

## Focus: Accelerating Growth, Creating Employment

India, as it readies itself for another phase of development with a new Government at the helm, is poised at an interesting juncture. Even with sluggish economic growth, there have been a host of rapid changes with far-reaching consequences – the gap between villages and cities has narrowed as migration has led to faster growth in urban population; technology has emerged as an enabler cutting across class and geographical boundaries; millions are ready to join the workforce every year and, for the first time in the country's history, more people are deriving their livelihood from non-agricultural work than from agriculture.

Never before have there been such rapid changes, and a concomitant rise in aspirations. To meet the aspirations of this upwardly mobile population, it is essential to create productive jobs. Therefore, CII's Theme for 2014-15 is 'Accelerating Growth, Creating Employment'.

To translate this into positive outcomes, CII has identified 10 key 'growth enablers' to focus on during the year. These are:

- Education System:** CII will work towards improving the standards of teacher education and infrastructure. In Higher Education, CII proposes a 100-100 programme (100 member companies setting up 100 faculty sabbaticals) and expanding the CII-AICTE initiative to measure institutions' linkages with industry to improve collaboration, and promote more industry-sponsored research under the PM fellowship for Doctoral Research.
- Skill Development:** To bridge the demand-supply gap in skilled workforce,

Government, industry and civil society need to work together. CII will continue to encourage the private sector to invest in skill development. A conscious effort is being made to align training to the needs of Industry, to allow aspirations to be met, which will give a fillip to the skill movement. CII will work towards the implementation of the National Skill Qualification Framework, set up more Skill Centres and Skill Gurukuls, and promote Sector Skill Councils.

- Economic Growth:** CII will continue to focus on policy advocacy to create an eco-system that boosts economic growth to at least 6.5 per cent by the end of the year.
- Manufacturing:** As more people move to non-agricultural jobs, industry will need to absorb this emerging workforce. Employment-intensive mass manufacturing will have to be promoted. CII will work with the Government to expedite delayed projects. We also propose creating a 'Mass Manufacturing Policy' to boost jobs in manufacturing.
- Investments:** CII will focus on rejuvenating investments through recommendations for the infrastructure and energy sectors and the new Land Acquisition Act, to name a few.
- Ease of Doing Business:** CII will work to improve the Ease of Doing Business parameters and share best practices across the States. A simple, transparent process is essential to create an environment that encourages entrepreneurship and the building of new businesses.
- Export Competitiveness:** India needs to expand its global footprint and increase its presence in the global value chain. This has to be fuelled by domestic

job creation, for which strengthening domestic manufacturing is critical.

- Legal and Regulatory Architecture:** As India's workforce increases and mass scale employment takes place, social security and worker protection need to be strengthened. India's legal and regulatory architecture must match global best practices.
- Labour Law Reforms:** As labour-intensive manufacturing becomes more widespread, labour law reforms will be crucial. CII advocates rationalizing and combining the existing 44 Central and State-level labour laws to address the issues of wages, social security, welfare and industrial relations. CII will work with stakeholders to create a platform for dialogue to create flexible and fair labour laws.
- Entrepreneurship:** Entrepreneurship must be encouraged through facilitative policies, easy access to finance, boosting angel funding and venture capitalism. CII will expand its India Innovation Initiative and set up a 'Start-up Society' to encourage innovation. CII strongly recommends the framing of India's entrepreneurship policy at three levels: National, State and Student. To encourage MSME manufacturing, CII has set up a Finance Facilitation Centre and will focus on special labour laws for MSME.

In the final analysis, the creation of an enabling eco-system through determined policy changes and reforms will accelerate inclusive economic growth and generate the much-needed new employment avenues. ■

### Chandrajit Banerjee

Director General  
Confederation of Indian Industry

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# Growth Accelerating Eco-System Needed

**What, according to you, are the major challenges that the Indian economy faces today?**

The Indian economy has underperformed in the last few years. GDP growth has decelerated and is hovering at 5 per cent, savings and investments have declined and inflation continues to be high. Apart from this, fiscal deficit and current account deficit remain fragile as well. All these factors taken together call for quick and impactful steps that will help revive the economy.

## How can economic growth be revived?

There is an urgent need for a strong revival package which will encourage investments, business and entrepreneurship. We urge the new Government to carry out systemic reforms quickly as we feel that India can achieve a GDP growth rate of over 6 per cent provided the right ecosystem is created. Steps such as early implementation of GST, easing of interest rates and restructuring of labour laws to promote mass manufacturing would go a long way in creating an environment conducive for economic growth. In fact, CII has proposed an economic agenda for



**Ajay S Shriram**

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the new Government. It includes:

- Introduction of GST
- Containment of subsidies and fiscal consolidation
- Monetary easing – reduction in the repo rate by 100 bps
- Maintenance of a competitive exchange rate
- Fast-tracking stalled projects and increasing public capital investments
- Timely implementation of Delhi-Mumbai Industrial Corridor (DMIC) and National Investment and Manufacturing Zones (NIMZ)
- Setting up of State-level mechanisms similar to the Project Monitoring Group

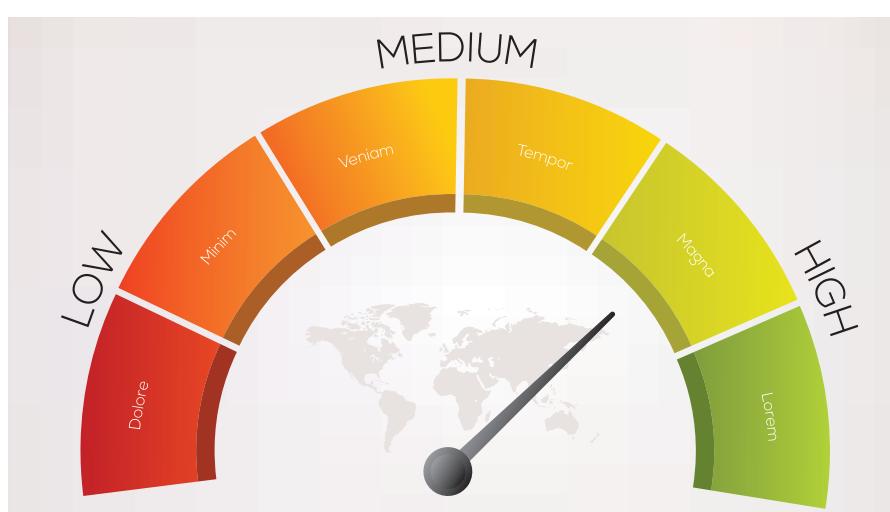
which will review and monitor projects at the State level

- A stronger inter-ministerial coordination group to resolve sticky issues like mining, raw material securitization for sectors like steel, etc
- An institutional mechanism to renegotiate the terms of concession in Public Private Partnership (PPP) contracts to salvage stranded investments
- Expansion of e-governance and technology-based initiatives to simplify processes, and online monitoring of application forms
- Time-bound approvals by introducing 'deemed approvals' in case of delays beyond prescribed limit
- Restructuring labour laws including introduction of Fixed Term Employment for industry to hire manpower on short-term assignments

**As India's socio-economic landscape changes and there is visibly more migration from rural to urban areas, how can the aspirations of its upwardly mobile population be met?**

India is undergoing rapid transformation – the changes sweeping across the country are huge, and it is imperative to guide the changes for inclusive economic growth. Between 2001 and 2011, the workforce expanded by 79 million, growing at a CAGR of 1.8 per cent. While job creation is on the rise, the pace of new employment has slowed down in the second half of the decade up to 2011-12. More importantly, there is a structural shift in employment with an increasing number of the workforce moving from agriculture to non-agriculture.

Such changes in the workforce matrix necessitate job creation, and the objective is to create 150 million jobs over the next decade. This will require active and determined participation from the Government



and industry in order to capitalize on the 'demographic dividend'. Therefore, CII's Theme for 2014-15 is 'Accelerating Growth, Creating Employment' and we will focus on the following 10 areas:

- The education system
- Skill development
- Economic growth
- Manufacturing sector growth
- Investments
- Ease of doing business
- Export competitiveness
- Legal and regulatory architecture
- Labour law reforms
- Entrepreneurship

**To bridge the gap between demand and supply of skilled workforce, skilling is critically important. How do you see this gap being bridged?**

We believe that good education and skilling are equally important, and that both need to go hand in hand in order to have an efficient, productive workforce. An educated, skilled workforce will have the potential to make a much more meaningful contribution to the economy. It is essential that the youth of the country which joins the workforce is well educated and has learning capabilities. To ensure that, CII will focus on improving the standards in teacher education and developing better school infrastructure. In higher education, we propose a 100-100 programme (100 member companies setting up 100 faculty sabbaticals), among other measures.

There is a pressing need to address the issues related to vocational education – it needs to be encouraged and promoted with the right kind of support.

CII has been very active in the skill development area. Our initiatives include Skill Gurukuls and Skill Centres, which impart training, and establishing Sector Skill Councils. These Sector Skill Councils promote industry-specific standards which would help bridge the gap between the skill set available in the workforce and the skill set required by industry. In



2014-15, CII proposes setting up two Skill Centres and Skill Gurukuls. We will also work towards the upgradation of 16 Industrial Training Institutes (ITIs) by way of training the trainers and facilitating revision of the curriculum to align it better to produce industry-ready graduates from these institutes.

Apart from these initiatives, CII worked towards framing the National Skill Qualification Framework (NSQF), which aims to establish basic benchmarks for assessing skills across sectors and at different levels of skilling. It is now focusing on its implementation.

**With declining investments and the current economic scenario, what steps can be taken to generate jobs?**

A comprehensive and focused programme is required to revive the economy. The monetary policy has been rather hawkish and has adversely impacted growth prospects. To encourage investments, and hence growth and job opportunities, one has to look at a whole gamut of issues that are negatively impacting investments. India's ranking has been falling in the World Bank's 'Doing Business' Report. On key parameters such as starting a business, protecting investors, and enforcing contracts, India's ranking has slipped over the last five years. Appropriate steps need to be taken to raise

India's ranking. Our legal and regulatory architecture also needs reforms to create an environment that facilitates raising funds by industry, creates job opportunities, and expands opportunities for innovation and entrepreneurship. Similarly, labour law reforms are required to boost the economy. We need to unleash entrepreneurship in the Small and Medium Enterprises (SME) and Services segments.

CII will intensify its efforts to help create more job opportunities. To boost manufacturing growth, CII proposes presenting to the Government a blueprint for creating a 'Mass Manufacturing Policy' for India, besides urging the Government to expedite delayed projects. Boosting exports interaction with emerging markets in Africa and Latin America will be a focus for us. We will also work with State Governments to remove barriers to free movement of goods and services within the country. India needs to increase its global footprint and strengthen its position in the global value chains.

Entrepreneurship also needs to be encouraged and facilitated to create more jobs. CII will expand the 'India Innovation Initiative' and also set up a 'Start-up Society' to mentor innovative businesses. To encourage SME, CII has launched a Finance Facilitation Centre and is undertaking initiatives to assist MSME for manufacturing and exports. ■

# Key CII Recommendations for Accelerating Growth, Creating Employment

## Economic Growth

### FISCAL POLICY

- Continue with fiscal consolidation: Draft a White Paper on the fiscal situation to outline a roadmap for achieving Fiscal Responsibility and Budget Management (FRBM) targets; restore the quality of fiscal consolidation by boosting capital expenditure
- Introduce Goods & Services Tax (GST) with urgency
- Address the current subsidy situation: Provide realistic estimates of subsidies in the Budget; end the practice of rolling over subsidy payments by making one-off payments; clearly state the norms on sharing of fuel subsidies between Government and upstream oil companies; draw up action plans to cut subsidy expenditure on fertilizers and oil products; rationalise fertilizer subsidies; effect reduction in subsidy on LPG and periodically raise the price of urea
- Fast-track public sector disinvestment: Implement Public Sector Undertaking (PSU) disinvestment systematically
- Create a policy framework for monetising unutilized assets and land resources of the Government and PSUs
- Clear funds held up in disputes
- Maintain a competitive exchange rate

### MONETARY POLICY

- Resume monetary easing: reduce Repo rate by 100 bps

### ENERGISING SERVICES

- Exploit India's export potential in many skill-based and labour-based Services
- Ensure a continuous supply of skilled manpower on a sustainable basis by imparting more vocational training
- Achieving universal financial inclusion
- Passage of the Insurance Laws (Amendment) Bill, 2008

- Capital Markets: Revive a dormant primary market and strengthen the secondary market

### REVITALISING AGRICULTURE

- Implement the Model (amended) APMC Act in its true spirit across the States and ensure that the Rules are enacted
- Delist perishables from the ambit of the APMC Act to relieve pressure on prices resulting in high inflation
- Give farmers the freedom to sell directly to private retailers, food processors and/or other entities beyond the market yards
- Accelerate farm mechanization in a manner that is affordable to the farmers and meets local needs
- Pass and implement the long-pending Seeds Bill 2004 with the amendments that call for creating a level playing field for private players, and encourage private investment in R&D and development of the seed sector
- Encourage private sector participation in food grain management, particularly in States that have decentralized procurement
- Restrict Government procurement of food grains to maintain buffer stock levels and open up markets to private participation
- Incentivize PPP in bulk storage to meet the increasing demand for storage requirements and also check grain losses due to poor and inadequate storage facilities
- Create a single market for agricultural commodities, doing away with laws that restrict the free movement of commodities across the States and multiple licensing systems that add to the cost of movement of commodities
- Facilitate consolidation/aggregation of farm lands (say 50-100 acres or more) through long term leasing to boost long term investments in agriculture value chains as well as ensure better returns to the farmers together with allaying fear of losing ownership rights

## Manufacturing Sector Growth

- Enhance Manufacturing Competitiveness through initiatives on easing business regulations, aggressively building infrastructure etc. It is important to establish a pro-manufacturing business environment
- Fix the essential building blocks and factor cost related to land, labour, power, capital, and raw material. Simplifying land acquisition and balancing the Land Acquisition Rehabilitation and Resettlement (LARR) Bill, harmonizing Industrial Relations, bringing flexibility in labour laws, securing fuel availability for power plants, easing credit availability to industry, etc. will be important in fixing the building blocks

- Ensure speedy and accountable implementation of all manufacturing policies: Create a Government-Industry institutional framework for owning the industrial agenda.
- Create demand and develop scale for local industry, enable technology transfer, create a level playing field for imports and domestically manufactured goods, etc.
- To create demand:
  - Clear stalled projects
  - Reduce interest rate
  - Resolve the mining conundrum

- Increase foreign and domestic investments in areas such as
  - Defence production
  - Textiles
  - ICTE hardware manufacturing
  - Ship-building
  - Aircraft component manufacturing
- Ease Business Regulations
  - Inter-State taxation, Logistics
  - Land acquisition and land pricing
- Enhance Exports
  - Review Foreign Trade Agreements (FTAs)
  - Identify new export markets such as Africa, Latin America, etc.

## Investments

### INFRASTRUCTURE

- Set up an institutional mechanism to renegotiate the terms of concession to salvage stranded investments through options like re-bid, restructuring, renegotiation of contracts, expropriation, et al
- Ensure that projects are awarded to the private sector by first securing the key sovereign clearances
- Allow sponsors to exit fully from commercially operational projects
- Provide incentives like interest subsidy, waiving of stamp duty and reintroduction of Section 80 I-B to promote low-cost housing
- Stimulate private investments in urban sewerage and water and urban mass transport in a sustainable manner in view of the massive urbanization expected in the country over the next decade
- Create a new regulatory architecture to enable 'true' independence for the functioning of sectoral regulators, free from political and bureaucratic controls
- Enable access to long term low-cost finance as funding constraints are severely impeding growth in the sector
- Create Business Trusts (BT) that will allow assets to be handled by professional O&M operators while the underlying ownership gets accumulated in the BT whose units get subscribed by the investors
- To ensure that land does not become a roadblock for development, land bank corporations should be set up in the various States to facilitate acquisition and disbursement of land for industrial use
- Digitization of land records and land zoning is also required as these will be key for systematic development of industrial land and adequate resettlement and rehabilitation processes

### ENERGY

#### Power

- Address fuel (coal) and gas shortages

- Implement regular tariff revisions and make them cost effective
- Amend Electricity Act 2003 to make implementation effective
- Introduce competition in the retail supply of electricity
- Implement reforms in the distribution sector (reduction of aggregate technical and commercial losses, transparent system of funding subsidies etc.)
- Encourage privatization in coal mining and exploration

#### Renewables

- Ensure Renewable Purchase Obligation compliance which will help revive the Renewable Energy Certificate market
- Reinstate accelerated depreciation benefits for wind power
- Incentivize domestic equipment manufacturing
- Transition to mandatory competitive bidding for long term procurement of renewable energy, particularly wind power, in a phased manner
- Develop transmission infrastructure to evacuate renewable energy power
- Address grid stability and balancing issues

#### Hydrocarbons

- Implement market-based gas pricing at arms' length principle
- Maintain contract sanctity and ensure policy certainty
- Set up an effective direct delivery mechanism for subsidies
- Develop a National Data Repository for access to geological data
- Implement a unified New Exploration and Licensing Policy for all hydrocarbons
- Rationalize market prices for LPG and kerosene in a phased manner
- Make Energy Security a cornerstone for Indian diplomacy
- Expand overseas asset acquisition
- Market prices for all Hydrocarbons

## Skill Development

- Amend the Apprenticeship Act 1961 to enable industry to more actively deploy a large number of apprentices
- Focus on vocational education for the youth
- Microfinance/credit to vocational training
- Training element in existing and upcoming employment generating schemes

## The Education System

- Augment investment in education from 3.6 per cent to 4.5 per cent
- Dedicate at least one-third of all incremental tax revenue each year to education

### School Education

- Model Concession Agreement framework to be finalised for PPP in education
- Dissemination of vocational education in secondary schools through National Skill Qualification Framework (NSQF)
- Report the utilisation of education cess

### Higher Education

Build excellence in Higher Education by:

- Mandating that higher education institutions draw one-third of governing board members from industry

- Providing tax incentives to the private sector for sponsoring / co-sponsoring fellowships to PhD scholars
- Supporting establishment of University-Industry Facilitation Cells in every State, as proposed by CII
- Bringing significant reforms to de-regulate the higher education system by providing equal opportunities for the private sector and foreign players to establish and operate with flexibility, including providing infrastructure status to higher education
- Incentivizing the private sector to provide life-long learning to professionals
- Introducing mandatory professional accrediting system for all higher education establishments
- Raising Government expenditure in higher education to 3 per cent of GDP
- Allocating 50 per cent of Government public research expenditure to expenditure in higher education establishments

## Ease of Doing Business

- Rationalize compliances and introduce self-certification
- Introduce e-governance and technology-based initiatives to simplify processes and online monitoring of application forms
- Enforce time-bound approvals by introducing 'deemed approvals' in case of delays beyond the prescribed limit
- Strengthen coordination between Central and State Pollution Control Boards
- Clarification on non-applicability of Transfer Pricing regulations to transactions not resulting in taxable income or tax deductible expense in India e.g. equity infusions, transactions with regard to foreign companies
- Pass Single Window Act and standardize documentation for procedures and approvals related to starting a business, environment clearances, etc

- Establish Environment Compliance Assistance Centres (ECAC) in the States to facilitate information exchange between regulators and industry, and provide technical assistance to industry for meeting compliance requirements
- Encourage and promote the establishment of industry clusters through a well defined, targeted, cluster development policy, owned and driven by State and local Governments
- Periodic revision of environmental norms to keep pace with technology and environment
- Consistency in Taxation approach needed – uniform interpretation and application of the law and judicial pronouncements with emphasis on restricting practice of retrospective amendments
- Move away from the revenue generation aspects of Customs – focus on anti-dumping and border security

## Export Competitiveness

- The immediate priority is to arrest the export slowdown by exploiting the opportunities available through various Free Trade Agreements (FTAs)
- Lower the credit cost and extend credit lines to untapped markets for purchase of Indian goods (eg automobiles)
- Take steps to reposition India in its traditional areas of strength like textiles, leather
- Create an export development fund to support MSME
- Implement CII recommendations for reducing Transaction Costs
- Africa has to be the focus region, both for promoting exports and investment
- As per the Hong Kong mandate, India has granted duty-free tariff preference to Least Developed Countries (LDCs). This is an opportunity for Indian companies to invest in African LDCs and make use of this scheme to export to India by availing zero-duty in the Indian market
- International fora like G-20, BRICS, and IBSA are assuming an important role in guiding the world economic policy. Private sector needs to increase its engagement with them

- Take steps to double exports within the next three years
- Create an overarching India trade promotion body on the lines of UK Trade and Investment (UKTI) to identify opportunities for exports
- Since the relationship between India and ASEAN and East Asia is getting increasingly institutionalized, business needs to make use of this and deepen its engagement with this region
- Government needs to work with the private sector to create synergy on Government foreign policy priorities through economic diplomacy
- Focus on new regions like CIS (Commonwealth of Independent States), CMLV (Cambodia, Myanmar, Laos and Vietnam), LAC (Latin America & the Caribbean), South Asia, Africa
- Consider immediate withdrawal of Minimum Alternate Tax (MAT) and Dividend Distribution Tax (DDT) and restore the SEZ policy to its original form. This would go a long way in regaining the trust and confidence of domestic and foreign investors

## Legal & Regulatory Architecture

- Assist the growth of private enterprise by boosting entrepreneurship, nurturing start-ups etc. Such companies should not be subjected to the same rigour as companies having access to public funds
- Review the inclusion of stringent, minimum and mandatory penal provisions as prescribed in the new Companies Act, 2013
- Include provisions in the Companies Act, 2013 to encourage competent and capable individuals to take up the role of 'Independent Directors'
- Implement e-courts by effectively implementing electronic case filing systems, service of proceedings, etc.
- Bring parity in taxation of financial investors - equity investors vis-à-vis debt
- Desist from imposing sectoral thresholds for the assessment of Merger & Acquisitions (M&As)
- Provide incentives to companies for instituting competition compliance programmes within the Indian Competition Law framework
- Establish a uniform nationwide, reasonably priced stamp-duty regime
- Ensure speedy disposal of court cases

- Streamline completion time and transaction costs for starting and operating a company
- Make necessary amendments in the new Companies Act, 2013 and Rules made thereunder for bringing in a facilitative business regime; provide a longer transition period for all provisions - at least till ambiguities due to hurried notification are clarified / removed; and aim for better alignment between SEBI Regulations and Companies Act requirements
- Sign reciprocal treaties with more countries so that foreign judgments can be enforced by Indian courts
- Update antiquated laws such as the Indian Contract Act, 1872, Transfer of Property Act, 1882 etc.

### Land Acquisition, Rehabilitation and Resettlement Act 2014

- Timeline for Acquisition of Land
  - Should be brought down to around 24 months instead of 56 months as per the current provisions
- Increase in Costs of Acquisition and Rehabilitation & Resettlement (R&R)
  - The proposed provisions will result in cost of land acquisition to increase by 3-3.5 times and R&R costs are likely to go up by about 3 times

- Consent of Affected Families
  - There should be no distinction between private and public sector for seeking consent. If at all the provision of 'Consent' is to be accommodated, it should be reduced to 60 per cent uniformly
- Retrospective Applicability
  - In cases of land acquisition where the notification under Section 11 of the Land Acquisition Act 1894 has already been issued and the process of award commenced, such cases should be continued as per this Act of 1894

## Labour Law Reforms

- Simplification and rationalization of Labour Laws have become the most critical and urgent requirement of the day. An Industry-Government Task Force aided by reputed labour law firms may be set up to work out solutions on a time bound basis to look at the following:
  - Evolving a common 'definition' for a term under all enactments
  - Introduction of only one 'Annual Inspection' by all inspectors (labour inspectors, factory inspectors etc.) which should be coordinated and jointly organized
  - Recognizing Electronic Records for the purpose of Registers to be maintained under different Acts
  - Introduction of only one 'Annual Return' with options for digital filing to enable avoidance of duplication of same data
- Issues related to Flexibility and Rationalization
  - Prohibition of employing Contract Labour (Section 10)
  - Prior approval for retrenchment/lay-off/closure (Section 25 K, M, N, O)
  - Prior notice for Strikes (Section 22)
- Prior notice of 21 days for change in work conditions/ environment (Section 9A, fourth schedule)
- Enlarging the scope of Strikes (Section 2(q))
- Time limit for referring dispute and payment of full wages in case of appeal by the Employer (Section 17 (B))
- Exclusion of women workers to work at night (Section 66 (1) (a) & (b))
- Restriction in hours of work (Section 51, 54, 64 & 65)
- Definition of Occupier (Section 2(n))
- Political affiliation of Trade Unions and outsiders being office bearers of the unions - Section 22 of the Act
- Rationalize and combine the existing 44 Central Acts and State level labour laws into several major buckets covering:
  - Laws governing Industrial Relations
  - Laws governing Wages
  - Laws governing Social Security
  - Laws governing Welfare
- Separate set of labour laws for MSME and the Services sector

## Entrepreneurship and MSME

- Frame the Entrepreneurship Policy at three levels: National, State, and most importantly, Student level, to facilitate the translation of projects and research done by students during their academic tenure into new businesses
- Facilitate investments by recognition of early-stage investor classes: angel investors, seed and early-stage venture capital investors, impact investors
- Ease entrepreneurial activity, encourage the creation of collaborative forums, celebrate success stories of entrepreneurship (and associated enablers) in the media, both print and electronic, and reward the achievers
- Set up an online portal for comprehensive information
- Establish expeditious procedures for closing of businesses and easing the exit of investors
- Bring out a policy on the lines of the US Bankruptcy Law and its effective implementation for entrepreneurs or new business entrants to increase the risk-taking ability
- Remove regulatory hurdles that inhibit domestic fund raising
- Greater collaboration between established and emerging businesses
- Enhance and scale-up venture incubation programmes
- Encourage Entrepreneurship in educational institutions
- Establish a 'Fund-of-Funds (FOF)' with a corpus of Rs. 5000 crores to seed other early stage venture funds
- Revise the definition of MSME in the MSMED Act 2006
- Step-up the monitoring of the implementation of the Public Procurement Policy by Central and State Government undertakings
- Improve and ease institutional credit flow to MSME

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Fiscal consolidation is an integral part of reform and is necessary to reduce the threat of sovereign downgrade. The Government must spell out a strategy for revival of growth while maintaining fiscal prudence. The manufacturing sector has, in particular, been the sufferer in the current economic downturn. Investment sentiments should be revived by showing commitment to completing the long-pending tax reforms. GST must be put on the front-burner – it has the potential to add 1.5 percentage points to growth and remove inefficiencies that businesses face currently. Stability in tax policies, modern and taxpayer friendly tax administration and minimisation of tax disputes are other issues that need to be taken up in right earnest for India to promote investments and growth.

**Rajiv Memani**

*Chairman, CII National Committee on Taxation, and Country Managing Partner, Ernst & Young LLP*



We should not take growth in the Services sector for granted and, therefore, need to establish an enabling framework of policies to strengthen sub-sectors that will create economic growth and employment. CII has recommended the setting up of a 'Competitiveness Council' for Services to provide much-needed support and impetus to capability building and thereby catalyze a programmatic growth of the sector. A key area of future growth would be the export of people - intensive Services where India has high capabilities, including healthcare, media and entertainment, software, tourism, hospitality, education, etc. We plan to develop targeted strategies for key sub-sectors with the objective of taking India's share in global Services exports to 5 per cent by 2025. Another important area of engagement would be financial services wherein financial inclusion, strengthening of financial markets, and reforms in sectors like insurance need to be stepped up. CII has made recommendations on each of the above and would work closely with the Government to achieve success.

**Malvinder Mohan Singh**

*Chairman, CII Services Council, and Executive Chairman, Fortis Healthcare Ltd*



The much desired 'inclusive and sustainable' growth of Indian agriculture is achievable through a four-pronged policy agenda. Firstly, considering the extreme weather variations in recent times, catalyze investments in R&D to build a technology pipeline that weather-proofs farm production. Secondly, strengthen the linkages between the consumption and the production system by reforming the relevant Acts, such as Agricultural Produce Marketing, Essential Commodities, and Forward Contracts. Thirdly, invest in soft infrastructure like farmers' soil health cards and agricultural extension, to complement the investments already made in roads, communication and irrigation infrastructure. Finally, sharply target the social subsidies at the resource-poor small farmers and the low-income consumers, so that the market distortion is minimized, thereby ensuring viability of private sector investments along the value chain.

**S Sivakumar**

*Chairman, CII Agriculture Council, and Group Head – Agri & IT Businesses, ITC Ltd*



The manufacturing sector has been under extreme duress especially in the last two years. The mining conundrum, land acquisition and availability issues, and the complicated process of clearances from various Government agencies have all contributed to the de-growth of the manufacturing sector. Existing projects have been stalled, new investments are shy. What we need is strong political will and an alignment in thinking towards reviving manufacturing. Resolving the mining tangle, accelerating project clearances, rationalising inter-state taxation, better logistics, easing complexity of business regulations, rationalising labour laws, and creating mass manufacturing units are some of the areas that would need immediate attention. Also critical is actioning game changer ideas for demand creation, like scrappage policy for vehicles above 12 years, and out of the box thinking for defence production in terms of FDI and private sector participation. A re-look at the textiles industry and creating large manufacturing units and very competitive clusters with entire supply chains will create traction. Last but not least, a strong inter - ministerial committee on manufacturing steered at the highest level with a single point agenda of promoting investment and growth in manufacturing will send the right signal to industry and the world.

**B Muthuraman**

*Past President, CII, Chairman, CII Manufacturing Council, and Vice Chairman, Tata Steel Ltd*

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Energy is a critical enabler for economic growth. Adequate energy supply has been a constraint for India as the country is witnessing several challenges across all segments of the energy value chain and this is hampering economic growth. India has, over the last few years, seen dwindling investor interest in the oil and gas exploration segment. The availability of oil and gas for critical economic sectors like power and other infrastructure sectors has been a challenge both from a competitiveness and a quantity perspective. Also, not enough has been done to aggregate demand and create long-term sourcing contract plans for all types of fuels.

CII has been consistently taking up the salient issues to be addressed across mining, coal supply and oil and gas exploration at one end, as also critical subjects like power distribution and financial reforms in the power sector at the other. Moving towards the availability of gas, albeit with market-based pricing in the case of natural gas, is also central to the reform process. Subsidies can be advanced to beneficiaries through cash transfers. Other issues crucial to India's long-term energy security are to expand access to overseas resources, map and make available geological data, and build renewable energy capacity.

### Anil Sardana

*Chairman, CII National Committee on Power, and CEO & Managing Director, The Tata Power Company Ltd*

Infrastructure development is the key for ensuring sustained economic growth of an emerging economy like India, though in the recent past the development of the sector has not been in-line with India's growth aspirations. At present, while the sector has been reeling under severe stress and faces a set of systemic challenges across the project life-cycle, I am hopeful and strongly believe that PPP is really the way forward, which needs to be nurtured and further strengthened, especially in sectors like roads, ports, urban infrastructure and power. At the same time, it is equally important to develop a robust and credible regulatory framework as well as facilitate long-term funding and equity investment at the earliest, considering the massive capacity expansion targets.

### G V Sanjay Reddy

*Chairman, CII National Committee on Infrastructure, and Vice Chairman, GVK Industries Ltd*



India faces a huge immediate challenge, for both Industry and potential employees, in meeting the skills shortage. As an increasing number of people join the work force each month, solving this issue will be one of the greatest challenges we will face to ensure our demographic dividend does not convert into a massive problem. The Government of India has taken initiatives to create an ecosystem, but success will only be met via sustained and significantly higher participation by industry and the creation of jobs for skilled people. Employment is an urgent agenda for India's development.

At CII, we have made many efforts to help tackle these issues, specially those focused on manufacturing skills, by adopting 395 ITIs and encouraging Skill Gurukuls at the rural level. Yet, we have only just made a beginning and this will be a long journey. We will need to build a movement which generates demand for skills training and provides jobs for trained people, and thereby helps meet the aspirations of our young population.

### Pramod Bhasin

*Chairman, CII National Committee on Skills, Chairman, The Skills Academy, and Founder & Vice Chairman, Genpact*

Increasing linkages between industry and academia has for long been CII's agenda in higher education. It is in industry's direct interest to improve the quality of education as the quality of the graduates we hire will determine our own success in the long run. It is heartening to see equal attention being given to this subject by the Government now. The new Council for Industry and Higher Education Collaboration (CIHEC), set up recently as an autonomous body, will institutionalise this collaboration. CII's two initiatives in this direction – the Prime Minister's Fellowship Scheme for Doctoral Research and the AICTE-CII Survey of Industry-Linked Technical Institutes – are now established industry standards in research and service-level partnerships. I hope the new Government will take quick decisions on the three issues which need urgent clarity in higher education – the University Grants Commission's draft order on foreign education providers willing to set up campuses in India, the question of regulatory powers of the All India Council for Technical Education, and facilitating legislation for those keen to establish world-class universities as had been proposed in the now-defunct Innovation University Bill.

### Dr. Naushad Forbes

*Vice President, CII, Chairman, CII Membership Council, Chairman, CII National Committee on Higher Education, and Director, Forbes Marshall Private Ltd*





The Right to Education Act was a seminal step in ensuring free, universal and compulsory education to all children in the age-group of 6-14 years. CII will work with the Central and State Governments to help accelerate its implementation. At the same time, there will be a strong focus on improving education outcomes in schools to be consistent with global standards. In this regard, CII will focus on projects to enhance quality of teacher training, curriculum development, vocational education and help devise education standards.

**Vijay Thadani**

*Chairman, CII National Committee on School Education, and CEO, NIIT Ltd*

India's position in the World Bank's 'Doing Business' rankings has not seen any significant improvement in the last few years. Given that this is the first reference point for investors considering business ventures in India, it is essential to target ourselves to be in the top 10 in the world in each of the specific indicators in a systematic manner. The Central as well as State Governments would play a key role in this endeavour. E-governance, time-bound approvals, preference for self-certification and single-window platforms are some measures that need effective implementation.

CII has undertaken an exciting project in this domain and with its experience of enhancing competitiveness of Indian Industry, it is advantageously placed to contribute significantly to this game-changing initiative for making India one of the most FDI-friendly countries in the next decade.



**Manoj Kohli**

*Chairman, CII Task Force on Ease of Doing Business, and Managing Director, Bharti Enterprises*

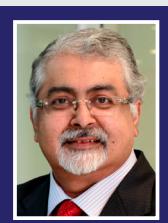


As the global economy stabilizes, we can expect India to leverage overseas markets as an engine of growth, employment and macroeconomic strength. However, much would have to be done to build export competitiveness and reduce transaction costs through measures such as reducing cost of capital, improving inter-state movement of goods, and fast-tracking administrative processes. India must look at key emerging markets overseas and build its presence through dedicated marketing efforts in regions such as Africa and Latin America. At the same time, we need to increase our footprint in advanced economies. CII can assist in creating an export promotion body which would also work with MSME for building competitiveness and meeting global standards. CII would also work on identifying key opportunities in FTA partner countries and helping industry to take advantage of them. Overseas investments by Indian companies would be a key component of expanding exports.

**Sanjay Budhia**

*Chairman, CII National Committee on Export and Export Competitiveness, and Managing Director, Patton International Ltd*

An efficient economy has to be sufficiently supported by an institutional framework of facilitative laws and effective regulatory institutions in order to create jobs and expand growth. CII has been working closely with the Ministry of Corporate Affairs on the new Companies Act and since the legislation was passed, we have put forward our suggestions regarding the rules under the Act to shape a facilitative corporate environment. A number of bills relating to economic sectors are on the anvil and we would continue to engage with policymakers for their rapid processing. Legal reforms must also be instituted quickly so that court cases are resolved in a timely manner. Several laws are not in sync with modern industry and need to be redrafted as per global best practices. The idea should be light-handed regulation based on mutual trust.



**Shardul Shroff**

*Chairman, CII National Committee on Legal Services, and Managing Partner, Amarchand & Mangaldas & Suresh A. Shroff & Co.*

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With organized sector employment stagnating at less than 30 million for a workforce of over 470 million, it is time that India updates its labour law architecture. We expect this to be a long process, involving multiple stakeholders and resolution of a plethora of issues; however, it is important to initiate the procedure without delay. Many areas can be addressed without changing the laws and should be carried out through Executive Orders while the process is ongoing. Essentially, we need to build consensus on the changes required that would best promote employment, especially in the area of mass manufacturing where labour laws inhibit the creation of large-scale factories. The issues to be addressed would include consolidation of laws with specific definitions, employment of contract workers, flexibility, and social security, among others. CII will work on creating a set of best practices from industry and setting up a strong platform to work with all stakeholders.

**Dr. Surinder Kapur**

*Chairman, CII National Committee on Industrial Relations, and Chairman, Sona Koyo Steering Systems Ltd*



Facilitating entrepreneurship is the best way to create livelihoods and generate employment. The start-up culture and framework of supportive institutions in the country needs to be strengthened. Risk-taking capability and capacity for new entrepreneurship should be stressed. Two key aspects relate to this – financing and innovation. Under the financing bucket, there must be efforts to improve the angel and venture funding sector. Protection of intellectual property and concrete steps to facilitate innovators to set up business can promote innovation. It is also necessary to institute a National Entrepreneurship Policy and undertake reforms to increase risk-taking capabilities. CII has made innovation a part of its DNA and is working to encourage mentorship for start-ups through various initiatives.

**S Gopalakrishnan**

*Immediate Past President, CII, Chairman, CII India@75 Apex Council, Chairman CII Innovation & Entrepreneurship Council, and Non Executive Vice Chairman, Infosys Ltd*

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