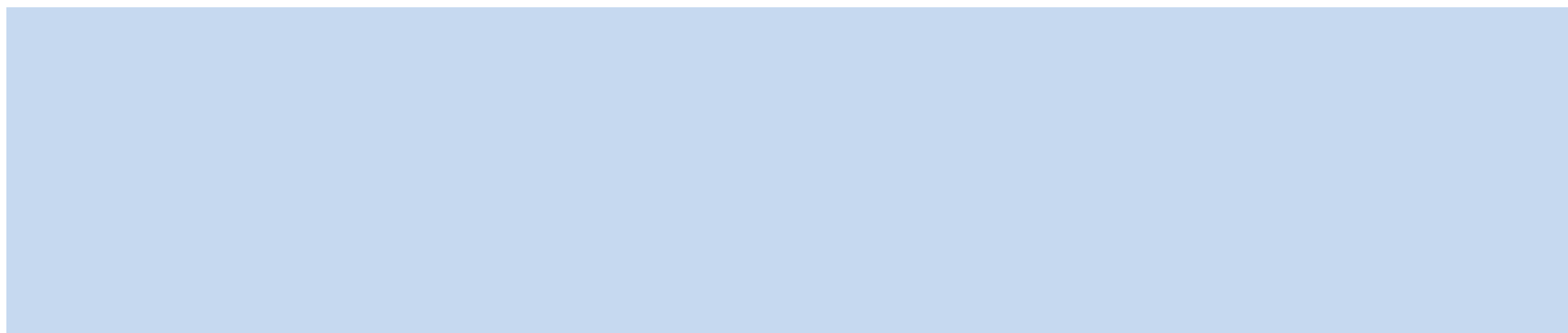




Confederation of Indian Industry

President's Press Conference The CII Agenda 2016-17

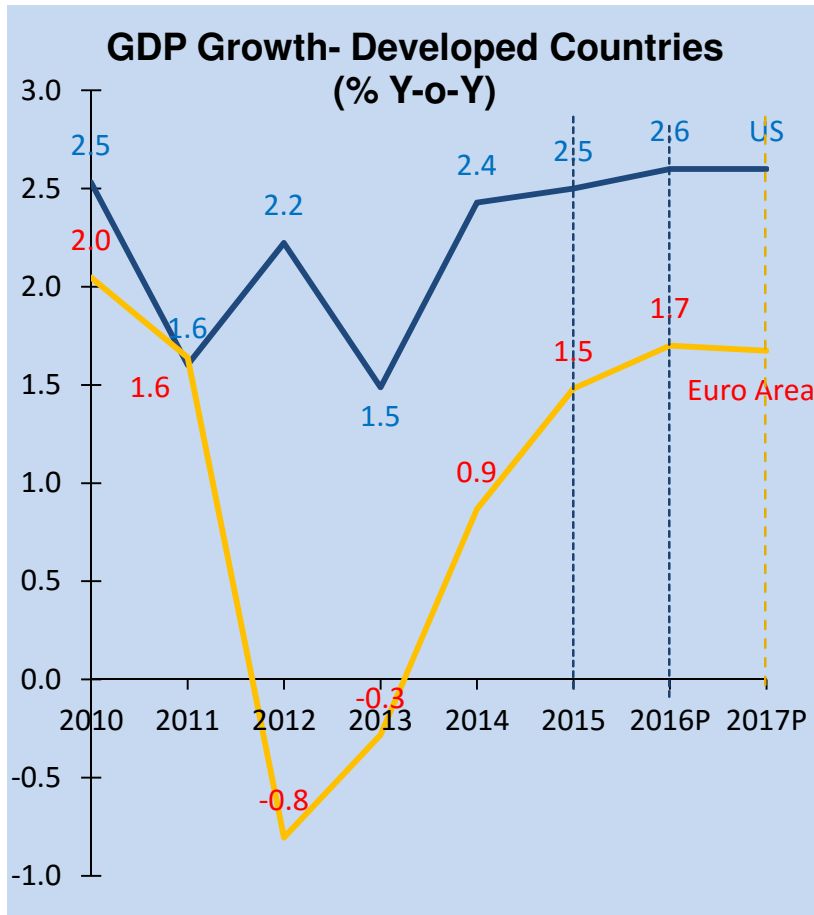
06 April 2016 : New Delhi



Economy



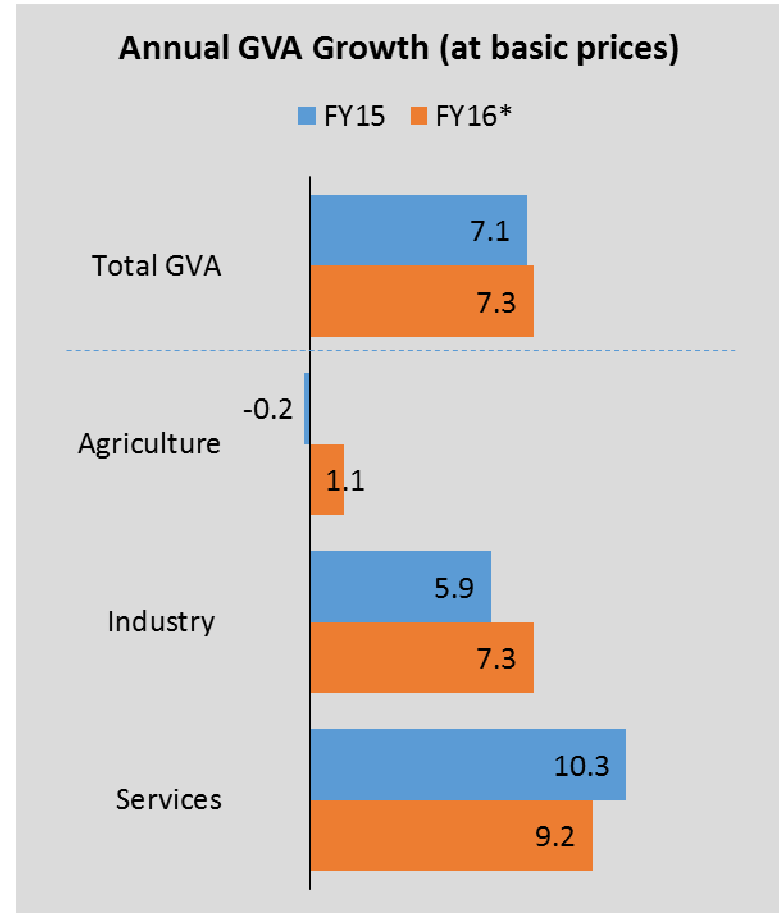
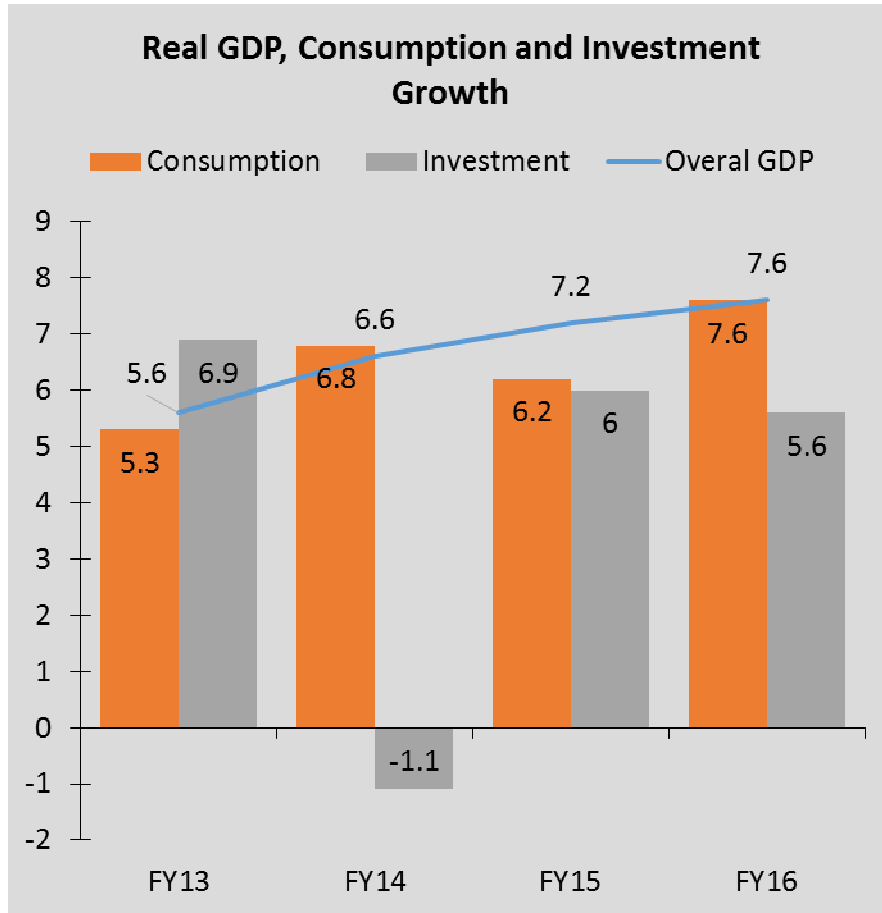
Global growth to recover slowly



Source: IMF World Economic Outlook



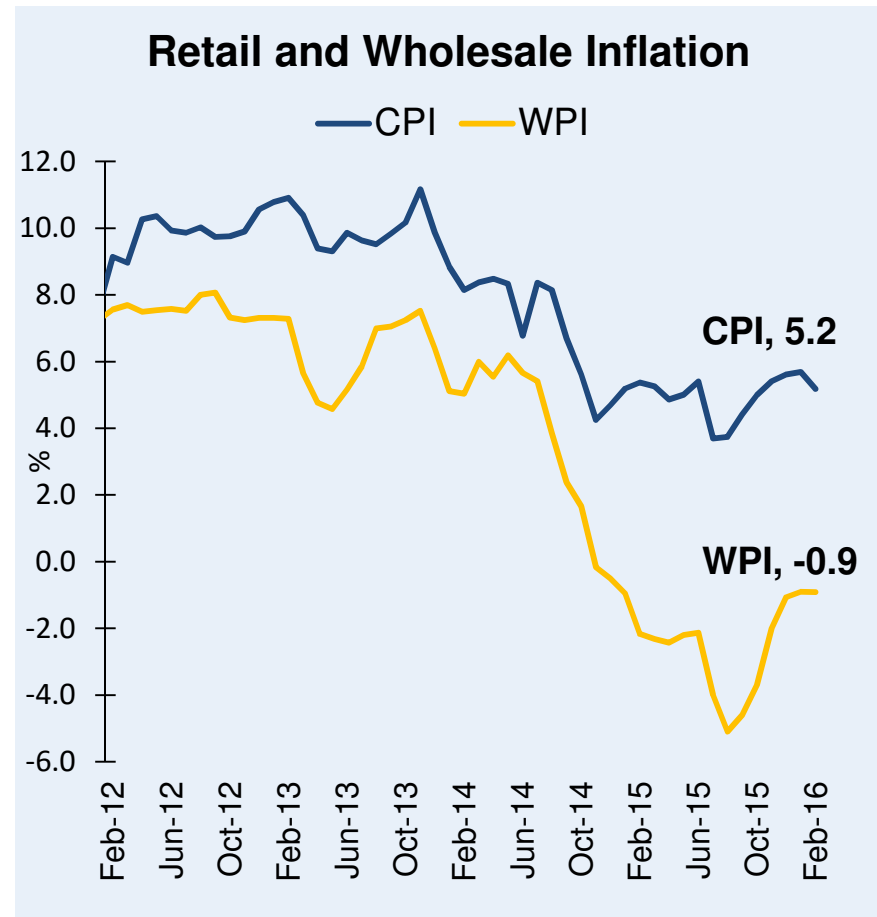
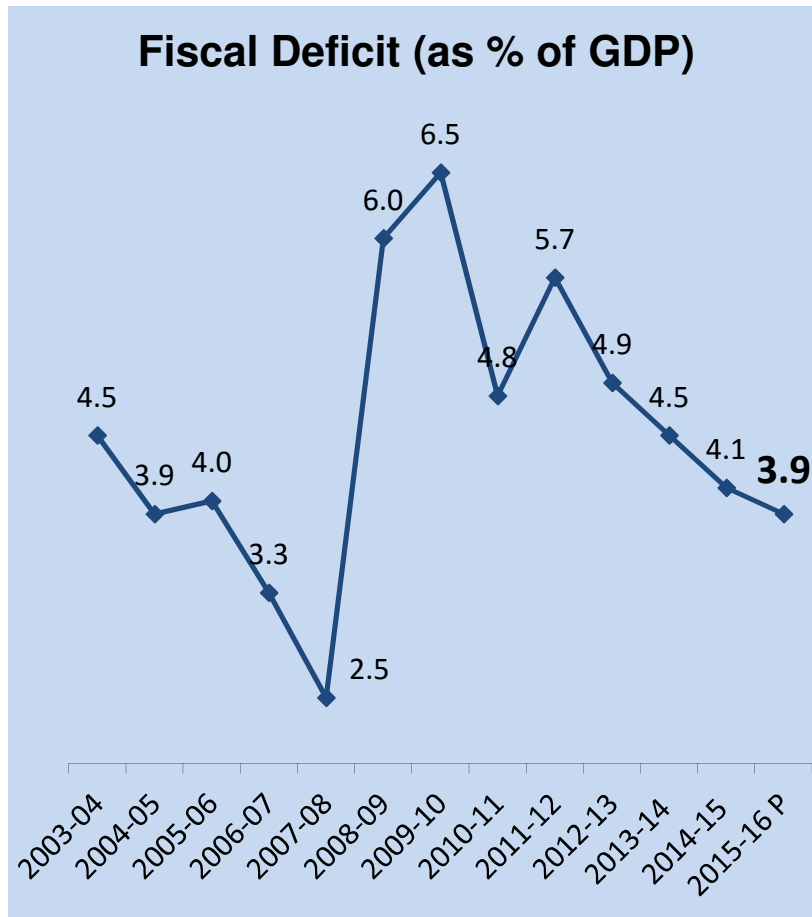
Domestic economy strengthens



Source: MOSPI



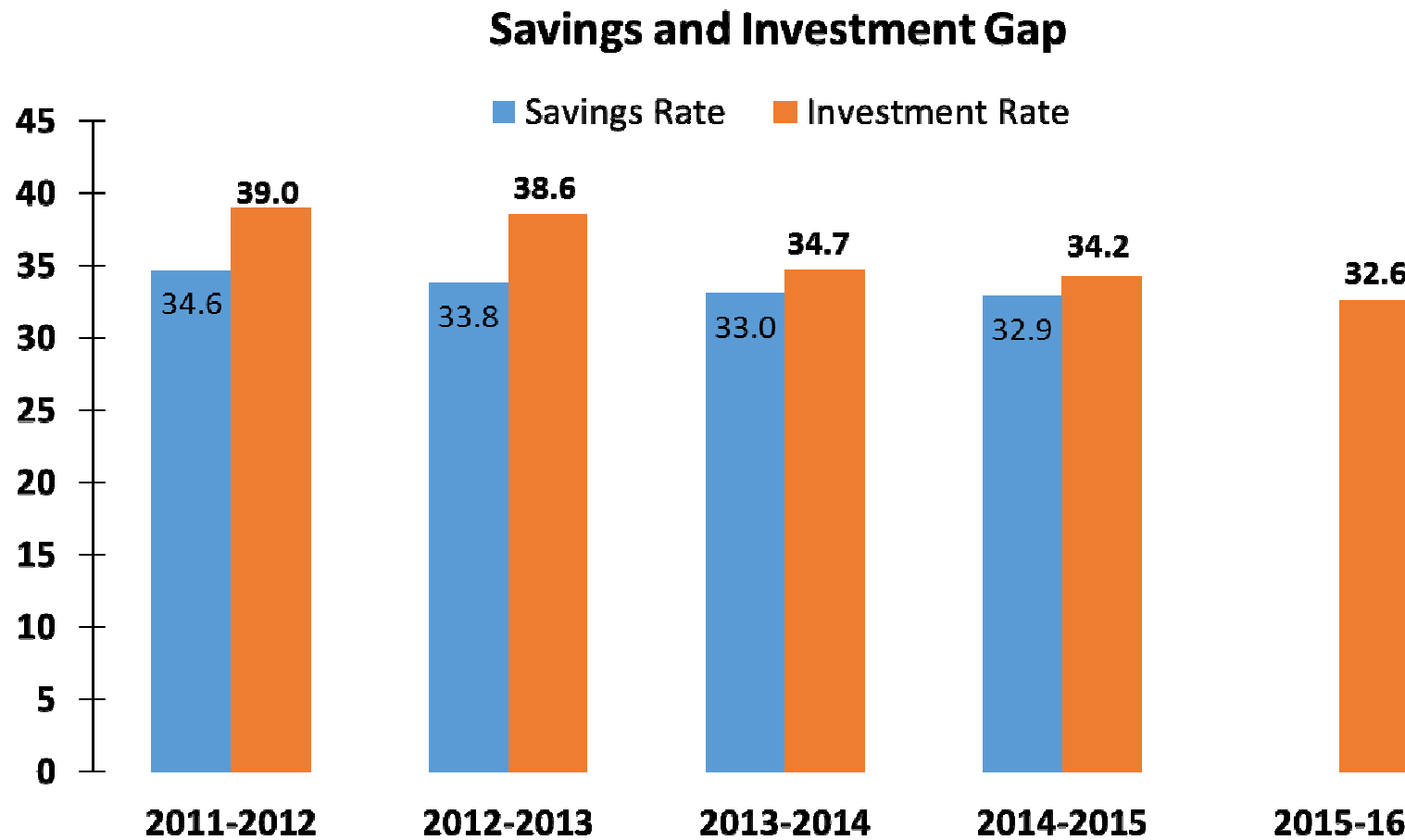
Macro Fundamentals: Fiscal Deficit & Inflation under control



Source: MOSPI, Office of Economic Advisor, Ministry of Finance



Macro Fundamentals: Saving and investment moderated



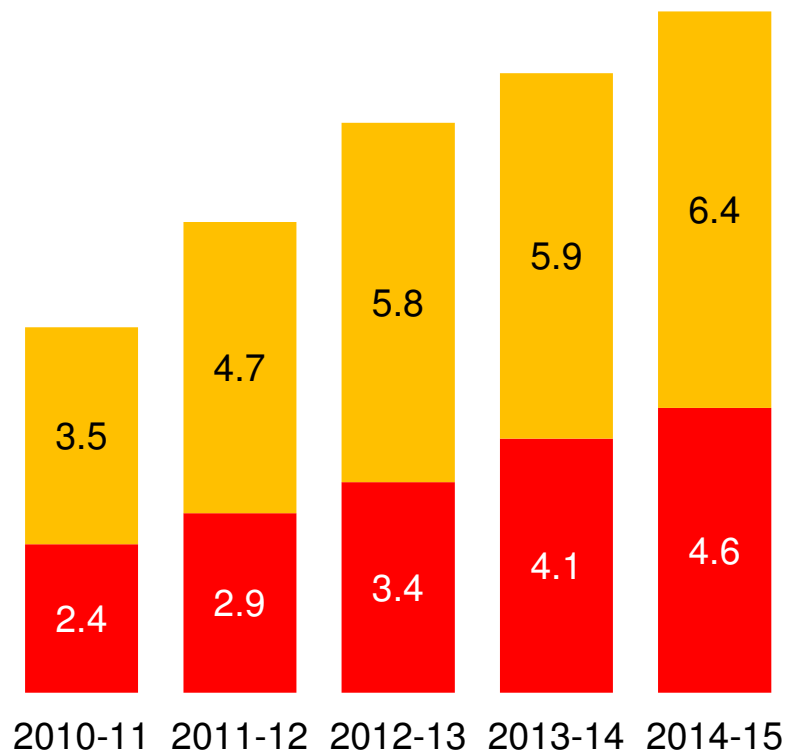
Source: MOSPI



Macro Fundamentals: Stressed assets

Total stressed assets (as % of gross advances)

■ Gross NPAs (GNPAs) ■ Restructure Assets

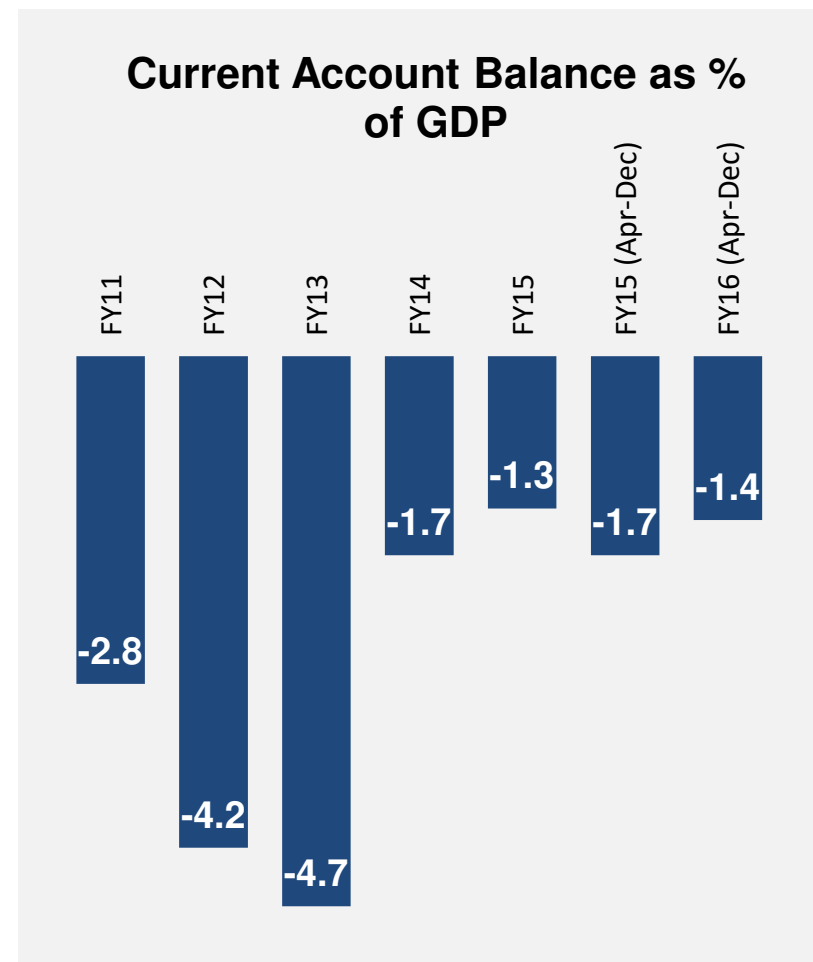
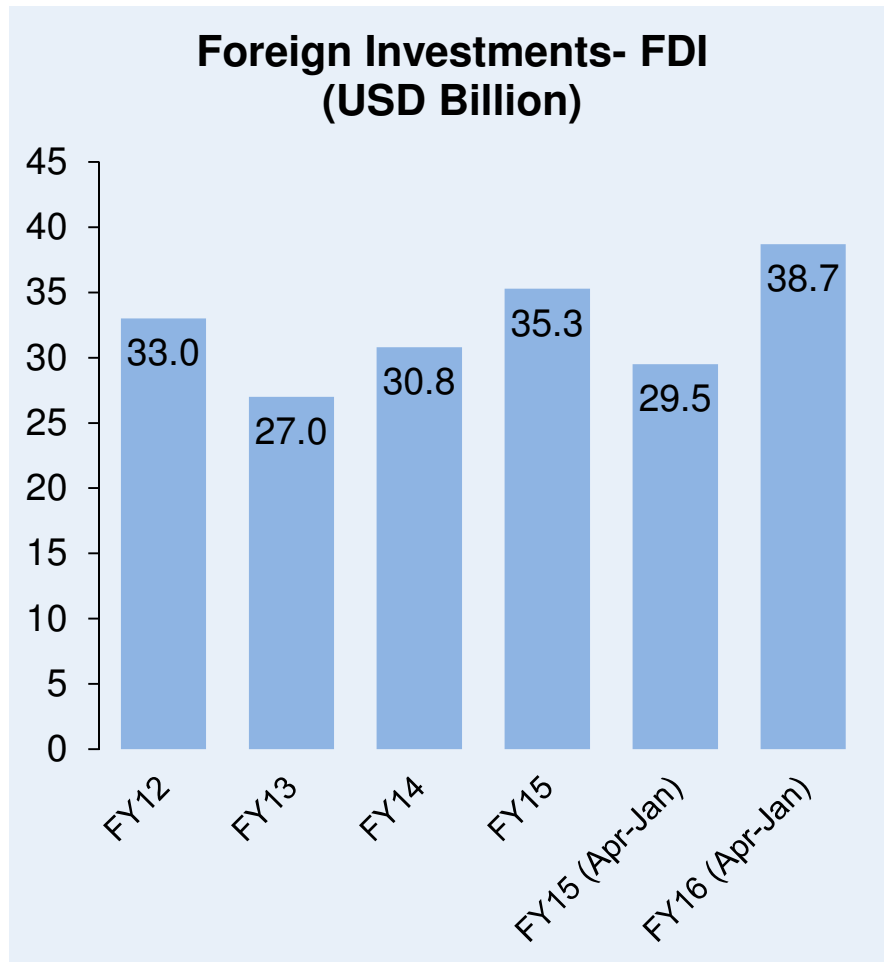


Source: RBI

- **Overall stressed assets levels** have almost doubled in the last 5 financial years
- **Profitability of banks** overall has declined from 2010-11 to 2014-15:
 - ROA declined from 1.1% to 0.8%
 - ROE declined from 13.6% to 9.4%
- **Corporate credit growth** has declined to below 10% in this period
- **Financial stress** at India's top 10 conglomerates has worsened
 - Interest Coverage Ratio is at 0.8
 - Debt-to-EBITDA is at a high of 7.0
- **RBI's macro stress test** of credit risks suggests GNPAs rising by March 2016:
 - Baseline scenario to 4.7%
 - Severe stress scenario to 5.9%



Macro Fundamentals: External balance improves



Source: RBI



Medium Term Economic Outlook

Growth Drivers

- Normal monsoons expected in 2016-17
- Macro Fundamentals strong with inflation, fiscal deficit, Current Account Deficit under control
- Global investors sentiments positive – high FDI inflows
- Budget announcements expected to create investment demand and overall demand especially addressing rural distress
- Interest rates coming down

Risk Factors

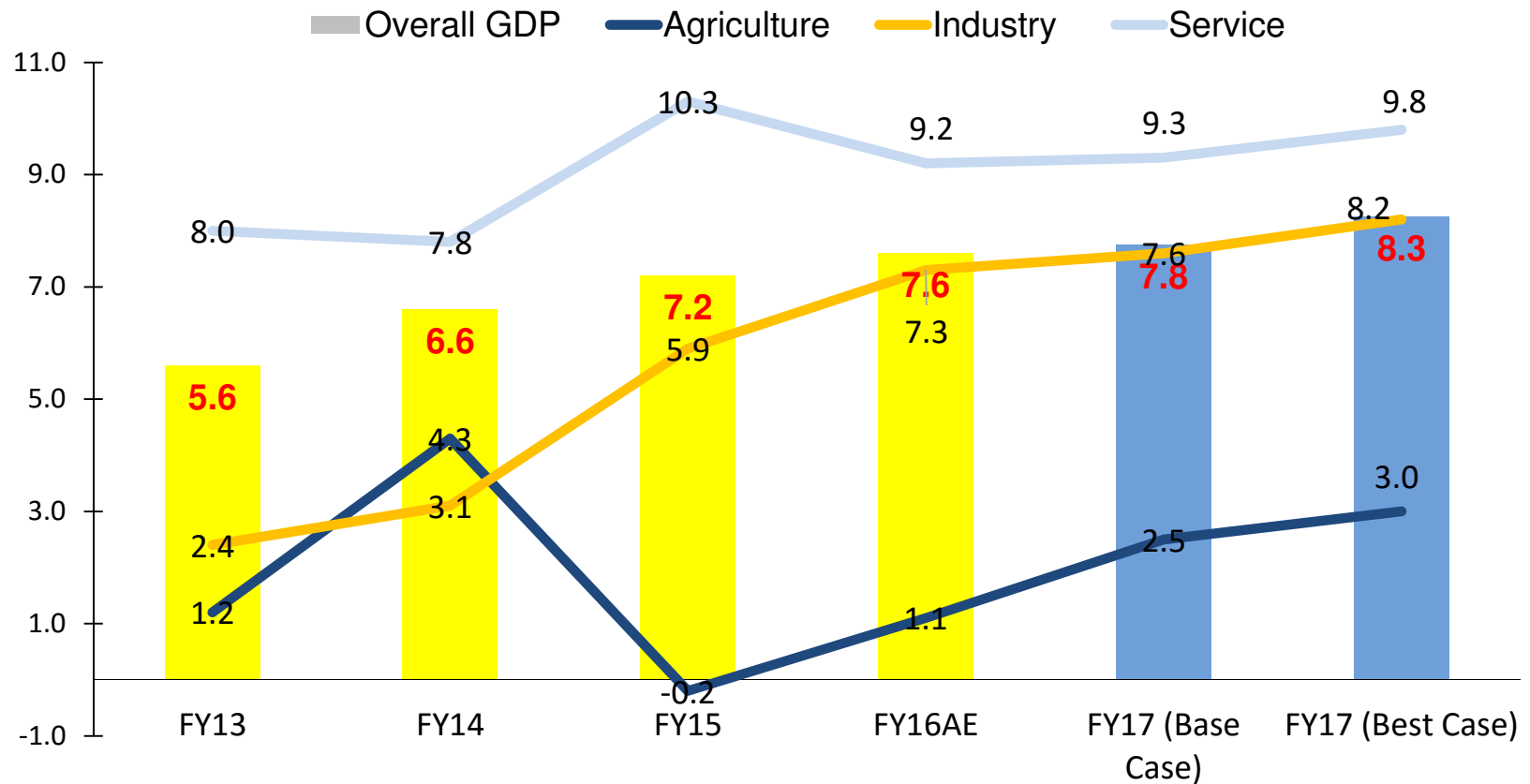
- Revival of external demand uncertain – exports under stress
- Domestic Investments yet to take off
- Corporate Performance flat
- Challenge on Fiscal Discipline due to OROP, 7th Pay Commission payouts
- Reversal of distress dependent on monsoon
- Possible Increase in Oil prices expected – will impact, Trade Deficit and CAD

Given the above growth drivers and risk factors, India's medium term outlook looks positive. India is expected to remain the fastest growing large economy of the World. With this background CII expects GDP growth of around 8% in 2016-17



GDP Growth Forecast: 2016-17

GDP Growth- Trend and Projection
(% Y-o-Y, 2011-12 prices)



CII Estimate for GDP growth for 2016-17 is 7.75 - 8.25%

Source: MOSPI, CII Estimates



Addressing the unfulfilled Reforms Agenda

Legislative Agenda: Centre

- Ensure early passage of Constitution Amendment Bill in Rajya Sabha for implementation of GST which would create a unified market.
- Ensure early passage of Insolvency And Bankruptcy Code 2015 to streamline India's scattered insolvency laws into a single piece of legislation which governs bankruptcy and insolvency for all debtors.
- Create a Uniform public procurement policy

Legislative Agenda: States

- States are fully empowered to amend laws related to land and labour with the concurrence on the Central government.
- Many states including Rajasthan, Madhya Pradesh, Andhra Pradesh, Gujarat have undertaken **Labour Reforms**. Similarly, Tamil Nadu has undertaken **Land Reforms**. Other states should follow.



Addressing the unfulfilled Reforms Agenda

Non-Legislative Agenda

- CII welcomed novel announcements in the Budget on ;
 - i. Pilot scheme for fertiliser subsidy routed through the JAM trinity
 - ii. Every new Government scheme will have grandfathering clause and a sunset clause.
- CII Looks forward to the implementation of these two important pieces of non-legislative reforms
- Augment capital expenditure on key projects in sectors such as roads, railways, irrigation and power to provide a fillip to domestic demand.
- Government should “award” projects to private sector only after FIRST securing key sovereign clearances.
- Effect speedy implementation of industrial clusters and parks such as NIMZ, DMIC & DFC projects .
- Activate the National Investment and Infrastructure Fund (NIIF).

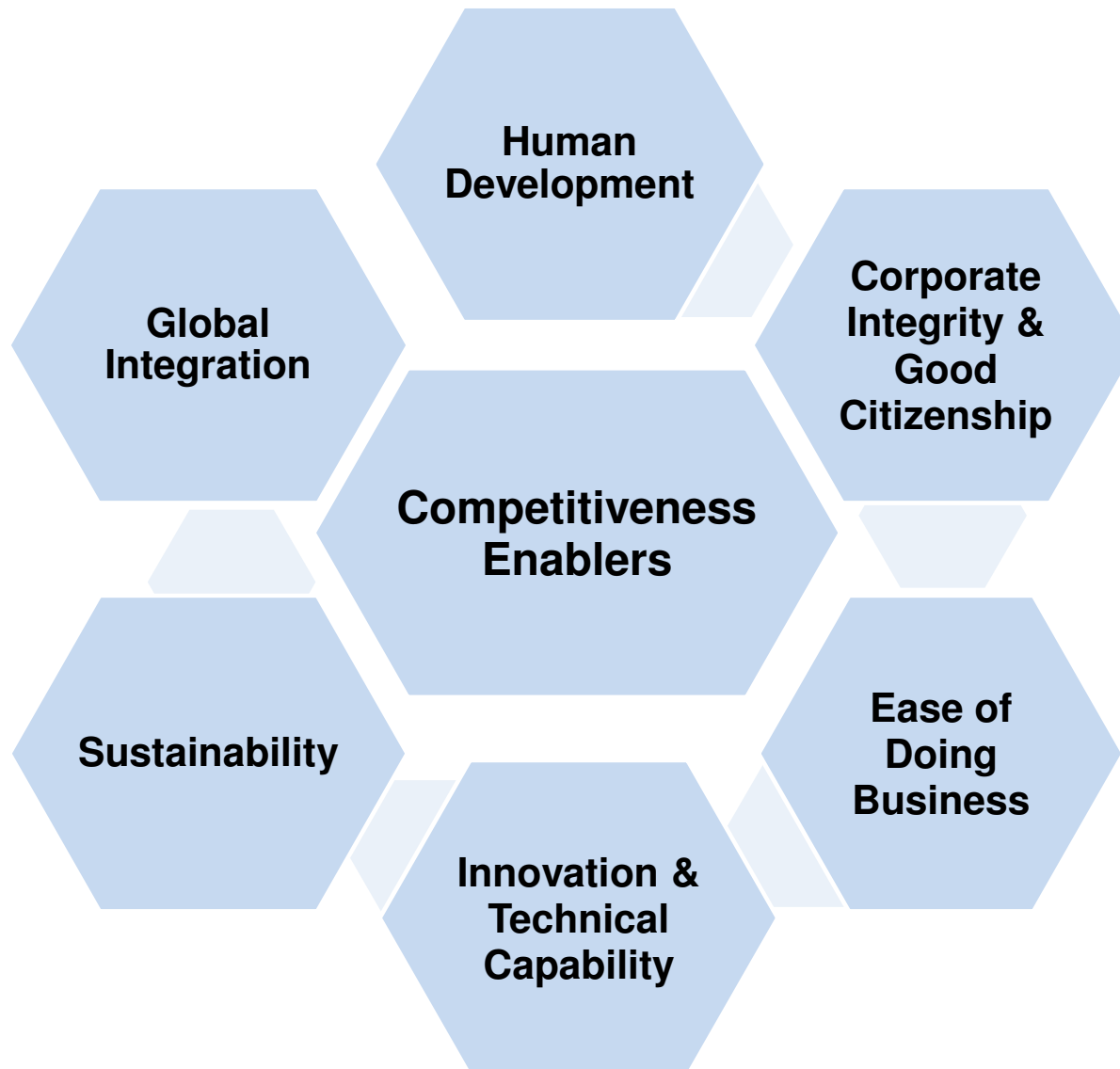


Building National Competitiveness



CII Theme: Building National Competitiveness

The enablers



CII Theme: Building National Competitiveness

The enablers

1. Human Development

- Inclusive Education, Healthcare and Skill Development to reap Demographic Dividend
- Implementation of National Skills Qualification Framework as a standard
- Partnering select Public & Private Institutions on their World Class journey
- Enhancing Quality in Higher Education through industry-institute interaction

2. Corporate Integrity & Good Citizenship

- Encourage CII voluntary Code on Business Ethics
- Launch the Code on Good Corporate Citizenship
- Business Practices that promote equal opportunity

3. Ease of Doing Business

- Ease of Doing Business ranking improved but to be greatly bettered
- Running list of pending reform items – continuous tracking



CII Theme: Building National Competitiveness

The enablers

4. Innovation & Technical Capability

- Technical Progress Key to Economic Growth & Progress. Progressive economies like South Korea, Singapore, China have benefitted
- Work with the Government to build Innovation eco system in the country with industry participation
- Target Innovation Driven industrial growth

5. Sustainability

- Growth with minimal environmental footprint key to sustainability
- India has made tough commitments to reduce Carbon / GDP ratio – requires enormous efforts
- Need to work with the Government to increase sustainable practices

6. Integration with the World

- Change Trade policy Stance from defending Indian markets to accessing international markets for Indian industry
- Build Multinationals with Indian roots



CII Theme 2016-17 enablers

Human Development (Skills Development)

Key Challenges

- National Skills Qualification Framework adoption.
- Skilling India needs scale, speed and Standards.
- Utilising the new provisions of Apprenticeship Act

CII initiatives

New

- Setting up 3 Model Career Centres in Gurgaon, Mumbai and Chennai to provide counselling, assessment and placement services to youth.
- Setting up 100 district level corporate training centres on PPP basis

Scaling up existing initiatives

- Pan India advocacy on Implementation of National Skill Qualification Framework
- Reach out to industry on the benefits of industry friendly new Apprenticeship Act



CII Theme 2016-17 enablers: Human Development (Education)

Key Challenges

- Target GER to 30% in Higher Education
- Industry-Academia collaboration and interaction to enhance quality of education

CII Policy Recommendations

- Early implementation of 10 institutions each in public sector and private sector World Class as announced in the 2016 Union Budget – CII could partner in selecting these institutions

CII Initiatives

- Deepen Industry – Academia collaboration
- Deepen Industry engagement with School Education: Spread Best Practices
- Partnering 10 Public and Private institutions in turning them World Class
- CII will establish CII University in Amravati, Andhra Pradesh



CII Theme 2016-17 enablers

Ease of Doing Business

Key Challenges

- Ease of doing Business: ranked 130 out of 189 economies. Government Target to move to top 50 in the next 3 years.
- Streamlining procedures at National, inter departmental, Regulatory and State level
- Inflexible, complex labour laws leading to high compliance burden
- Tax Administration needs to be Fair, Transparent and with minimum discretion

CII Policy Recommendations

- Large Scale Adoption of Technology
- Pre-existing regulatory mechanisms, for specific land zones
- Streamlining investment approval & Provision of Utilities
- Rationalise labour laws & enforcement across states to reduce compliance burden
- Introduce Alternate Dispute resolution mechanism, Arbitration and Conciliation.

CII Initiatives

- CII Assessment of progress of implementation on Ease of Doing Business
- Industry-Trade Union Dialogue to maintain harmonious & progressive industrial relations
- CII Fair & responsible workplace guidelines for CII members to follow



CII Theme 2016-17 enablers

Corporate Integrity & Good Citizenship

Key Challenges

- The mandatory CSR spend needs to be effectively spent to generate the desired impact.
- Equal access to employment opportunities is essential to bridge the demand for skilled and competent labour

CII Initiatives

- CII Model Code of Conduct to members, to do business ethically.
- Launch the Code on Good Corporate Citizenship – beyond compliance
- CII Business Impact Awards to recognize performance / impact achieved by projects supported through CSR
- To assist industry in compliance especially MSMEs, CII will start a course in collaboration with ISB and GE for Compliance Officers



CII Theme 2016-17 enablers Innovation & Technical Capability

Key Challenges

- India ranked low on R&D and design spending, Innovation System, Patent filing and Start-up ecosystem

CII Policy Recommendations

- Enhance R&D spend (% of GDP)

	Current	Target
Total Spending	0.9%	2%
Public Sector Spending	0.6%	1%
Private Sector Spending	0.3%	1%

- Have a Technology Strategy with clear outcomes: Sectors such as Defence & Aerospace, electronics, capital goods

CII Initiatives

- Set-up India Design Center- a State of the Art design facility
- Set-up Indian Industry IP Foundation to increase number of Indian IP Owners
- Set-up an incubation program for Start-ups: National Start-up Center in Amaravati focusing on non-IT Rural entrepreneurship



CII Theme 2016-17 enablers

Sustainability

Key Challenges

- India committed to reducing emissions intensity by 33-35 per cent by 2030.
- Disclosures on extra-financial information: Disharmony between SEBI requirements and Companies Act.
- Resource Conservation and need for minimising GHG emissions a challenge

CII Policy Recommendations

- Government to Put in place a Policy, Standards and financing options under the International Solar Alliance
- Harmony in non-financial disclosure requirements by SEBI as part of the listing requirements and the Companies Act to reduce compliance burden on Industry.

CII Initiatives

- National Movement Focusing on doubling energy efficiency by 2030
- CII will propagate Green Company rating (GreenCo) to all its members for adoption in next 3 years
- CII will introduce a voluntary disclosure initiative for its members on disclosures related to sustainability



CII Theme 2016-17 enablers

Integrating with the World

Challenges

- To grow international presence of Indian industry
- To grow MNCs with Indian Roots

CII Policy Recommendations

- India's trade policy should move from defending Indian market to facilitate opening access to Indian Industry in international markets.

CII Initiatives

- Launch of CII Market Facilitation Services: Offers a whole range of services spanning the pre entry and post entry stages for an Indian company wishing to enter an emerging market.
- Offer market entry services to overseas companies through CII network of 66 offices
- Set-up a new International Convention Centre in Amravati in collaboration with Andhra Pradesh Government.
- Sensitize Indian Industry on global Standards ecosystem and promote low-cost adoption of standards



Other CII Initiatives in 2016-17

Area	CII Initiatives
1. Start-Ups	i. Set-up an incubation program for Start-ups - “National Start-up Center” in Amaravati focusing on non-IT Rural entrepreneurship ii. CII Start-ups Coalition would be launched to interconnect stakeholders of Entrepreneurial ecosystem
2. Water Resources	i. Map drought prone areas across the country to help manage water resources better
3. Stand-up India	i. Greater CII – DICCI engagement in entrepreneurship on; <ul style="list-style-type: none"> • Supplier diversity model • Capacity building for first gen entrepreneurs ii. Education <ul style="list-style-type: none"> • Scale-up scholarships at school & higher education • Free coaching, career guidance and counselling iii. Employability, scaling up on <ul style="list-style-type: none"> • Skills training programmes • Skills hubs & Gurukuls at district level iv. Sensitization programs and workshops



Other CII Initiatives in 2016-17

Area	CII Initiatives
4. Manufacturing	<ul style="list-style-type: none"> i. CII will identify specific manufacturing sectors in which India can be #1/#2 in the world and provide a strategic roadmap. ii. CII will develop and launch an online diagnostic tool for assessing firm level competitiveness in Indian manufacturing. The tool will integrate with CII's Centres of Excellence for both advisory services and capacity building
5. Make in India	<p>After successful Make in India Week with more than 9 lakh business visitors and investment intent of more than 15 lakh crores, Special initiatives planned;</p> <ul style="list-style-type: none"> i. Foreign Outreach planned in 8 countries covering 11 sectors (Electronics, GAS & LNG, Industrial Tech, Automobiles, Refrigeration, Marine, Sub-contracting, Construction, Electricals, Building & Architecture) ii. Domestic outreach: 4 mega events planned in 4 major cities in 4 major sectors (Services, Aerospace, Mining, Engineering)



Other CII Initiatives in 2016-17

Area	CII Initiative
6. Digital India	i. CII to set up a digital platform for Financial Literacy in collaboration with multiple stakeholders
7. Smart Cities	i. Commence One pilot on Smart cities along with facilitation of approvals under Smart City initiative



Building National Competitiveness

