We think that is very positive and is based on pragmatism, not on sentiments. More importantly, it signals to us that a major democracy is actually finding common ground with the democracies in Latin America that have taken time to reach the level of consolidated democracies. So we are talking about relations between a legion of democracies with another great democracy.

We are keen on expanding the relationship between India and Latin America and Brazil is the number one interested country in pushing for a greater engagement. We have proposed to South America a special relationship between South America and Africa and South America and Arab countries. That is proving very well. Now we see that India is going to host a very important summit in October with African countries. That in a way is wonderful for South-South cooperation and a perfect combination of what Brazil is proposing -- get South America together with Africa and India. That opens up interaction both ways and ensures progress towards South-South cooperation in which we see India as an important partner.

2. ***Brazil is one of the most important trading partners of India in the entire LAC (Latin America and Caribbean) region. How can we lift the volume of trade which is way below expectations?***

The India-Latin America trade has grown immensely over the years. From around $ 1.5 billion 15 years back, it has now reached $ 41 bn. That is a very significant increase. It is true that it is concentrated on some items specially oil – a lot of business with Trinidad & Tobago, Venezuela and Brazil -- but is slowly growing. India is now a powerhouse in many sense, not just economically strictly speaking but technologically as well as in services. By growing rapidly India has developed some sectors – pharmaceuticals, services, information technology, steel, automobiles and the advances that India has reached in satellite, space and energy shows that many opportunities will come.

Latin America has smaller but very important energy powerhouses like Bolivia, Equador, Trinidad & Tobago and Venezuela. So in our different ways we have a lot to offer which would be complimentary to what India needs in terms of resources, services, interaction between universities and Indian research centres. So that's why I think there is a potential to go ahead. There are around 80 Indian companies in Latin America, most of them are in Brazil – about a sixth. They are expanding and are interested in investing and we welcome that. We think that both Mercosur in the southern tip as well as Mexico and the Caribbean have a lot to offer to Indian investors and we are also eyeing the Indian market in order to see what are the opportunities.

3. ***India has embarked on ambitious programmes like Make in India, Clean India and Digital India along with a commitment in ease of doing business. Can we expect more Brazilian companies to invest in India and step up business with Indian firms?***

Most certainly. We think that what is happening in India matches with the stability of the economy and with the resources that you have here – both human resources and otherwise. That is a very happy combination of factors that would attract investors from Brazil and also from our neighbours in Latin America. India has clearly decided to increase the dynamism of the economy, reduce the time for companies to start operating here and reduce the obstacles for business to operate.

That is very encouraging and we are trying on our side, as the Brazilian embassy, to publicise the fact that this is a different India, a very fast developing and growing economy where the business environment can only get better due to all the initiatives, but also the fact that you have the number one commodity in India – entrepreneurship. We sense that Indians culturally are entrepreneurs and this entrepreneurship which is of a very high level in India translated into good regulations, good laws, good governance can only benefit business. I think we are going to take advantage of that to increase our level of partnerships, joint ventures.

In terms of interest among Brazilian companies, we have success stories in steel, we have success stories in information technology and in mobile transportation buses. We are now eyeing many new possibilities like processed food. We are trying to find partners in India for what we have developed very well -- the processed chicken industry. There are some obstacles here as the structure of the trading in animal protein is different. But we are confident that we will find a way as we slowly try to increase the level of knowledge about what is possible here. We are trying to develop a strategy not only for India but maybe southern Asia and south east Asia.

Then there is renewable energy. There is plenty of room for partnerships in solar panels and also in ethanol. We already have Indian presence in the production of ethanol and sugar in Brazil so there is no reason for that not to be expanded.

4. ***India and Brazil have discussed cooperation in agriculture, oil and gas and defence. What are the potential areas of exploration and collaboration in these areas?***

Oil and gas are actually top priority for trade and there is room for India to come in and take part in the activities in the oil sector. We are very competent for hydroelectric generation and I think so is India. We can make efforts to cooperate here. We have increased in our energy mix, the percentage of clean energy which now comprises around 40 per cent of the energy mix. In electricity supply, this percentage is 75. So clean energy can generate opportunities for collaboration.

We have also produced green diesel and that is an experience we can share with India. There is also equipment for transport and pumping out oil and gas. Both countries should make an additional effort to produce locally with their experience rather than importing just from elsewhere.

In agriculture, we can collaborate on research and exchange of genetic material both for plants and animals. Brazil is very competent in vegetable oils, soya, and animal protein while India has expertise in sugar and cotton and in many other areas. So there is room for us to see what we can produce together and better. Then there is cashewapples which are used by the confectionary industry in Brazil and there is no reason for that not to be a case also in India. The agriculture research agencies in Brazil and India have a lot to do together to achieve food security, offer better quality products and increase the yield using less land.

5. ***One issue related to agriculture and food security is climate change. What kind of a response can India and Brazil forge on the challenges of greenhouse emissions and climate change?***

The India-Brazil partnership towards a cleaner and less contaminated world can be driven by renewable energy and clean energy. India and Brazil are both part of a group – BASIC -- which includes China and South Africa. This group is going to meet soon in China and we will try to adjust our positions towards Paris at the end of the year. One of the initiatives here in India to reduce gas emissions and initiatives in Brazil especially towards radical reduction in the felling of trees are clear indications that we are committed to offer future generations sort of development that is sustainable.

6. ***India has requested Brazil for assistance in expanding the list which is covered by the India-Mercosur Preferential Trade Agreement. That list is presently at 450 items, and India would like to increase it to about 2,000 items. When can we expect some movement?***

I do see response coming on both sides. We are going to negotiate the extension of this preferential trade agreement together with our partners and friends of Mercosur.

The PTA with India was the first one that Mercosur signed outside the region. We not only have a desire for expansion but we have already consulted our business community in Brazil. There is a green light for the expansion to go ahead and we have already approached our neighbours in Mercosur in August at a meeting held on the expansion of the PTA. So I see it moving. Let me tell you there are countries like Brazil that would expand now but with a view to free trade in the future.

7. A big obstacle in enhancing trade is the high tariff on IT services imports which makes off-shoring from India to serve local Brazilian market non-competitive. There is also reluctance to offshore IT work to India. How do we end this impasse?

India and Brazil are both members of the General Agreement on Services of the WTO. Apart from what is regulated under the General Agreement, I don't believe there would be any additional obstacles. We would be willing to identify these difficulties so we could deal with them on a very objective basis. We need to examine if there is such an obstacle to provision of services, be that in IT or any other services. There is one difficulty and that is the language and that can arise sometimes if it is specialised services. But for example for call centres, a company would have to have a call centre where employees speak Portuguese to be effective. But that is not a legal or regular but a cultural obstacle.

8. You would also agree that lack of connectivity is a bothersome issue standing in the way of bridging ties between India and Brazil?

There is one service that Brazil is trying to increase and that is transport and air traffic between India and Brazil. We are trying to increase the number of Brazilians that travel and come to India and we want to receive more Indian businessmen, tourists, scholars, members of the Indian society in general and artists in Brazil. Currently, that's expensive and takes too long, expensive because there are few options. We would like to see for example if a direct link between Mumbai and Sao Paulo is possible. They are two important economic centres – Mumbai, not only for India but South Asia, and Sao Paulo not only for Brazil but South America. That is the kind of service we would like to introduce.

9. India and Brazil are partners in BRICS. In this context, could you share your thoughts on the way BRICS has progressed? What are the economic ties within BRICS, the concerns and issues?

The BRICS has developed into a very interesting gathering which is very flexible as an institution. I don't think there is any intention to increase that level of institutionalisation apart from the fact that the group has been able to approve the New Development Bank and the Contingency arrangement. Both are very important steps towards the contribution of BRICS to the entire world and also to cooperation among other emerging countries and developing countries. The way the BRICS has developed without pressure, naturally, with countries being able to retain their peculiarities and specific traits is the way it is going to continue and we are very happy with the way BRICS has evolved.

The BRICS has actually done a lot both economically and politically towards what we call the "multipolarity of cooperation". We are in a world where you have many poles of decisions and I think BRICS in a marvellous way has managed not to be a superpower group and yet by having countries like China and India, it automatically has a large population being covered, all the countries involved have a very active dynamic diplomacy and economically we have been pressing for changes in the way economic institutions function. I see the future of BRICS as bright, provided that it is flexible and where countries feel free to dialogue and be very positive.

10. Having held many distinguished positions in your career as a diplomat, how challenging is India? What is your vision for India-Brazil relations?

I believe as a civil servant, you have to serve your country and people the best you can. We have a very good team here in India which we call "Team India" and this is not only in Delhi but also in Mumbai. This is a very good team of people who have chosen India as a destination, people who realise that the future of our diplomacy lies not in the old partners -- who are still important -- but in these new partners that have been our friends for a long time but require more attention and require more work to be done on both sides. I think I am blessed to have this team.

India is a challenge because my predecessors have done a very good job of opening up cooperation. I look forward to staying long enough to make a difference.

I am very encouraged by the warm welcome I have received in India. The doors are opening very easily and that makes my job as ambassador easier.

Economic Outlook Survey

ANNUAL FORECASTS FY16	
Gross Domestic Product	7.6%
Wholesale Price Index (Avg. 2015-16)	0.7%
Consumer Price Index (Avg. 2015-16)	5.1%
Index of Industrial Production	5.0%
Export Growth	2.4%
Import Growth	2.3%
Trade deficit as % of GDP	6.5%
Current Account deficit as% of GDP	1.2%
Fiscal deficit as % of GDP	3.9%
USD/INR Exchange rate (End March 2016)	Rs 63.8/ USD

QUARTERLY FORECASTS Q2 FY16	
Gross Domestic Product	7.2%
Wholesale Price Index (Avg. 2015-16)	-2.9%
Consumer Price Index (Avg. 2015-16)	3.7%
Index of Industrial Production	2.8%
Export Growth	-
Import Growth	-
Trade deficit as % of GDP	-
Current Account deficit as% of GDP	1.3%
Fiscal deficit as % of GDP	3.4%
USD/INR Exchange rate (End of Q2 FY15)	Rs 62.5/ USD

Source: FICCI Economic Outlook Survey, September 2015

FICCI's latest Economic Outlook Survey indicates moderation in GDP growth forecast for the fiscal year 2015-16 due to a downward revision in growth estimates for agriculture & allied activities and the services sector. GDP growth forecast now stands at 7.6%, vis-à-vis 7.8% reported in the previous round.

Sub optimal rains in the current fiscal might dampen the agriculture sector's growth prospects to some extent. The median growth forecast for agriculture and allied activities is 2.1% for 2015-16. The industrial sector is expected to grow by 6.5%, same as that noted in the last round. The service sector is likely to grow by 9.8% in 2015-16 as against the estimate of 10.3% in the previous round due to a slowdown in services exports.

The outlook of the participating economists on inflation remained moderate. The median WPI is expected to be at 0.7% in 2015-16, while median CPI is expected to be at 5.1%.

Export growth has been on a downtrend as global demand conditions remain subdued. The devaluation by China in August 2015 raised further concerns. Some improvement in exports can be expected in the second part of this fiscal year.

While giving a prognosis about the global situation, a majority of participating economists felt that prospects for advanced economies remain muted. In addition, they expect the emerging market group to witness further moderation with China slowing down.

About the expected impact on Indian economy, the participating economists were of the view that spill over from global developments will be inevitable. It was suggested that resolving domestic issues and undertaking pending reforms would be critical. The respondents felt that the emerging markets should explore and leverage greater opportunities through trade and investments.

Economists were also asked to share their views on the kind of environment banks would require for lowering lending rates. It was felt that a sustained economic recovery was needed for improved transmission. Also, banks have been under pressure to maintain net interest margins. De-stressing Public Sector Banks remains a key focus area both for the government and the RBI.

On ways to enhance investment prospects in states, the economists were of the view that it was of utmost importance to resolve policy log jams on issues such as GST, land acquisition etc. Each state should identify its Unique Selling Point and make it a part of its core development strategy.

The present round of FICCI's Economic Outlook Survey was conducted in the month of July/August 2015 and drew responses from leading economists primarily from industry, banking and financial services sector. Economists were asked to share their prognosis about the global economy and its impact on India, the environment needed for banks to bring down lending rates and the key areas of focus to enhance investment prospects at the state level.

For detailed report you may contact:
Economic Affairs and Research division
Email: sakshi.arora@ficci.com

Economy Fact Sheet – Index of Industrial Production
October 2015

IIP accelerated to 6.4 percent in August 2015

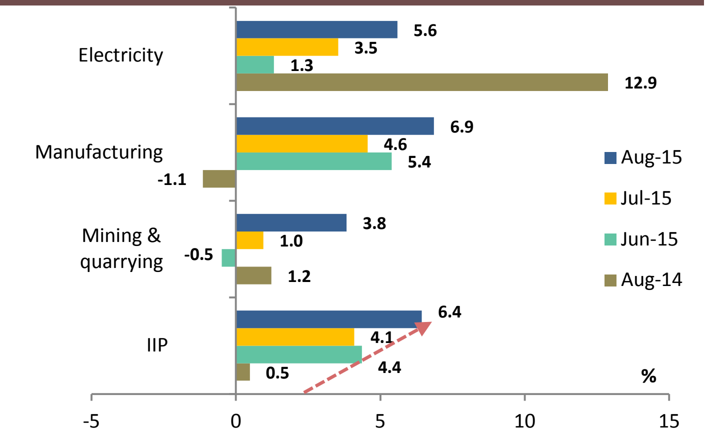
- *Index of industrial production posted a thirty four month high growth of 6.4 percent in August 2015. Industrial growth for the month of July 2015 has been revised to 4.1 percent vis-à-vis 4.2 percent growth reported earlier.*

- *Manufacturing sector, that comprises 75.5 percent of the weight in the index, registered a strong growth of 6.9 percent during the month of August 2015 vis-à-vis a contraction of 1.1 percent noted in August 2014. Mining sector expanded 3.8 percent in August 2015 as against 1.2 percent growth observed in the same month last fiscal. However, growth of electricity production slowed to 5.6 percent in August 2015 against 12.9 percent in August 2014.*

- *As per use based classification of industrial production, capital goods posted a fourteen month high growth of 21.9 percent in August 2015. Growth of basic goods slowed down to 3.4 percent in August 2015 vis a vis 9.0 percent growth noted in the same month previous year.*

- *Consumer goods recorded a growth of 6.8 percent in August 2015. Consumer durables registered double digit growth of 17.0 percent for the third consecutive month in August 2015 as against 15.0 percent decline noted in August last fiscal. However, growth in consumer non-durables was marginal at 0.4 percent in August 2015, same as that noted in August 2014.*

IIP – Economic Activity



IIP – Use Based Classification

	Basic Goods	Capital Goods	Consumer Goods	Consumer Durables	Consumer Non-durables
Aug-14	9.0	-10.0	-6.2	-15.0	0.4
Jun-15	5.3	-2.1	7.7	17.4	2.2
Jul-15	5.0	10.6	0.9	10.3	-4.6
Aug-15	3.4	21.9	6.8	17.0	0.4

- 15 out of 22 manufacturing sub-segments recorded positive Y-o-Y growth in the month of August 2015.

- The growth in manufacturing sector has improved and is getting more broad based. We are hopeful of higher growth in the coming months. Government's efforts to revive manufacturing has started yielding results. Capital goods have posted a healthy growth for the first five months of this fiscal year.

- Reduction in the interest rates in September 2015 by RBI is expected to encourage investments and aggregate demand in the economy. However, Government should continue to take measures to enhance the ease of doing business.

IIP and its Components - Cumulative Growth (YoY)

April-August	IIP	Mining & quarrying	Manufacturing	Electricity	Basic goods	Capital goods	Intermediate goods	Consumer goods	Consumer durables	Consumer non-durables
2015-16	**4.1**	**1.1**	**4.5**	**3.2**	**4.5**	**7.4**	**1.8**	**3.0**	**7.7**	**0.1**
2014-15	3.0	2.1	2.1	11.7	8.5	4.8	2.4	-4.3	-12.8	1.9
2013-14	0.0	-3.6	-0.1	4.6	0.2	0.7	2.4	-1.6	-11.2	6.8
2012-13	0.2	-1.7	-0.1	4.8	2.8	-14.4	1.0	3.2	5.1	1.6
2011-12	5.6	-0.5	6.0	9.5	7.6	7.4	0.9	4.4	4.5	4.3

Source: MOSPI, Economic outlook CMIE and FICCI Research

Economy Fact Sheet – Inflation
October 2015

WPI deflated by 4.5 percent in September 2015

- *Headline WPI inflation declined by 4.5 percent in September 2015 as compared to a fall of 5.0 percent noted in August 2015. WPI based inflation rate has been in the negative terrain for eleven consecutive months.*

- *WPI based food inflation rose by 0.7 percent in the month of September 2015 vis-à-vis (-) 1.1 percent recorded in August 2015. Prices of non-food articles also escalated by 2.6 percent in September 2015 vis-à-vis a decline of 0.7 percent noted in the previous month.*

- *Fuel and power segment witnessed further deflation, with prices declining by 17.7 percent in September 2015 after a decline of 16.5 percent in the previous month. Prices of mineral oils (the main component of the segment) plummeted by 27.0 percent y-o-y during September 2015.*

- *A slump in the prices of manufactured products was noticed for the seventh consecutive month in September 2015 with prices falling by 1.7 percent during the month. Broadly, all manufacturing sub-segments witnessed subdued prices in September 2015.*

- *Retail CPI inflation, however, rose to 4.4 percent in September 2015, as compared to 3.7 percent in August 2015. CPI based food and beverages inflation stood at 4.3 percent during September 2015 as against 2.9 percent in August 2015.*

Inflation in Major Food Items (% YoY)

WPI Food- items

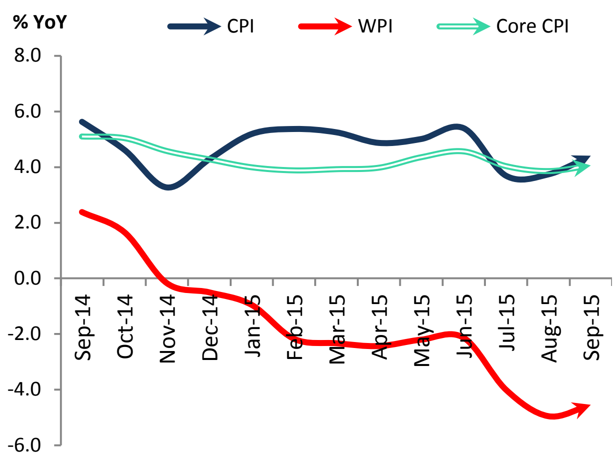
	Sep-14	Aug-15	Sep-15
Food grains	3.9	5.1	6.1
Pulses	6.7	36.4	38.6
Vegetables	-15.1	-21.2	-9.5
Onions	-58.1	65.3	113.7
Oilseeds	8.2	-2.5	2.2

CPI Food- items

	Sep-14	Aug-15	Sep-15
Cereals & Products	5.6	1.2	1.4
Pulses & Products	7.9	25.8	29.8
Vegetables	0.8	-6.3	0.0
Onions	-- *	51.9	87.9
Oils & Fats	2.5	3.2	3.6

* Data not available

Trend in CPI and WPI Inflation



Latest inflation data, both WPI and CPI reveal that inflationary pressures are broadly in control. The uptick seen in the case of select agricultural commodities (such as pulses and onions) needs to be dealt with through both short and long term measures. The government is fully geared and has taken measures to rein the price rise of essential commodities, including increase in the minimum export price of onions, stock limits imposed on onions, import of pulses and a check on hoarding. There is a need to continuously work on addressing the structural challenges both in the food supply chain and in overall agri-productivity levels.

Following the cut in the policy rate by RBI, several banks have revised downwards their base rate. However, there is a room for further cut in the lending rate by the banks. As the gains of a lower interest rate regime get transferred to both consumers and investors, demand would pick up and encourage greater investments.

Key WPI Components (% change Y-o-Y)

	Sep-14	Jul-15	Aug-15	Sep-15
Primary articles	**2.0**	-4.0	-3.7	**-2.1**
Food articles	**3.7**	-1.2	-1.1	**0.7**
Fuel and power	**1.3**	-11.6	-16.5	**-17.7**
Manufacturing products	**3.0**	-1.5	-1.9	**-1.7**

Key CPI Components (% change Y-o-Y)

	Sep-14	Jul-15	Aug-15	Sep-15
Food and beverages	**6.3**	2.8	2.9	**4.3**
Clothing & footwear	**7.3**	5.9	5.9	**6.0**
Housing	**5.8**	4.4	4.7	**4.7**
Fuel & light	**3.4**	5.4	5.8	**5.4**

Source: MOSPI, Economic Outlook – CMIE and FICCI Research

Economy Fact Sheet – Foreign Trade
October 2015

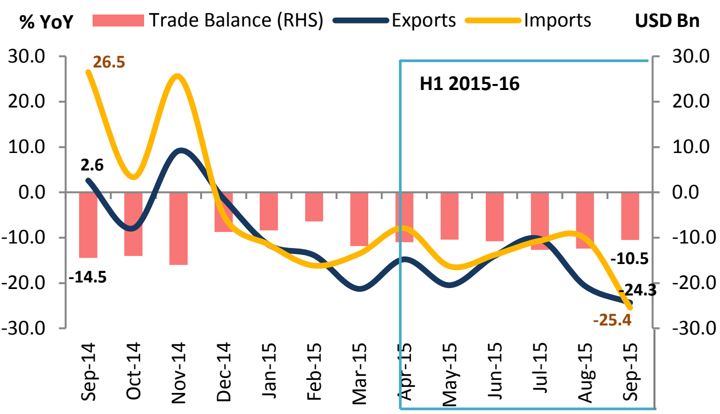
Trade deficit declined to USD 10.5 billion in September 2015

- *India's trade deficit narrowed to USD 10.5 billion in September 2015 from USD 12.4 billion in August 2015. Trade deficit for the first six months of the current fiscal stood at USD 68.0 billion as against USD 72.7 billion recorded in the corresponding period in the previous fiscal year.*

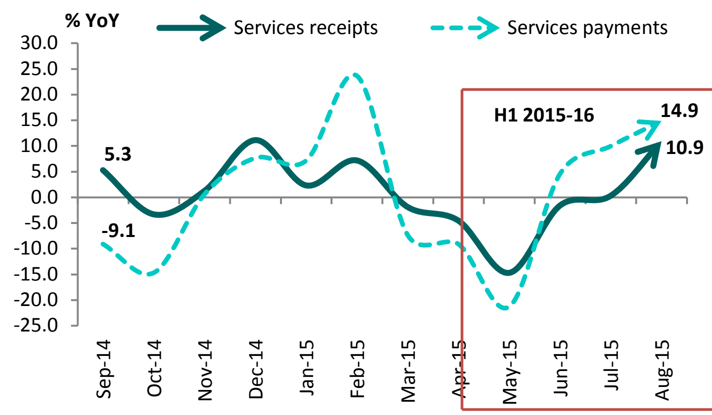
- *Overall exports during the month of September 2015 were valued at USD 21.8 billion, 24.3 percent lower than the level of USD 28.9 billion posted in the corresponding month of the previous year. During the month, contraction was witnessed in all major export items such as engineering goods ((-) 22.8 percent), petroleum products ((-) 60.4 percent), gems and jewelry ((-) 18.8 percent), readymade garments ((-) 12.0 percent) and electronic goods ((-) 16.1 percent).*

- *Total imports for the month of September 2015 fell by 25.4 percent and stood at USD 32.3 billion vis-à-vis USD 43.3 billion worth of imports recorded in September 2014. Both, oil and non-oil imports plummeted in the month of September 2015 by 54.5 percent and 10.7 percent respectively. The slump in non-oil imports was primarily due to fall in imports of gold ((-) 45.6 percent), iron and steel ((-) 9.2 percent) and gems and precious stones ((-) 27.7 percent) during the month.*

Trend in India's Merchandise Trade



Trend in India's Services Trade



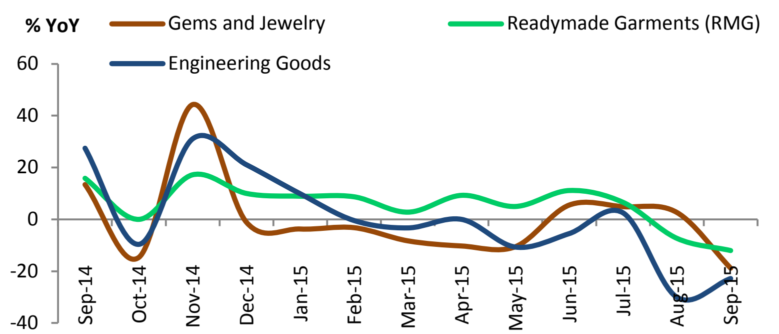
Concerns relating to external sector continue, with merchandise exports declining for the tenth consecutive month in September 2015. Urgent steps are needed in order to reverse the declining trend of exports in light of weak global demand and low commodity prices. The Government has recently increased the allocations under the Merchandise Exports from India Scheme (MEIS) and also included additional items under the scheme. As many as 110 new products such as chemicals and medical equipment have been included under the MEIS scheme and rates or country coverage or both have been increased for 2,228 existing tariff lines. This is expected to provide some relief to the exporters.

Services exports have seen recovery and recorded 10.9 percent growth in August 2015. As a result, net services grew by 6.1 percent during the month after posting negative growth for three consecutive months.

Oil and Non-oil Imports

Time period	Imports (USD Billion)		Growth rate (% YoY)	
	Oil	Non-Oil	Oil	Non-Oil
Sep-2014	14.6	28.8	10.3	36.7
Sep-2015	6.6	25.7	-54.5	-10.7
H1 2014-15	82.4	151.8	2.9	1.7
H1 2015-16	48.1	152.8	-41.7	0.7

Growth Trend in India's Major Export Items



Source: Ministry of Commerce and Industry, Economic outlook CMIE and FICCI Research

FICCI – Economy Watch Team

- **Monika Dhole**
  Email: ***monika.dhole@ficci.com***

- **Pragati Srivastava**
  Email: ***pragati.srivastava@ficci.com***

- **Sakshi Arora**
  Email: ***sakshi.arora@ficci.com***

- **Shreya Sharma**
  Email*:* ***shreya.sharma@ficci.com***

Transact & *Win
iPhone 6!
UAEXCHANGE®
Service is our Currency
Mega Prize
iPhone 6
Daily
Microsoft
Phone
*Win
*T&C Apply
1860 3000 1555 | +91 99460 86666 | 8067006162 | www.uaeexchangeindia.com