

January - April 2015

aiAi News

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- Sustainable Smart Cities for inclusive economic growth
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President's Desk



Dear Members,

It has been AIAI's privilege to unstintingly work towards the evolution of trade and industry, the backbone of India's economic development. Over the years the AIAI has witnessed some of the major developments and changes the country has experienced - be it social, economical or governance.

Prime Minister Narendra Modi's Government, which completes a year in May has acted with a sense of purpose and urgency in resolving and restoring the economy. He has promoted entrepreneurship and employment through industrial, agricultural and infrastructural development including foreign engagements which signifies India's increasing global stature and aspirations.

Moreover India has recognized the need for structural reforms to be progressive in order to solve the problems deterring its long term economic growth. However in spite of the "Make in India", "The Ease of Doing Business in India" programme, the industrial sector remains subdued. Firstly, businessmen are struggling to get more finances, as they are compelled to pay high interest rates which has impacted the manufacturing sector and infrastructure projects. These invariably have an adverse effect on the industrial and overall economic growth trajectory.

Although the central Government has ensured that the political environment is conducive with a strong leadership. Some more definite steps still need to be taken by the Government to gain absolute confidence of the entrepreneur and industry. In spite of the wholesale price index, consumer price index and fuel prices being lowered, the entrepreneur is daunted by the number of laws and criminality seen pervading within the laws. Many superfluous bureaucratic red tapes and duplication of laws are prevalent even in prominent states like Maharashtra.

For Make in India to succeed, the state Government needs to take decisions to simplify procedures and laws, reduce the number of permits and licences, which will motivate entrepreneurs to manufacture more. In the coming years the success of most of these Government initiatives will depend on the pace of decision making and speed of implementation.

The AIAI in its endeavor to promote trade and industry organized several important seminars and business meetings in association with relevant Ministries of the Government of India. Some of the important seminar hosted during this quarter was The Run up Event for Delhi Dialogue VII on "ASEAN- India Co-operation in Food security, Agriculture Technology & Food Engineering", Smart Cities in India Reality in the Making to name a few.

Besides the association hosted significant business and official delegations led by high profile personalities from overseas and had the privilege to host Honorable Ms. Annise D. Parker, Mayor of Houston - State of Texas, USA, H.E. Mr. Adnan YILDIRIM, Deputy Minister of Economy - Republic of Turkey and others.

The AIAI also led official and trade missions to Manila, Mauritius and UK, with plans to lead trade delegations to Russia, Poland, Italy and Taiwan in the coming quarter.

I urge our members to be more proactive with the association so as to enable us to serve you better.

A handwritten signature in black ink, appearing to read 'Vijay Kalantri'. The signature is stylized and fluid.

Vijay Kalantri



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-----: PRESENCE AT ALL MAJOR AND MINOR PORTS OF INDIA & WORLD :-----

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Tremendous Potential lie untapped between India and Iran



H.E. Mr. Hadi Ghavami, Member of Parliament, the Islamic Republic of Iran, Dr. Kavita Gupta, Additional Director General, Directorate General of Foreign Trade, Dr. Ali Akbar Farazi, Vice President for International Affairs, Iran Chamber of Commerce, Industries, Mines and Agriculture, Mr. Vijay Kalantri, President, All India Association of Industries and Vice Chairman, MVIRDC World Trade Centre greeting Mr. Masood Khaleghi Consul General of the Islamic Republic of Iran Mumbai, Mr. Seyed Abdolvahab SahlAbadi, Vice President, Chairman of the Board Ishfahan Chamber of Commerce and Industry in an interactive meeting jointly organized by All India Association of Industries, MVIRDC World Trade Centre, alongwith the Consulate General of The Islamic Republic of Iran (Mumbai).

“India and Iran share a relationship which is age-old backed by strong cultural, social and economic ties. I am here as the Member of Parliament to support this strong bondage, to give a boost to the private sector and support foreign investments to Iran. Development and growth are the basis for this relationship. India has all along followed the path of development and Iran has always embraced development and so India-Iran ties have gone to the root of development for better ties which is important”, said **H.E. Mr. Hadi Ghavami, Member of Parliament, The Islamic Republic of Iran**, during an interactive meeting jointly organized by All India Association of Industries and MVIRDC World

Trade Centre along with Consulate General of the Islamic Republic of Iran (Mumbai).

Further elaborating on India-Iran ties, H.E. Ghavami said that both countries have encouraged entrepreneurship and the private sector giving a thrust to development. He added that Iran had laid the foundation for good connectivity by developing its infrastructure, citing the example of a new railway route and further developing existing routes to create a strong north-south corridor. Besides rail networks, entrepreneurs, industrialists, pioneers of industry and the setting up of factories near markets have all gone into

creating the right environment for increasing the trade ties. The Government of Iran has provided all support for local businesses to reach out to global markets. Infrastructure development has come about due to demography increases, geographical expansion and abundant natural resources. This will lead to reduction in unemployment, paving the way for joint collaborations. Foreign pressures through sanctions have played its role in providing a window of opportunity for both countries thereby enhancing trade ties. He stressed on positive vibes and interactions between India and Iran would only further trade.

Dr. Ali Akbar Farazi, Vice President for International Affairs, Iran Chamber of Commerce, Industries, Mines and Agriculture in his address, stressed that although India-Iran have friendly relations, much needed to be done in increasing trade values between the countries. He was of the opinion that the private sector needs to do much more. The coming together of various Iran-India chambers of commerce, city representatives, private sector organizations in the fields of chemical and tourism through the business-to-business meetings organized would give a major thrust to the private sector. There is ample scope to increase trade. There are several other business opportunities that need to be seized, he added.

While presenting an overview of Iran Dr. Farazi said that Iran is a resource and labour rich country with 40 industries listed on the Tehran Stock Exchange. Worldwide, the country is ranked 4th largest oil producer, 2nd highest gas reserves, 10th rank in tourism, 5th rank in ecotourism, 4th and 10 ranked in zinc and cobalt respectively and 4th in diversity of agriculture products. Iran has tremendous opportunities for growth in areas of petroleum, fertilizers, textiles, cement, construction, materials, vegetable oil products and tourism. Iran is a part of the Silk Route and is the gateway hub to Central

Asia. It has 6 free trade industrial zones and 19 special economic zones. Some of the important business areas are the Kish, Qeslum and the strategically located Chabahar region. The latter being a transit of South East Asia to Commonwealth of Independent States (CIS)), Afghanistan, Turkey and Iraq, besides having good access to land roads and possessing good infrastructure.

Dr. Kavita Gupta, Additional Director General, Directorate General of Foreign Trade in her address said that the meeting comprised an important gathering and a focused group of people who were keen to forge collaborations. She stressed on the similarities of the countries. Both countries have comparative trade advantages, great potential and a special bonding. India and Iran use the rupee payment mechanism through UCO Bank's Nostro account which is an easy payment mode. However she added that although there exists tremendous potential, India has not been able to maximize it. She enumerated that while India is strong in sectors such as textile, pharmaceuticals, engineering, agriculture, while Iran is strong in services and infrastructure. She stressed that India had taken on several measures in the ease of doing business through the 'Make in India' campaign thereby providing an excellent business environment. She proposed a doubling of trade with Iran while hoping that Mr. Khaleghi, Consul General of Iran would quadruple the figure

Mr. Masood Ebrahimi Khaleghi, Consul General, Consulate General of the Islamic Republic of Iran (Mumbai) was forthcoming and offered to assist in increasing trade and business between India and Iran. He stressed on having meaningful business. He was concerned over the volumes of trade being inadequate. He recommended on having a fresh look at each other's trade potential, citing that capacities have increased.

Event

Mr. Vijay Kalantri, President, All India Association of Industries and Vice Chairman, MVIRDC World Trade Centre said the bilateral trade between India and Iran currently stands at around US\$ 15 million which has potential to escalate to US\$ 20-30 million. This figure comprises direct and indirect trade. Direct trade was not much. There is immense opportunity in the areas of pharmaceuticals, textile, agriculture and genetic medicines however our manufacturing needs to be improved. He was hopeful that the natural gas pipeline from India to Iran comes through in the next couple of years which would reduce the energy costs for India. He stressed that Iran should invest in India in several areas stressing on the Hon'ble Prime Minister Mr. Modi's Make in India' campaign, providing ample

scope for opportunities for doing business in India and deepening trade ties between the countries.

Memoranda of Understanding was signed between All India Association of Industries with Iran Chamber of Commerce, Industries, Mines and Agriculture, and MVIRDC World Trade Centre with Iran Chamber of Commerce, Industries, Mines and Agriculture, and All India Association of Industries with Isfahan Chamber of Commerce and MVIRDC World Trade Centre with Isfahan Chamber of Commerce.

The event concluded with 100 Business-to-Business meetings among Indian and Iran delegates present from sectors of food related industries, cosmetics, metal engineering, machine manufacturing, mining, aviation, furniture and chemicals. ■

AGREEMENTS OF CO-OPERATION

January – April 2015

All India Association of Industries signed Memorandum of Understanding (MoU) with:

- ☞ Chamber of Commerce and Industry of Khanty – Mansiysk Autonomous Okrug - Ugra (Russian Federation)
- ☞ Isfahan Chamber of Chamber and Industries, Iran
- ☞ BRICS Chamber of Commerce & Industry

The signing of MoU shall encourage and promote in accordance with their respective laws and regulations co-operation between the two Associations which includes:

- a. Exchange of trade and investment related information in order to promote international trade and investments.
- b. Exchange of business proposal for joint ventures, collaborations and technology transfers.
- c. Promote the exchange of trade mission between the two countries and set up business contacts.
- d. Exchange of publications and information of bilateral trade, foreign trade and investment policies of their respective countries.
- e. Exchange of trade delegations.
- f. To regularly exchange information and help organise exhibitions and international fairs and encourage their members in participating in such events.

China is looking at Investment Opportunities in India



Mr. Xie Guoxiang, Commercial Counselor, Consulate General of The People's Republic of China in Mumbai presenting memento to Mr. Vijay Kalantri, President, All India Association of Industries (AIAI), looking on is Mr. Chong Li, Vice Consul, Consulate General of The People's Republic of China in Mumbai, Ms. Rupa Naik, Executive Director, AIAI and Ms. An Lina, Vice Consul, Consulate General of The People's Republic of China in Mumbai during the visit of the Consul General at the AIAI's office.

China is keen to invest in India in manufacturing as well as in infrastructure sectors if given the opportunity. The Government's intention of creating a conducive atmosphere for investors has generated a response in Chinese companies to look at the Indian Investment climate says **Mr. Xie Guoxiang, the New Consul General (Commercial) of the People's Republic of China in Mumbai** at the meeting with the All India Association of Industries (AIAI).

Mr. Guoxiang said today trade between India and China is US\$. 70 bn. and it may grow in times to come. We would like to collaborate and work with India closely in the manufacturing as well as infrastructure sector.

Further, he added that they are looking forward to the visit of the Hon'ble Prime Minister, Mr. Narendra Modi in May. Prime Minister's visit shall further open up cultural ties and business opportunities between

India and China and trade is bound to grow.

Mr. Vijay Kalantri, President, All India Association of Industries (AIAI) while welcoming the Consul General said there are tremendous opportunities for Chinese companies to invest in infrastructure and various other sectors.

Mr. Kalantri mentioned that we shall work and collaborate with each other in the world market rather than competing with each other.

The suggestions of Asian Development Bank will further enhance trade opportunities between our two countries.

Ms. An Lina, Vice Consul, Mr. Chong Li, Vice Consul, Consulate General of the People's Republic of China in Mumbai and Mrs. Rupa Naik, Executive Director, All India Association of Industries (AIAI) were also present during the meeting. ■

Food Safety and Quality Regulations need to be tweaked to Indian Context



Mr. M M Chitale, Director, FBO Consulting and Technical Services, Mr. Sharad Upasani, Vice Chairman, MVIRDC World Trade Centre, Mr. Suresh Annapure, Joint Commissioner - Food, Greater Mumbai Division, Food and Drug Administration (FDA), Maharashtra, Dr. Joseph I Lewis, Chairman- Regulatory Affairs, Protein Foods and Nutrition Development Association of India (PFNDAI), Dr. Laxmi Ananthanarayan, Associate Professor, Department of Food Engineering and Technology (DFET), Institute of Chemical Technology (ICT) and Mr. Firoze B. Andhyarujina, Senior Advocate, Supreme Court India at an interactive session on 'Innovative Food Products in India - Regulators Role' jointly organized by MVIRDC World Trade Centre and All India Association of Industries.

“Food Safety Standards Act 2006 has undergone a change since its enforcement on August 5, 2011 with a shift from ‘adulteration’ to ‘safety’. The Act has an educative approach with friendly legislation. It has a penalty system for contamination and substandard foods. Unsafe foods would face prosecution. Food and Drug Administration (FDA) Maharashtra has 7.7 lakh licenses issued, which is the highest in India at 36 per cent. This was possible since FDA Maharashtra organized different camps to bring about awareness of the Act. The first online pilot project was held in Mumbai and Thane offices. On the April 15, 2014 100 per cent licenses was achieved”, said **Mr. Suresh Annapure, Joint Commissioner – Food, Greater Mumbai Division, Food and Drug Administration (FDA), Maharashtra**, who was the Guest of Honour at the event, during an interactive session

on ‘Innovative Food Products in India – Regulators Role’ jointly organized by the All India Association of Industries and MVIRDC World Trade Centre.

Elaborating further on the Act, Mr. Annapure said that the procedure for issuing licenses was now available online, providing transparent and time bound activities. On a futuristic note, he added that, he was looking forward to work hand-in-hand with industries especially with the ‘Make in India’ campaign, in order that consumers get wholesome food, thereby making the people of India healthy.

Mr. M.M. Chitale, Director, FBO Consulting and Technical Services was the moderator of the event introducing the panelist for further discussion on the subject.

Dr. Joseph I Lewis, Chairman-Regulatory Affairs Committee, Protein Foods and Nutrition Development Association of India (PFNDAI) deliberated on the topic 'Product Development- Concerns & Expectations'. He said food regulations were about balancing food diversity with safety practices. India is abundantly blessed with 52 per cent cultivable land (11 per cent world average) with 46-60 different soil types and 15 major climates all conducive to producing a variety of agricultural commodities. However, innovation provided the challenge from converting the agricultural commodities to processed foods. Prevention of Food Adulteration Act, 1954 provided a mere framework for combating adulteration while Food Safety and Standards Act 2006 widened the scope of the law to include a risk framework. What needs to be achieved is the harmonization in the processes of standardization, adulteration and innovation. He opined for freedom to innovate while adhering to safety measures. The Indian law does not take into consideration safety of the foods when adulteration is assessed. While clarifying what propriety foods are, Mr. Lewis said that they are not a category of food by itself but represents an enabling 'provision' in food law. Innovating with safety is a provision made in FSSA 2006.

Mr. Prabodh Halde, Head Technical Regulatory, Marico Ltd addressed the issue on 'Impact of FSSAI regulation on Food Industry'. Mr. Halde said that India could be a leading food supplier of the world if the production side of agriculture were taken care of in an optimal manner. Owing to the fact that India is one of the producers of perishable commodities, it is important to gear up the food processing industry which is still in the nascent stages valued at 4 lakh crore. Inspired by the Modi Mantra, he said that regulatory role of the food industry should also work within the framework of the 'Make in India' campaign, with 'Minimum Government and Maximum Governance' and a 'Single-window Clearance'. Thereafter, he provided a detailed presentation on FSSAI. He explained the importance of packaging and labeling. Licensing and registration of food business is mandatory and there is a framework to

monitor it, while detailing out the procedure. He also spoke on the categories of food and elaborated on compliances and penalties.

Dr. Laxmi Ananthanarayan, Associate professor, Department of Food Engineering and Technology (DFET), Institute of Chemical Technology (ICT) spoke on the topic 'Ensuring Food Safety and Quality through Advanced Technology'. She said that food needed to be standardized, safe for consumption, acceptable from sensory view point and nutritious. Markets for food are now global giving ample scope for contamination with the arrival of genetically modified foods. This gives rise to good manufacturing practices. Quality of food is not always visible and so food quality and food safety are interdependent. She emphasized that FSSA law should provide specification on consumer protection. There should be production specification and scope for value-addition with changing lifestyle and access to variety of food. She opined that adapting to emerging and advanced technologies was the solution. She enumerated the various preservations processes available worldwide, elaborating on the ones that could be adopted in the Indian context such as aseptic processing and packaging, modified atmosphere packaging and microwavable packaging to name a few. Enzymes also played an important role in food processing. Many upcoming technologies are available yielding good quality, safe and shelf stable products.

Mr. Sharad Upasani, Vice Chairman, MVIRDC World Trade Centre said that the Indian food processing industry is a sunrise industry estimated to be US\$ 67 billion, employing 13 million people directly and 35 billion indirectly. He added that value addition of food products is expected to increase from 8 to 35 per cent by end 2025. Regulations for the industry are crucial giving rise to the Food Safety and Standards Act 2006. The law provides safety standards for scientific processes, manufacturing, storage, distribution, sale and import, thereby ensuring safe and wholesome food for human consumption. ■



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Sustainable Smart Cities the Way Ahead for inclusive Economic Growth



Mr. Sanjay Sethi (IAS), Additional Metropolitan Commissioner-I, Mumbai Metropolitan Region Development Authority (MMRDA), Ms. Laura Prasad, Secretary General, Indo French Chamber of Commerce & Industry (IFCCI), Dr. Laveesh Bhandari, Founder and Chief Economist, Indicus Analytics Pvt. Ltd., Mr. Vijay Kalantri, President, All India Association of Industries and Vice Chairman, MVIRDC World Trade Centre, Mr. Shankar Aggarwal, IAS, Secretary, Ministry of Urban Development Government of India, Mr. Dilip Shekdar, Chief Architect, Naya Raipur Development Authority, Mr. Ravi Kant Malhan, Director, Head Business Development: Smart Cities and Special Projects, Schneider Electric India, Capt. Somesh Batra, Vice Chairman, MVIRDC World Trade Centre and Mr. Abhishek Lodha, Managing Director, Lodha Group releasing a Handbook on 'Smart Cities India: Reality in the Making' during the interactive panel discussion on 'Smart Cities in India: Reality in the Making' jointly organized by All India Association of Industries and World Trade Centre along with the Indo-French Chamber of Commerce & Industry

"The exciting times that we are living in are transformational in nature for India. We can all perform wonderfully well under the present government which is focused in its goals to provide meaningful and inclusive growth. This can be achieved when the 22 percent of the population that is below the poverty line, the 50 percent below the empowerment line and the disadvantaged are included in such growth. This has brought us to the juncture to relook at the urbanization process, since growth and in turn employment is generated from the urban sector", said **Mr. Shankar Aggarwal (IAS) Secretary, Ministry of urban Development, Government of India**, who delivered the keynote address at interactive panel discussion on 'Smart Cities in India: Reality

in the Making' jointly organized by MVIRDC World Trade Centre and All India Association of Industries along with the Indo-French Chamber of Commerce & Industry.

While addressing how 100 Smart Cities initiative came about, Mr. Aggarwal said that the process started with the Swachh Bharat Abhiyan, to rejuvenating heritage towns, bringing about urban renewal of 500 towns leading to creation of the 100 smart cities. He highlighted that Indians were basically entrepreneurial by nature. India possessed demographic dividend and the urban population of 31 per cent contributes to 63 per cent of GDP. It is education that would bring about empowerment; however the quality of education is poor which

can be fixed through the right infrastructure such as e-education, imparting good quality skills. Each step of the process can be made sustainable and frugal innovation can be introduced in every area which then can be supported by governments and semi-government bodies.

Mr. Aggarwal advocated that national priorities could be made a reality through technology, innovation, citizen involvement, employment generation through 'Make in India' while improving the quality of life. In order to bring about the smart cities concept, it is important to introduce competition among cities through the Bloomberg Philanthropy whereby funding solution to urban challenges could be reached. Assuring to set up 100 cities in a span of 10 years, Mr. Aggarwal was supportive towards adding to the existing strength of the people, providing the necessary hand holding in seeing projects through and being a facilitator in the entire process.

Dr. Laveesh Bhandari, Founder and Chief Economist, Indicus Analytics Pvt Ltd. the moderator of the panel discussion while introducing the panelists showed skepticism in the policy making and sustainability issues in creating smart cities.

Mr. Sanjay Sethi (IAS), Additional Metropolitan Commissioner-I, Mumbai Metropolitan Region Development Authority (MMRDA) while attempting to define the smart city concept said that the right definition would emphasize the process of creating a smart city and not the final product. Providing a case study on the Bandra-Kurla Complex (BKC) in making it a Brown field Smart City Project, he said that they were achieving it through the use of ICT and non ICT initiatives coupled with the right urban design. Besides, the formation is based on foundational, advanced and futuristic initiative which is the way forward. Smart BKC was being built around centricity, business and making it environment friendly through the process of continuous innovation. It was being

conceptualized in comparison to global cities. In a similar way, Smart Wadala Greenfield project was being conceptualized to include mixed land use, smart transport, pedestrian segregation, green buildings, intelligent buildings and smart physical infrastructure.

Mr. Abhishek Lodha, Managing Director, Lodha Group brought in the aspect of the private sector in the creation of smart cities. He opined that some of the most livable cities across that world have incorporated the various smart elements to improve the quality of life for its citizens. Smart Cities need to become smarter in multiple domains across governance, sustainability while improving overall quality of life of its citizens he added. Citing the example of Palava, a project involving an initial investment of Rs. 30,000 crore, he said that the project was exemplifying the smart city opportunity with numerous initiatives being rolled out.

Mr. Vijay Kalantri, Vice Chairman, MVIRDC World Trade Centre and President, All India Association of Industries, while stressing on the need for infrastructure in order to create smart cities he said that the Honorable Prime Minister Mr. Narendra Modi announced the 100 Smart initiative which has opened up a plethora of opportunities as well as challenges necessitating some innovative approaches and measures. Although a vision to make Smart Cities was in place, he stressed the need to frame policies for the implementation process while also making the people involved accountable.

Mr. Nilesh Purey, Vice President, ICT, Gujarat International Finance Tec-City Co. Ltd (GIFT) spoke about GIFT which is being implemented as a globally bench marked International Financial Service Centre. GIFT is a classic example of a public private model developed by the Government of Gujarat through a joint venture between its undertaking Gujarat Urban Development Company Ltd. (GUDCL) and Infrastructure Leasing & Financial Services Ltd. (IL&FS) . Recognizing the

potential of the State as a centre for the financial services industry, GIFT is being conceptualized as a financial and IT Services hub to capitalize on the in-house financial business acumen. Located between Gandhinagar and Ahmedabad, GIFT is easily accessible through 4-6 lane State and national Highways and will be in the proximity of Delhi Mumbai Industrial Corridor (DMIC). It is estimated that GIFT would provide 5, 00,000 direct jobs and an equal number of indirect jobs. Supported by state of the art internal infrastructure, GIFT CITY is being developed as an integrated smart city which will also host social and residential facilities like School, Training Centre, Business Club, Retail Mall, Hotel and Residential Apartments.

Dr. Amiya Kumar Sahu, Founder, National Solid Waste Association of India (NSWAI), lamented that our country has remained oblivious to the needs of garbage and waste management, a prerequisite for any smart city. Dr. Sahu said that smart cities must be built in a designated area far away from the existing large metropolises so as to keep these cities insulated from outside waste. This will ensure clean air and clean water. A major challenge before the smart cities will be the management of e-waste. Smart cities will generate and absorb a huge amount of high-tech gadgets resulting in huge quantity of e-waste. This will pose great environmental threat to these cities. Further, modern lifestyle and change in food habits will lead to enormous amount of dry waste which needs to be treated. Therefore the aim of the smart cities should be to promote zero garbage concept by handling waste properly. According to Dr. Sahu, waste can be recycled to produce energy and he advocated the setting up of waste – based power plants owned by the public sector.

Mr. Sanjeev Thukral, Country Sales Head and Director, Steria India Pvt. Ltd. emphasized on the need for efficient services to fulfill the basic needs of human beings. All urban services should be synchronized and coordinated in a manner so

as to produce the desired benefits for the people living in these smart cities. Services should be seamlessly connected. Therefore, connectivity is the fundamental aspect. Every smart city must support a central command and control solution to ensure smooth and intelligent transport and traffic. Mr Thukral highlighted on the Steria Intelligent Transport Solution which integrates different public transport systems. Finally, Mr Thukral stressed on the need for intelligent traffic management which is a basic requirement of any smart city.

Mr. Apurba Dhar, Director, BD RATP Dev Transdev India, said in an urban setting, there is an increasing number of interconnected and even overlapping transportation services. The development of information technology has led to a new form of mobility that combines transportation, information, innovation and socializing. To travel better, make the right choices and set preferences, a whole range of Mobility Companies are available for traveler's use. Mobility Centers provide each passenger with the necessary information and services to prepare and organize their day to day travel from door to door and from one mode to another, including pedestrian. RATP Dev Transdev is a pioneer in the development of digital mobility solutions.

Mr. NDS Chari, Senior Vice President and Head of Key Accounts and Partnerships, SREI Infrastructure Finance Ltd. discussed the importance of financing and revenue generation mechanisms. Mr. Chari laid emphasis on selecting the right funding partner and advocated their involvement right from the start of the project planning. Mr Chari spoke of holistic financing since according to him financiers and bankers have a major stake in the project.

On the occasion, a Handbook on Smart Cities India - Reality in the Making was released at the hands of the dignitaries present on the dais. ■

India and ASEAN to work together to realize potentials in Agri and Food Sector



Ms. Rupa Naik, Executive Director, AIAI, Ms. Pooja Kapur, Joint Secretary, Ministry of External Affairs, GOI, Mr. Anil Wadhwa, Secretary (East), Ministry of External Affairs, GOI, Mr. Bhushan Gagrani, CEO Maharashtra Industrial Development Corporation (MIDC) and Mr. Vijay Kalantri, President, AIAI and Vice Chairman, WTC Mumbai

India has moved with a great sense of priority and speed to turn India's "Look East Policy" into an "Act East Policy". ASEAN is at the core of India's Act East Policy and at the centre of our dream of an Asian century. These observations were made by **Mr. Anil Wadhwa, Secretary (East), Ministry of External Affairs, Government of India** while addressing the Run Up event on ASEAN India Cooperation in Food Security, Agriculture Technology And Food Engineering for Delhi Dialogue VII, here today. Referring to ASEAN India cooperation in agriculture and forestry, Mr. Wadhwa said that the sector forms an important part of the collaborative agenda between ASEAN and India. The Visions Statement adopted during the 2012 Commemorative Summit recognized the need to ensure long-term food security in the region and Mr. Wadhwa welcomed the efforts to strengthen cooperation in the agriculture sector between ASEAN and India. During the last ASEAN-India summit in November 2015 at Nay Pyi Taw, the

President of Myanmar floated the idea of having a regional food mechanism. ASEAN and India will intensify their collaborative efforts towards this end.

Recognizing that agriculture and food security is one of the key components of a nation's overall growth plan, Mr. Wadhwa emphasized that it is not just the growth in GDP but the ability to ensure food and nutrition security at affordable and stable prices in an ecologically sustainable paradigm that is fundamental to long term global peace and stability. Agriculture is particularly important in the context of our region as most of our population depend on it for survival, Mr. Wadhwa said.

Highlighting the importance of agriculture for ASEAN, Mr. Wadhwa mentioned that majority of ASEAN countries are agrarian economy and rely heavily on the agro food sector for economic growth, trade and investments. A number of ASEAN countries are among the top exporters globally for

products like rice, fruits, vegetables and coffee and the region is also the global leader in industrial crop such as palm oil, rubber, cashew nuts and pepper. Further ASEAN and India face similar challenges in agriculture such as shrinking land base, dwindling water resource, shortage of farm labour and increasing cost and uncertainties associated with volatility in international markets.

Mr. Wadhwa stressed that diversification towards higher value crops and livestock remains the best way not only to improve farm incomes and accelerate growth, but also to reduce stress on natural resource which forms the farmer's production base. The challenges are common to the region and their impact often cuts national borders. This calls for close cooperation between our countries to tackle such issues effectively.

Indian and ASEAN have, so far identified four components for cooperation, the first of which is enhancing co-operation in key areas for mutual interest to improve productivity and meet the challenges of food security. Both ASEAN and India are also involved in capacity building, technology transfer and joint R&D. Last but not the least opportunities are provided for farmers from ASEAN countries and India to learn and develop more efficient farming practices and management skills through information sharing via exchange programmes that are funded under the ASEAN India Cooperation Fund, Mr. Wadhwa revealed.

Mr. Vijay Kalantri, President All India Association of Industries and Vice Chairman World Trade Centre, Mumbai said that over two decades of India and ASEAN Dialogue Relations have intensified our mutual relations and understating and contributed to enhanced regional development, peace, stability and security in the region.

Mr. Kalantri said that ASEAN and India must work together to ensure food security in the region and ensure active trading and easy accessibility of Asia's main staple-rice. Further, ASEAN and India can successfully co-operate in many areas

of agriculture. Both need to promote and intensify cooperation by exchange of information and technology, research and development projects and strengthening human resources development. More importantly, yields and resource used efficiency must go up. With resource such as water, energy and labour becoming scarcer it is paramount to produce more with less. There is little doubt that we need to come up with a more sustainable and environment friendly way of growing foods. ASEAN India joint efforts need to concentrate in some of these aspects in order to build sustainable agri and eco system. Mr. Kalantri said.

Mr. Prasant Kumar Satapathy, Deputy General Manager (Genl./Quality Control), Institute of Food Security, Food Corporation of India presented the role of FCI in initiating steps to manage food security issues in India. Enumerating on the initiatives taken by the institute Mr. Satapathy elaborated on the various programmes introduced by FCI.

Dr. Ashok K. Vishandass, Chairman, Commission for Agricultural Costs and Prices, Ministry of Agriculture, Government of India articulated on



Mr. Vijay Kalantri, President, AIAI and Vice Chairman, WTC Mumbai felicitating Mr. Anil Wadhwa, Secretary (East), Ministry of External Affairs, Government of India during the Run up Event for Delhi Dialogue VII jointly organized by AIAI and WTC Mumbai in association with the Ministry of External Affairs, Government of India.



Food Security & Inclusiveness, its Challenges and Why Agriculture is Critical?

Deliberating on the Food Security issue in India, Dr. Vishandass informed that there is a need to make provisions to feed an approximate 1.2 billion plus population by 2030-35, that is likely to cross China's population. He further expressed that an average Indian household still spends almost half of its expenditure on food; with increasing levels of income, demand for fruits and vegetable, meat etc. has increased.

Pointing out that while agriculture's contribution to overall GDP has come down from about 35% in 1981 to 18% in 2012, still almost half of India's workforce is engaged in agriculture and yet its impact on poverty is high, so the question of livelihood still remains.

Session III - Emerging Trends in Food and Agricultural Technology: ASEAN India Initiatives

Indian agriculture has witnessed a great transformation since independence in 1947 till date. After independence, the country was undergoing a severe food crunch, affecting mostly the poor people in the country. The persistent hunger was curtailed upto some extent with the supply of US wheat through PL480 programme. But it was not a sustainable solution for the wide spread hunger, malnutrition and poverty, remarked **Dr. T. R. Sharma, Project Director, National Research Centre on Plant Biotechnology, New**

Delhi during his speech on the important role of biotechnology and the application of scientific methods in the growth and development of humanity throughout the world.

Dr. J.P. Singh, Joint Director (E) Regional Plant Quarantine Station, Mumbai Govt. of India, Ministry of Agriculture, DAC, Directorate of Plant Protection, Quarantine & Storage emphasized on the current issues in Sanitary and Phytosanitary Standards and elaborated on the measures that needs to be dealt with to ensure food safety and animal and plant health essential for safeguarding the food that is being supplied to the country's consumers by acceptable standards. Besides there is need to ensure that strict health and safety regulations are not being used as an excuse to shield domestic producers from competition.

Dr. Singh also elaborated on Plant Quarantine Import Regulations, Certifications and Non-compliances.

Prof. Rekha Singhal, Head Food Engineering & Technology Dept., Institute of Chemical Technology, Mumbai spoke on the opportunities and challenges of introducing Local Products for International Markets. Dr. Singhal shared that besides gluten free products, new generation of food additives and ingredients have a huge market informing that ASEAN countries also share the same kind of food types and habits. ASEAN should also look at this potential for marketing to international markets.

Dr. S. P. Kale, Associate Director, Food Technology Division, Bhabha Atomic Research Centre (BARC) said that there is a need to increase the base levels of organic carbon of our soils to increase the yields. While the organic carbon of our soils is as low as 0.5%, it would be a miracle to expect higher yields without increasing it. We will have to take up this issue of using organic manure on a very large scale. Greater efforts will have to be made to convert large amounts of food and agricultural wastes into organic manure through the processes of biomethanation. The soils of developed world like USA, European countries and Asian giants like Japan and China are in the range of 2 to 3% assuring sustainable higher yields. We will have to match the yields by increasing the organic carbon levels and reducing the losses during post-harvest period, said Dr. Kale.

Session IV - Country Perspectives

Mr. Eldeen Husaini MohdHashim, Consul General of Malaysia in Mumbai speaking on Malaysia's role as Chairman of ASEAN emphasized that food security is becoming an issue of great importance in not only developing countries but also in the developed world. Mr. MohdHashim drew attention to ASEAN cooperation in food and agriculture which has been focusing on the enhancement of food and agricultural production, improvement of farmers' livelihood, promotion of agriculture investment, and creating conducive market and fair trade. Such cooperation has been echoed in various ASEAN strategic policies and work programmes, particularly the ASEAN community-building process, which is to be realised by 2015, Mr Hashim said.

Session V - Food Processing & Agri Business in the North East - Prospects and Challenges

North-East India today stands poised as a major growth area, given the tremendous availability of natural resources coupled with attractive tax holidays, informed Mr. S. Bhattacharjee, Executive Director, North Eastern Regional Agricultural Marketing Corporation Ltd. (NERAMAC), A Government of India Enterprise, Guwahati while speaking on the prospects and challenges faced by the food processing and agri-businesses in the North East.

With its proximity to South East Asian markets, being home to diverse and exotic variety of fruits and other crops, this region could emerge as a major centre of food processing industry and can command a high price both in domestic and international market. Produces being naturally organic has an added advantage. The contrasting scenario is that there is plenty in some pockets resulting in negative return to farmers, while problems of widespread scarcity in the region results in paucity of supplies for continuous processing.

Session VI - India - ASEAN Trade & Investment Co-operation in the Agriculture & Food Sector

Mr. S. K. Patra, Chairman & Managing Director - India CSR Group, CSR India Corporate Social Service Pvt. Ltd & Himachal Integrated Mega Food Park Pvt. Ltd. spoke on the need for food parks and the various facilities it can include right from production to retailing.



Expert recommends Indian Government to reignite trade reforms via FTA policy



Professor Raj Bhala, Rice Distinguished Professor and Associate Dean for International and Comparative Law, School of Law, University of Kansas, USA being felicitated by Mr. Y. R. Warkerkar, Executive Director, MVIRDC World Trade Centre during a lecture on 'Recent Developments in International and Indian Trade Law and Policy' organized jointly by All India Association of Industries and MVIRDC World Trade Centre, Mumbai

"There is a great pressure on the Indian Government to frame a Free Trade Agreement (FTA) Policy as the trade liberalization process under the aegis of World Trade Organization (WTO) has hit the slow lane. The slowdown in the process of trade liberalization at the multi-lateral level has prompted nations across the globe to sign FTAs, bilateral trade agreements and plurilateral trade agreements. In order to ensure that India is not left behind in this race for preferential trade agreements, the Government must frame a comprehensive policy on FTAs," said **Mr. Raj Bhala, Rice Distinguished Professor and Associate Dean for International and Comparative Law, School of Law, University of Kansas, USA** at the lecture on 'Recent Developments in International and Indian Trade Law and Policy' jointly organized by All India Association of Industries and MVIRDC World Trade Centre.

The professor also suggested that India should become a member of the Trans-Pacific Partnership (TPP) instead of taking efforts to forge a Regional Comprehensive Economic Partnership (RCEP) as the latter is a time-consuming initiative. India has a wider scope to benefit from TPP, which includes countries with different comparative advantage, than from RCEP.

Although, some of the contentious issues in TPP may not be in favour of India - these issues include rule of origin, TRIPS, Investor-state dispute settlement (ISDP) - India would benefit by being forced to implement trade reforms as part of the mandate of TPP, he said.

While entering into a membership agreement with TPP, the Indian trade negotiators must ensure that the clauses in the agreement would led to reallocation of productive resources to sectors where India has comparative cost advantage. While such an agreement and the resulting trade reforms may involve short-term pain in terms of loss of jobs in some sectors. In the long run it may benefit the entire economy by channeling resources in the most internationally complete sector.

Meanwhile, expressing concern about the current pace of trade liberalization professor Bhala said, it has hit a slow lane in recent years after the initial progress in terms of agreement in most-favoured nation (MFN) norms, elimination of quantitative trade restriction etc, Bhala observed.

For example, members of the WTO are struggling to arrive at a consensus on sensitive issues in the trade on agriculture like public stock holding, tariffication, and export subsidy.

Professor Bhala commented that in this time of preferential trade agreements, the role of WTO is reduced to dispute settlement, provision of trade statistics and research, and acting as a negotiating forum on key issues of trade.

Mr. Y.R. Warkerkar, Executive Director, MVIRDC World Trade Centre said that international trade law is a complex and an ever expanding area. It includes the appropriate rules and customs for handling trade between countries. Speaking on the World Trade Centre Mumbai's efforts and as a key catalyst in promoting India's international trade, he said that the topic chosen for the lecture was most apt. In conclusion, Mr. Warkerkar emphasized that in the present complex business environment, it is imperative for any business to understand the intricacies of trade laws both in the national and international context. ■

Budget to Accelerate Growth

The Union Budget 2015-16 presented by the Union Finance Minister, Mr. Arun Jaitley has provided the much-needed thrust to infrastructure to accelerate economic growth through the proposed National Investment Infrastructure Fund and a tax free infrastructure bond. The Budget also proposes to introduce a regulatory reform law for infrastructure and has laid a strong foundation for economic consolidation. The Budget has sought to balance and rationalize the direct and indirect tax structure and streamline the regulatory process through a single window clearance with 14 regulatory permissions. Setting out an ambitious target of creating one lakh kilometers of road, the budget has signaled a major thrust to the road sector. Besides, fillip to Power, Port and Railway sectors have also been provided through financial reforms, which will bring in greater investments for growth and development, says Mr. Vijay Kalantri, President, All India Association of Industries and Vice Chairman, World Trade Centre Mumbai.

Mr. Kalantri further said that the implementation of GST by April 2016, which will put in place a state of the art taxation system will play a transformative role for the economy. The Budget is committed to rationalizing subsidies by plugging the leakages, scale-up disinvestments, thrust

to micro industrial development by creating Mudra Bank, and other national funds and redressal agencies are positive initiatives to boost growth. The proposed bureau for national skill mission will generate employment and jobs to further invigorate growth.

We further feel that stalling of retrospective tax, deferring GAAR by two years and streamlining corporate and individual taxes thereby providing incentives to savings are steps in the right direction. With regard to direct taxes, the Budget seeks to reduce the corporate tax from 30 per cent to 25 per cent in the next four years and also abolish wealth tax which are welcome features. Visa on arrival scheme which has been expanded to 150 countries will greatly facilitate doing business and provide boost to tourism sector.

The Budget envisages strong partnership with the states in nation - building. Incentivising Manufacturing and Infrastructure with Rs. 70,000 crore more for investment in infrastructure will be important steps to give substance to the "Make in India" initiative.

The Budget has announced several sops and incentives to strengthen the socio-economic sectors to ensure balanced and sustainable growth. ■

Repo rate cut to boost growth

The announcement of Dr. Raghuram Rajan, Governor of Reserve Bank of India (RBI) to cut repo rate by 25 basis points will give the much needed boost to the manufacturing and MSME sectors says Mr. Vijay Kalantri, President, All India Association of Industries (AIAI).

AIAI suggest that in order to restrain the inflation of fiscal deficit Dr. Rajan should consider a cut of 50 basis points in the monetary policy in near future which will give impetus to the infrastructure and manufacturing sector as well as SME's added Mr. Kalantri.

Call to Save Earth at International Earth Day Celebration



Mr. Vijay Kalantri, President, AIAI and Vice Chairman, MVIRDC, WTC, Mr. Kamal Morarka, Chairman, MVIRDC, WTC, Mrs. Pule I. Malefane, Consul General of the Republic of South Africa and H.E. Mr. Sam Schreiner, Ambassador of The Grand Duchy of Luxembourg in India during 'Diplomatic Forum Reception'.

"We should preserve our resources and save the Earth, otherwise our future generations will say that the earlier generations have left behind a much more deteriorated planet" said **Mr. Pule Isaac Malfane, Consul General of South Africa in Mumbai** and the Dean of the Consular Corps while addressing a gathering of diplomatic corps at the Diplomatic Forum Reception organized to celebrate the "International Earth Day". The event was jointly organized by the All India Association of Industries (AIAI) and World Trade Centre Mumbai.

Today, the earth and its environment has become fragile due to indiscriminate and haphazard exploitation of its resources. It must be remembered that earth's resources are gradually depleting posing a serious threat to human life and sustenance. Therefore, there is bounden obligation on mankind to take cognizance of this fact and

work towards the preservation and improvement of earth's resources, Mr. Malefane said.

Mr. Malefane further emphasized that while we recognize the emerging crisis, we need not only to work expeditiously for it but also create widespread awareness among the masses to be responsible and sensitive towards this important and urgent issue. Generation after generation have to live on this planet which needs to be preserved and nurtured at all cost.

Mr. Kamal Morarka, Chairman of MVIRDC World Trade Centre (WTC) Mumbai said that on "International Earth Day" WTC pledges to work towards saving the Earth and spread greenery and he also appealed for controlling emissions and pollutants and plant more trees so that everybody has a better life to live.

Mr. Morarka further said that greenery is important, and we need to preserve and save water from pollution. Awareness has begun to spread but now we have to work with greater consciousness. We sincerely urge the community of 340 World Trade Centres in over 100 countries to commit themselves to save planet from further deterioration.

H.E. Mr. Sam Schreiner, Ambassador of The Grand Duchy of Luxembourg in India who was the Guest of Honour on this occasion said that we should give top priority to preserve the Earth and spread the message of better life to all. In Luxembourg all our efforts are made to reduce pollution and not to destroy greenery.

Mr. Vijay Kalantri, President, All India Association of Industries (AIAI) and Vice Chairman, World Trade Centre Mumbai proposed the vote of thanks. ■

Celebrating International Women's Day through Women Empowerment



Ms. Malini Shankar, I.A.S., Principal Secretary - Water Resources Department (WR), Government of Maharashtra, Ms. Chhaya Sehgal, CEO, The Winning Edge, Ms. Amrita Chowdhury, Author and Ms. Beenoxi Arora, Vice President, Axis Bank during the event on 'Women Enterprise Builders (WEBs)' on the occasion of International Women's Day jointly organised by AIAI and WTC Mumbai along with IDOBRO

“Providing a safe environment, rendering equal opportunities and cultivating a congenial home, all go into empowering women. Empowering a woman brings about a multiplier effect, further adding happiness to the family and in turn to the economy said **Malini Shankar, Principal Secretary, Water Resources Department (WRD), Government of Maharashtra** who presented the keynote address at an event on ‘Women Enterprise Builders (WEBs)’ on the occasion of International Women’s Day, which was jointly organized by All India Association of Industries and MVIRDC World Trade Centre along with Idobro.

Speaking on her days as she started out in the Government, Shankar shared her experiences of how men viewed her, both in the rural and urban sectors. She pointed out the difference between rural and urban. While in the rural set up they

respected the chair irrespective of the gender, in the cities, her position has been challenged as she performed at par with the males.

Karon Shaiva, Chief Impact Officer and Managing Director, Idobro Impact Solutions was the moderator of the first session. When introducing the panelists she said that ‘as women we should be really proud of ourselves, just being ourselves’.

Addressing the issue of what it takes to be a woman enterprise builder, **Bijal Ajinkya, Partner, Khaitan & Co** said that women were born multi-taskers and bring the “emo-quotient” to the work place. Ajinkya has been lucky to have a very supportive and progressive family, which reflects on her decision to select more women members in her team due to their dedication.

Speaking on the importance of gender-balance and not equality **Kajal Anand, President, All India Cosmetic Manufacturer's Association** spoke of how her demanding father's shaped her mind. This was her turning point to break away from her struggles and prove entrepreneur skills.

Enlightening the audience on the role of women entrepreneurs in the economy, **Andrea L. Aquilla, Economic Officer, USA Consulate** remarked that every dollar a woman contributes to the GDP brings prosperity to the family and in turn to the nation. She also said that a woman invests in education, family and improving lives. Speaking of India's experience, Andrea observed that more women have come out of their safe home-based environments and are working in the formal sector.

One of the women to have received tremendous applause and acknowledgement for doing extraordinary work is **Nirmala Kandalgaonkar, Founder, Vivam Agro Tech.**

Event

Kandalgaonkar is also a Tata Strishakti Awardee. In an inspiring talk she said how she began from small not expecting to create a business with a turnover of 5 crore. At the age of 48, she has touched upon a novel idea of converting waste to electricity to supply 5000 villages. Her driving point was to work for the fun of it and not for money. Along with it she also has been working to give back to the society by employing women. Currently, she had 125 councils under her for waste disposal, while catering to 800 tonnes of waste each day. She concluded by saying that all it takes is for a woman to think that she can do something and with the support of society and organizations such as the World Trade Centre Mumbai, she can definitely achieve it.

Chitkala Zutshi, I.A.S. (Retd.), Member, Water Resources Economy, Maharashtra Water Resources Regulatory Authority shared her experiences as the chairperson of Maharashtra State Women Commission. She highlighted the cases at the Free Counseling Centre which was set up, with the help of counselors, lawyers and district judges to offer help to women who were victims of abuse or faced domestic issues. In one case the husband remarried after leaving his wife in the lurch. Although she won in the lower court, she lost out in the High Court. The lady pushed Zutshi to fight her case in the Supreme Court. In this whole journey, the lady learnt law and is one bright lawyer in a leading law firm. She advocated that problems can be solved if the community comes together.



Ms. Rupa Naik, Director Executive Director, All India Association of Industries, Ms. Karon Shaiva, Chief Impact Officer & Managing Director, Idobro Impact Solutions, Ms. Chitkala Zutshi, I.A.S. (Retd.), Member, Water Resources Economy, Maharashtra Water Resources Regulatory Authority, Ms. Andrea L. Aquilla, Economic Officer, USA Consulate, Ms. Kajal Anand, President, All India Cosmetic Manufacturer's Association, Ms. Nirmla Kandalgaonkar, Founder, Vivam AgroTech and Ms. Bijal Ajinkya, Partner, Khaitan & Company during the event on 'Women Enterprise Builders (WEBs)' on the occasion of International Women's Day jointly organised by MVIRDC World Trade Centre and All India Association of Industries along with Idobro.

Session 2 was moderated by **Chhaya Sehgal, CEO, The Winning Edge**. While introducing the panelist said that the greatest gift to a woman is a woman.

Speaking on the strengths of an entrepreneur, **Amrita Chowdhury, Author**, said that although she worked across various industries, she persevered her goal to write. She took a risk of diving into the unknown industry and has written of cyber crime, something she believes will help other women.

Beenoxi Arora, Vice President, Axis Bank Foundation has worked in Axis bank for 18 years. However, the last two years have been most memorable and role changing. She now works for the axis bank foundation, which has made her see life in a different way. Her biggest joy was to lakhs of rural women open bank accounts. This has helped the women attain economic self realization.

Elaborating on the challenges women face, **Nilima Patil, Director-Food Cluster, Maharashtra Chamber of Commerce, Industry & Agriculture** said that people think women lack self-confidence. She defended that the reason women consulted others, is also take everybody's opinion. Women are capable of thinking independently and for the

benefit of everyone. She feels women have been responsible for the success of others.

Mahalakshmi Saravanan, Founder & Partner, Women Entrepreneurs India, in her scintillating talk said that trained entrepreneurs could further gain access to market through website promotion. She asked women to optimize online marketing solutions thereby getting access to international markets. She strongly advocated the power of teamwork.

Farida Hussain, President – Marketing, U.S. Vitamins advocated the importance of empowering women entails empowering men too. She said it begins from one's home which extends to society at large - teaching men of gender equality and respect to women. Everybody talks of work-life balance, but for true success one is forced to sacrifice and women are doing it every day. She observed that the ratio of women in senior management was far less. This despite, women bosses being more empathetic to the stress faced by their subordinate staff.

The event ended with a musical performance by Ms. Sunita Bhuyan a renowned musician and a violinist in the Indian style of Hindustani music, celebrating the strength of women in the form of music. ■

Hike in MSME investment limits

AIAI welcomes the bill proposed by Mr. Kalraj Mishra, Hon'ble Minister for Micro, Small and Medium Enterprises amending the investment limit for the Micro Industries from Rs. 25 lakhs to Rs 50 lakhs, Small enterprises from Rs. 5 crores to Rs. 10 crores and for Medium enterprises from Rs. 10 crores to Rs. 30 crores. The proposal gives the MSME sector the much needed boost and will help improve their manufacturing capacities as well as enhance competitiveness.

Taking into consideration the dynamic market and employment situation, this proposal will also help facilitate more employment and exports from this sector.

AIAI further feels that there is a need for hike in the Excise exemption limit from Rs. 1.5 crores to Rs. 5 Crores in view of the increase in price of raw materials and input costs.

Thrust on Infrastructure to Fire up the Indian Economy



Mr. Sharad Upasani, Vice Chairman, MVIRDC WTC Mumbai, presenting a memento to Mr. Yashwant Sinha, Former Union Minister, Finances and External Affairs, Government of India alongwith Mr. Vijay Kalantri, President, AIAI and Capt. Somesh C. Batra, Vice Chairman, MVIRDC WTC, Mumbai during an Interactive Meeting on Union Budget

“The Union Budget 2015-16 is expected to create virtuous cycle as its thrust on infrastructure investment would spur private sector capital formation and consumption in the overall economy. The recessionary trend in the Japanese, Eurozone economies and the slowdown in the Chinese economy would depress global demand. This would in turn force Indian companies to depend on domestic demand. The Budget, by giving push to infrastructure spending, would lift domestic demand through the virtuous cycle”, said **Mr Yashwant Sinha, Former Union Minister for Finance and External Affairs, Government of India** at an interactive meeting jointly organized by All India Association of Industries and MVIRDC World Trade Centre.

Noting the decline in the savings rate in the economy from 37 per cent (as a proportion of GDP) a few years ago to less than 30 per cent at present,

Mr. Sinha expressed hope that this budget would encourage savings. The increase in savings would consequently lead to a rise in investment rate to 39 per cent and lead to overall economic growth rate of 9-10 per cent. The philosophy behind the present government policy is to ensure that public spending leads to creation of productive assets rather than enhancing money in the hands of the people, which would create inflation, he opined.

Mr. Sinha expects the fall in WPI and CPI to prompt RBI to reduce interest rate by 50 basis points in its next monetary policy review.

While various measures were announced in the budget to boost funding for the infrastructure sector, Mr. Sinha raised concerns about the huge delay in implementation of projects on account of hassles such as land acquisition and environmental clearances. But he felt that the government’s ‘plug and play’ concept would address these hassles in the days ahead. Highlighting the importance of irrigation in raising agriculture output, Mr. Sinha welcomed the Rs. 5,300 crore support for micro-irrigation, watershed development and the ‘Pradhan Mantri Krishi Sinchai Yojana’.

Highlighting the multiplier effect of investments in the realty sector, he commented that the rise in the tax exemption limit for interest rate on housing loan should have been raised up to Rs. 250,000 as against the budget proposal of up to Rs 200,000.

Mr. Sinha also expressed disappointment over the government’s inability to stick to the fiscal deficit target of 3.6 per cent set out by the 14th Finance Commission for 2015-16 (the budget estimate of fiscal deficit for 2015-16 is 3.9 per cent).

On the taxation front, he expressed dissatisfaction over the government’s stance to do away with the

introduction of Direct Tax Code (DTC). Mr. Sinha was of the view that the country needs a new DTC which would spell out the government's philosophy on direct taxation. Specifically, DTC should have a clause that links personal income tax exemption limit with CPI, he remarked.

Mr Sinha concluded by highlighting the procedural challenges in introducing GST by April 2016.

Mr. Vijay Kalantri, President, All India Association of Industries and Vice Chairman, MVIRDC World Trade Centre, hailed the budget 2015-16 as the third phase of economic reforms

since 1991. While lauding the budget for its thrust on infrastructure, he said the success of it lies in effective and timely implementation. Mr. Kalantri expressed satisfaction on the overall fine print of the budget including deferral of GAAR by two years, tax on super rich and the budget's stress on non-adversarial tax regime. However, he expressed concern over the huge size of non-plan expenditure and the marginal decline in plan expenditure in 2015-16. Further, he was of the view that more could have been done in the budget for promoting the MSME Sector. Specifically, he suggested that SIDBI should have been given an independent status. ■

Railway Budget visionary

The Railway Budget presented by the Union Minister of Railways, Mr. Suresh Prabhu is far-sighted and aims towards long-term futurist reforms necessary to remodel the Indian Railways. The budget announcements focuses on the development of railway tracks, increase in freight capacity and plans to allocate Rs. 8.5 Lakh crore over the next 5 years is very ambitious and if implemented will increase its economic viability giving the railways a major thrust said Mr. Vijay Kalantri, President, All India Association of Industries (AIAI).

Also the Central Government promises not to raise passenger fare and freight charges, increase in freight capacity by Rs. 1.5 bn., track capacity to be increased by 10 per cent to 1,38 lakh km. and proposes to outlay 41 per cent (Rs. 45,100 crore) for 2015-16. This will lead to better productivity and movement of cargo, which will give a thrust to industries making them more competitive added Mr. Kalantri

The Government also assures to review the Public Private Partnerships (PPP) model and make it more result oriented by deregulating and de-centralizing the system by bringing in more transparency. Besides the development of 9 new railway corridors, 10 satellite railway stations, logistics and freight terminals and putting the Delhi Freight corridors (DFC) on a fast track mode are the vision and thrust of the Railway Budget.

The announcement to raise funds through pension funds, insurances, multi-lateral banks and other sources will help to augment resources will give a boost to the railways besides generating employment.

In addition it promises to improve passenger amenities such as cleanliness, potable water and toilets and increase in facilities to assist Senior citizens is much appreciated added Mr. Kalantri.

Experts Debate Impact of Tax Proposals on Indian Economy



Mr. Vijay Kalantri, President, All India Association of Industries and Vice Chairman, MVIRDC World Trade Centre, Capt. Somesh Batra, Vice Chairman, MVIRDC World Trade Centre, Mr. Jairaj Purandare, Founder Chairman, JMP Advisors Pvt. Ltd, Mr. Dadi B. Engineer, Senior Partner, Crawford Bayley & Company and Mr. Deepak Agarwal, Senior Manager, Deloitte Touche Tohmatsu India Private Limited during a meeting on 'Implications of the Budget 2015-16' jointly organized by All India Association of Industries and MVIRDC World Trade Centre.

“The Union Budget 2015-16 aims to reduce litigation on tax matters through various measures like introducing Dispute Resolution Bill, raising the threshold limit for the applicability of domestic transfer pricing laws and defining the word ‘substantial’ in the case of indirect transfers. Also, the Budget has other progressive features like legislative framework for black money, huge investment for infrastructure, abolition of wealth tax, reduction of royalty fees and various tax benefits for individual assesses to promote savings”, said **Mr. Firoze A. Andhyarujina, Senior Advocate, High Court Mumbai** in his opening remarks as the moderator of the meeting on ‘Implications of the Budget 2015-16’ jointly organized by All India Association of Industries and MVIRDC World Trade Centre.

Raising concern about the magnitude of tax litigation in India, Mr. Andhyarujina mentioned that currently 3 lakh cases are pending in the High Court with the government being the largest litigator. Alarmingly, the government has lost 72 per cent of the cases in the High Court. More importantly, Rs. 4,36,000 crore is locked on tax litigation. In this context, the Budget has made an attempt to simplify tax laws while making it transparent and eliminating ambiguity, he said.

He also welcomed other decisions of the Finance Minister like doing away with the introduction of the Direct Tax Code (DTC), deferral of GAAR, reduction of royalty fees and abolition of wealth tax. He said the abolition of wealth tax is a sensible move because the cost of collection (which amounts to Rs. 1009 crore) exceeds the tax proceeds.

However, **Nishith Desai, Founder, Nishith Desai Associates** critically viewed the budget by saying that some of its provisions could raise the number of tax litigations. Specifically, he said the amendment to the definition of 'place of effective management' (POEM) may give more discretion to tax officers as the new definition is ambiguous. This may lead to increasing litigations on tax residency of establishments. He was also critical of the government's move to levy 10 per cent withholding tax on the income of Alternative Investment Funds (AIFs) based out of India, a step which he termed as intellectual dishonesty.

Further, he remarked that the Budget should be more transparent by disclosing the amount of deposits held by the income tax department against pending tax litigations. He termed this amount of deposits as hidden liability of the Government of India since it needs to be refunded with interest to the assesses in case the Government loses the case. He also called for proportionality in the penalty for tax offences. He concluded that the Government must improve drafting of laws to bring about clarity and certainty.

Mr. Dadi B. Engineer, Senior Partner, Crawford Bayley & Co. feels that the indirect tax proposals in the Budget will give rise to inflationary pressure in the economy. Specifically, the hike in excise duties, service tax and the 2 per cent cess (Swachh Bharat) on certain services may raise inflation.

Mr. Jairaj Purandare, Founder Chairman, JMP Advisors Pvt Ltd, remarked that the Budget was a growth oriented one, balancing various objectives like fiscal discipline and inclusive growth. While agreeing with Mr. Engineer on the inflationary consequences of the Budget, Mr. Purandare said that the new agreement between the Government and the RBI on inflation targeting framework would address this issue.

He also agreed that the change in definition of 'POEM' could lead to rise in litigation and therefore he hoped clarification from the Government on

this matter. Mr. Purandare listed out budgetary proposals related to the development of the financial sector namely, setting up of a Bank Board Bureau, allocation for recapitalization of PSU Banks, gold monetization scheme, rationalization of MAT for FII's etc.

Mr. Deepak Agarwal, Senior Manager, Deloitte Touche Tohmatsu India Pvt Ltd. touched upon some of the indirect tax proposals and concluded that some of the provisions in the Budget were favourable for assesses. Specifically, the extension of time limit for CENVAT credit and rationalization of penalty provision in indirect taxes are favourable for assesses, he pointed out.

Mr. Vijay Kalantri, President, All India Association of Industries and Vice Chairman, MVIRDC World Trade Centre said that the Railway and Union Budgets had the vision to boost the manufacturing sector and the 'Make in India' initiative, which will give rise to inflationary growth. The progressive features in the Budget along with RBI's reduction in policy rate by 25 basis points would enhance growth prospects in the economy. The steady decline in inflation and the poor growth in the 8 core infrastructure sectors (for the month of January) prompted RBI to reduce the policy rate.

AIAI Views on General Sales Tax

The Government proposed to increase the existing General Sales Tax to 27%. The AIAI is of the opinion that the General Sales Tax should not be more than 15% to start with.

Mr. Vijay Kalantri, President, All India Association of Industries (AIAI) hopes that this suggestion will be considered while implementing GST in the Budget.

Arbitration in India shifts towards international norms



Ms. Rupa Naik, Executive Director, AIAI, Mr. Firoze Andhyarujina, Senior Advocate, Bombay High Court and Supreme Court, Mr. Vyapak Desai, Partner, Nishith Desai Associates, Mr. Sahil Kanuga, Senior Associate, Nishith Desai Associates and Mr. Y. R. Warekar, Executive Director, WTC Mumbai at the Seminar on Emerging Trends in International Arbitration.

“Arbitration is a useful tool and it is an appropriate time to promote it,” said **Mr. Firoze Andhyarujina, the Senior Advocate with the Bombay High Court and the Supreme Court** while introducing the seminar on ‘Emerging trends in international arbitration.’ The event was organized by All India Association of Industries, World Trade Centre Mumbai, Indian Arbitration Forum, Nishith Desai Associates, Hong Kong International Arbitration Centre and Ernst and Young on March 13, 2015.

Mr. Andhyarujina explained that arbitration can be conducted in either of the two methods-ad hoc method or institutional method. “The new government has emphasized the ease of doing business in India. It not only means that one gets permissions from a single window system. It also means doing away with time consuming litigations, which frustrates dispensation of justice.”

Mr. Andhyarujina highlighted the importance of the report by Justice Mr. A.P. Shah which has

influenced the proposed new arbitration law. “It is definitely on par with international rules and international laws of arbitration. Now the bill will focus on specialized courts dealing with commercial disputes which involve an amount of Rs. 2 crore and above. These include intellectual property rights violations, international joint ventures and collaborations,”. As per the new bill, disputes between the joint partners in international arbitration will be addressed in Indian courts as per rules of international arbitration.

Mr. Vyapak Desai, Partner of Nishith Desai Associates highlighted that in 1996 India got its first unified act for domestic and international arbitrations. “Since 2012, the Indian judiciary has been recommending the litigating parties to opt for arbitration, thereby adopting a non-interventionary approach,”.

Mr. Sahil Kanuga, Senior Associate, Nishith Desai Associates highlighted that arbitration is an alternative form of dispute settlement. Arbitration allows disagreements between two parties to be decided outside the purview of courts. Speaking on the selection of arbitrators in the Indian context, Mr. Kanuga mentioned that retired judges have been preferred mainly for their experience. “However, in international arbitration, there is increasing reliance on experts as against judges,” Kanuga added.

Mr. Kanuga further observed that institutional arbitration has rules and experts in place, which adds certainty. “The world is moving towards institutional arbitration. Though, India has been following ad-hoc method, the international parties prefer institutional arbitration. Now, in India, the trend is changing and Indian clients prefer to settle arbitrations at Singapore, London and Hong Kong,” said Kanuga.

Both Desai and Mr. Kanuga emphasized the need for arbitration since conflict is on the rise in modern businesses. Another important factor for arbitration is the cost. “The losing party has to bear the cost of arbitration of the winning party. This would discourage frivolous arbitration,” said Mr. Kanuga.

Mr. Yogen Vaidya, Partner, Fraud Investigation & Dispute Services at Ernst & Young LLP said that India ranked 72 in the parameter of ‘efficiency of legal systems’ in the Ease of Doing Business. However, now with recent Supreme Court judgments on arbitration, the perception with regard to arbitration in India is changing.” According to Mr. Vaidya, the right time to claim the costs, the methodology and reasonableness standards need to be followed. Various methodologies for calculation of damages depending on specific facts and circumstances will have to be adopted and followed,” said Vaidya. He also highlighted the role of forensic accountants and specialists when claiming damages and providing evidence in an arbitration proceeding.

Mr. Aditya Kurian, Counsel, Hong Kong International Arbitration Centre (HKIAC) highlighted the various benefits offered by HKIAC to the arbitrating parties. “We are increasingly seeing Indian parties approaching HKIAC for arbitration in

the interest of time and cost”, Kurian said. HKIAC deals with administration of arbitration, mediation and domain name disputes in international business. He spoke about the various advantages of HKIAC’s service, which ensure cost-effectiveness, time-bound award, confidentiality in the settlement of disputes.

Mr. Y.R. Warerkar, the Executive Director, World Trade Centre, in his welcome address observed that in diverse judicial and cultural systems, different languages, economic and political climates creates significant obstacles to resolving international disputes. Arbitration provides an efficient and neutral means to resolve international disputes.

“WTC in its key object to promote international trade and investments devotes attention to assist businesses in the conduct of international trade and investment effectively.” Warerkar said. The Centre offers a cohesive platform to its members to learn new business concepts and gain understanding of the various aspects of negotiation and dispute resolution in global commerce. Businesses operating in a complex global environment need to know how to safeguard their business interests as well as the pre-emptive steps they should take vis-à-vis their business counterparts.



Eastern Poland beckons Indian investors



Mr. Y. R. Warekar, Executive Director, MVIRDC WTC Mumbai, Mr. Leszek Brenda, Consul General of the Republic of Poland to Mumbai and Mr. Arkadiusz Tarnowski, Deputy Director for the Bureau for Eastern Poland Economic Promotion Program, Polish Information and Foreign Investment Agency at Poland - India Investment Dialogue on 'Doing Business in Poland - Discover Eastern Poland'

“Poland is keenly watching developments in India and is highly encouraged with recent investment announcements and plans of the Central Government as well as by the Government of Maharashtra, and the prospective ideas of infra-structure projects, smart cities and industrial corridors” said **Leszek Brenda, Consul General of the Republic of Poland to Mumbai**. Addressing an interactive meeting on ‘Doing Business in Poland - Discover Easter Poland’.

Mr. Brenda expressed hope that Poland would find its rightful place in some of these projects. India and Poland have a lot to do together and investment flows must be a two-way process in order to enhance economic cooperation between the two countries. As a first step, both countries must begin the process of understanding each other’s markets. Indian companies can choose Poland as an investment destination because of its strategic location, political and economic stability, availability of skilled human resources and encouraging policy support including EU funding. This investment dialogue was organized by All India Association of Industries, World Trade Centre Mumbai, Polish Information and Foreign Investment Agency and Indo-Polish Chamber of Commerce.

Deliberating on the investment climate in Eastern Poland, **Arkadiusz Tarnowski, Deputy Director for the Bureau for Eastern Poland Economic Promotion Program, Polish Information and Foreign Investment Agency**, highlighted the priority sectors in the region namely luxury cars, yacht, aviation industry, medical equipments, furniture, timber and education. Poland, the fastest developing country in Europe, has the advantage of a pool of young and highly skilled workers. He mentioned that Poland has remained free from the economic crisis largely due to its strong 40 million internal consumer market. The region is one of largest hubs of BPO services and enjoys the 13th rank as the most attractive FDI destination.

In a series of presentations, the regions of Eastern Poland namely Lubelskie, Podkarpackie, Bialystok, Swietokarzyskie and Olsztyn showcased their investment potential in the respective regions. The promising sectors are IT, bio-economy, food processing, aviation, automotive and machinery, metallurgy, construction, plastics processing among others.

Mr. Y.R. Warekar, Executive Director, MVIRDC WTC, Mumbai said that the year 2014 marked the sixtieth year of the establishment of Diplomatic relations between India and Poland and the historic event was commemorated with a series of activities reflecting the strong economic, political and cultural ties existing between both countries. Bilateral trade between both countries reached nearly \$2 billion during the first 10 months of 2014. Indian investments in Poland total over \$3 billion. Many prestigious Indian companies have presence in Poland, like Reliance Industries, Arcelor Mittal, Escorts, Infosys, etc. Warekar further expressed that World Trade Centre Mumbai and AIAI have in the past led many successful business delegations to and from Poland. While many large companies have established their presence in both countries, he hoped that there would be greater cooperation among firms in the SME sector. ■

E-Commerce sector to grow ten-fold by 2020



Ms. Rupa Naik, Executive Director, AIAI, Mr. Sanjay Nagi, Managing Director, Market Insight Consultants, Mr. Atul Tewari, Chief Operating Officer, Quikr, Mr. Vijay Kalantri, President, AIAI, Mr. Nitin Nayar, Managing Director, Warburg Pincus India Pvt Ltd., Mr. Arindam Mukherjee, Vertical Head - Banking & Financial Services, Cisco Systems, Mr. Rutvik Doshi, Director, Inventus (India) Advisors, Dr. Sharat Airani, Director - IT & CSO, Intellinet Datasys, Mr. L. S. Subramanian, Founder and President, NISE India and Mr. Sanchit Vir Gogia, Chief Analyst and CEO, Greyhound Knowledge Group releasing a Handbook on 'e-commerce... the way forward for SMEs'.

Arindam Mukherjee, Vertical Head – Banking & Financial Services, Cisco Systems

said that he expects the e-commerce industry in India to rise from \$4.5 bn today to \$45 bn in next 4-5 years. e-Commerce would revolutionize the way small and medium enterprises (SMEs) do business in the next two-three years on the back of strong Government policy thrust and rising internet and mobile penetration. He shared his views while speaking at the event 'Realising the potential of E-commerce for SMEs' jointly organized by All India Association of Industries and MVIRDC World Trade Centre on March 26, 2015.

Referring to the fact that only 1% of the 47 million SMEs in India use internet for their business transactions, he said businesses can grow their revenue by 50% more by embracing E-commerce than by using conventional channels of business operation.

He informed that banking sector is in the cusp of a dramatic transformation as many banks in India introduce products that enable customers to make

retail transaction in a cashless way.

Speaking at the event, **Mahesh Murthy, Partner, Seed fund** opined that E-commerce has the potential to transform a one-time small business organization into a market dominating firm in the course of time. "The retail giant Walmart is losing market share to e-Commerce giant Amazon and the software behemoth Microsoft lost the operation system battle to Google because both were late in entering the Indian market. Businesses like Facebook, Amazon, Whatsapp became a dominant brand in the market without spending a penny on advertising. Noting that businesses that succeed in the market are ones that "out think" rather than "outspend", he said, companies must evolve a business proposition that is too compelling to resist and unique from their competitors.

Further elaborating on the various online platforms that can benefit the SMEs, **Rutvik Doshi, Director, Inventus (India) Advisors** gave the examples of how Flipkart and Snapdeal are helping companies to



sell their products in the farmers' websites, to raise funds from financial institutions. This has helped to raise finance easily for the SMEs.

He also explained how SMEs can adopt E-commerce for office functions other than marketing like accounts and auditing (by using accounting software vendors), human resource management, customer relation management (CRM) etc.

He however cautioned that the SMEs need to build from scratch their business models to adapt to the new internet based platforms and constantly innovate to differentiate their products. "These would make the SMEs a winner in the long run," said Doshi.

Sanjay Nagi, Managing Director, Market Insight Consultants suggested that the SMEs focus on long-term strategy, of 20-30 years, rather than worry about short-run factors like rise in cost. According to him, e-Commerce should be viewed as a value-proposition rather than just an alternative platform to do business.

Atul Tewari, COO, Quik observed that most SMEs in India don't have the management or human resource capability to handle the huge flow of customers when they adopt E-commerce. It is in this respect that SMEs must outsource some of the operations like handling customer complaints or grievances to specialized companies.

Moderating the second panel session, **Sanchit Vir Gogia, Chief Analyst & CEO, Greyhound**

Knowledge Group pointed out that while the cost of creating a website has declined considerably in the last few years, the key to survival of E-commerce model is customer acceptability and quick adaptability to changing market dynamics.

L. S. Subramanian, Founder & President, NISE India explained the emerging trend of commoditizing technologies and the need for SMEs to understand this trend. He said, "The cutting-edge technology services like cloud computing, domain hosting are provided by specialized companies and SMEs must take their service to ride on the E-commerce bandwagon."

Noting that SMEs have reservation to reach the global market, he said of the millions of SMEs in the country, only around 1,000 of them list their products in E-commerce websites. He opined that SMEs must change their attitude towards marketing and embrace E-commerce so that their products are identified or visible to customers who are in a distant geography.

Dr. Sharat Airani, Director - IT & CSO, Intellinet Datasy advocated e-Commerce platforms must be used not only for sales but also for providing after-sale services to customers. **L. K. Gupta, Chief Marketing Officer, Girnar Software (Car Dekho)** elaborated how E-commerce service providers can play a crucial role in providing data analytic solution to SMEs so that the latter can adapt their business model to the changing market condition, customer needs etc.

Rupa Naik, Executive Director, All India Association of Industries stressed on the need for introducing E-commerce among the SME clusters in the country. She said in Maharashtra itself there are 70 SME clusters who must embrace innovative marketing solution offered by E-commerce so that they become more competitive. SME clusters could benefit from E-commerce as it increases the market reach of their products beyond their local area.

Vijay Kalantri, President, All India Association of Industries in his welcome address said that the business to business transactions and business to

customer transactions, have succeeded, however the business to Government transactions still need to find acceptability. "Today India has 970 million mobile connections and there are 18 million social media users this just shows the acceptability social media has today." He added, "SMEs need to use this more aggressively for their marketing and business opportunity." This would be enhanced if the SMEs also start manufacturing electronic hardware.

During this panel discussion AIAI and MVIRDC WTC Mumbai released a handbook titled 'E-commerce the way forward for SMEs'



Mr. Vijay Kalantri, President, All India Association of Industries and Vice Chairman, MVIRDC World Trade Centre, Mr. Sanjay Nagi, Managing Director, Market Insight Consultants, Mr. Atul Tewari, Chief Operating Officer, Quikr, Mr. Nitin Nayar, Managing Director, Warburg Pincus India Pvt. Ltd., Mr. Arindam Mukherjee, Vertical Head – Banking & Financial Services, Cisco Systems and Mr. Rutvik Doshi, Director, Inventus (India) Advisors during a panel discussion on 'Realising the potential of e-commerce for SMEs' jointly organised by All India Association of Industries and MVIRDC World Trade Centre.

Indo-Vietnam commerce ties to get a major boost



Mr. Vijay Kalantri, President, All India Association of Industries and Vice Chairman, MVIRDC, World Trade Center and felicitating Mr. Vu Son Thuy, Consul General, Socialist Republic of Vietnam. Looking on is Mr. Satish Sablok, Chairman, Kaamanhu Builders Ltd., during an interactive meeting on "New Opportunities for Indian Enterprises created by Trans Pacific Partnership in Vietnam"

Vu Son Thuy, Consul General, Socialist Republic of Vietnam suggested Indian companies to capitalize on the tremendous business opportunities in the Vietnamese economy which is on the cusp of a remarkable transformation owing to its participation in the ongoing talks on Trans-Pacific Partnership (TPP) agreement. This proposed agreement, in conjunction with Vietnam's second phase of structural reforms or 'Renovation Two', would make that economy an attractive destination for Indian enterprises seeking business collaborations. It may be recalled that 'Renovation One' had taken place in 1986 said Thuy at an interactive meeting held on 'New Opportunities for Indian Enterprises created by Trans-Pacific Partnership in Vietnam' organized by All India

Association of Industries and MVIRDC World Trade Centre on April 10, 2015.

TPP is a US-Led initiative on trade and investment agreement in the Pacific region with a deliberate effort to keep China out of it. The twelve countries involved in this negotiation are Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, USA and Vietnam.

"The challenge for Vietnam from TPP is that the agreement would require all the production processes to be inside TPP countries. However at present, Vietnam imports 70% of raw material for textile from China. Once the TPP is signed, it would open huge export market for India's (potential future member of TPP) garment raw material producers", he urged.

He said the two main benefits for Vietnam from the proposed TPP would be low or zero tariff regime and absence of competition from China. TPP would open the entire US market for Vietnamese exporters as it would do away with 11,000 types of taxes and reduce the current tariff levels of 12%, 17% and 65% to 5% or 0%. Most importantly, the TPP would raise GDP of the Vietnam economy by 25% and export by 35%, he said.

Thuy said Indian companies who are operating in the footwear, food processing, electronics, leather, textile and garment, oil refinery products and polymer sectors would benefit from Indo-Vietnamese collaboration.

Listing out the incentives given to Indian companies for investment in Vietnam, Thuy said the government provides tax holidays, import duty exemption, concession on land lease charges, electricity, among other things for Indian investors.

“The Vietnamese Government is introducing progressive reforms which include easing the procedures for doing business, reducing the government holding of state-owned companies, relaxing the FDI norms on key sectors like real estate, reforming corporate law etc under the “Renovation Two programme”, Thuy said.

He pointed out that the East-West Economic Corridor, which is a land route connecting eastern part of India, Myanmar, Northern part of Thailand and Vietnam, could be used by Indian companies to import and export goods to East Asian countries. Using this road route would reduce the time taken for shipment by half compared to the traditional sea route, and this is the shortest route to access TPP countries, Thuy said.

Further, Thuy introduced the two important cities of Vietnam which Indian companies should consider setting up their base namely, Da Nang City and Quang Binh Province. While the former has world-class infrastructure to include wifi, the latter is a

potential manufacturing hub for Indian companies.

Satish Sablok, Chairman, Kaamanhu Builders Ltd also echoed the views of Kalantri on the favourable investment climate in Vietnam.

Vijay Kalantri, President, All India Association of Industries and Vice Chairman, MVIRDC World Trade Centre raised hope that this event would set the stage for considerable growth in the bilateral trade between both the countries.

Noting that Vietnam is a high-growth economy among ASEAN countries and that its goods in sectors like textiles are exported to many countries of the world, Kalantri said India would gain immensely by having strong ties with the country. He stressed on the tremendous business opportunities in Vietnam. Indo-Vietnam bilateral trade is rapidly growing and is likely to reach \$ 15 billion by 2020. He urged Vietnam companies to invest in India as there is great potential in sectors such as textiles, footwear, tourism etc. ■

AIAI's views on Rate Cut will boost Manufacturing sector

The announcement by the Reserve Bank of India's Governor Mr. Raghuram Rajan to reduce repo rate under the liquidity adjustment facility (LAF) by 25 basis points comes as a reprieve to the manufacturing, infrastructure and MSME sectors stated Mr. Vijay Kalantri, President, All India Association of Industries (AIAI)

The AIAI welcomes the much awaited initiative by the RBI which will go a long way in reviving and setting the economy on a growth trajectory. Moreover the interest rate cut will be instrumental in easing supply logjams and will bring down the cost of consumer goods, petroleum products and raw materials, initiating the process towards deflation in addition to providing a boost to the infrastructure and manufacturing sectors.

Indo -Turkey bilateral trade may triple in 7 years



Mr. Erdal Sabri Ergen, Consul General, Consulate General of Turkey, Mr. Vijay Kalantri, President, All India Association of Industries (AIAI) and Vice Chairman, MVRDC World Trade Centre and greeting H.E. Adnan YILDIRIM, Deputy Minister of Economy, Turkey and Mr. Riza SEYYAR, Chairman of Aegean Fresh Fruit and Vegetables Exporter's Association during 'Turkey-India Business Forum' organised by AIAI, WTC Mumbai, Turkish Exporters Assembly, Republic of Turkey-Ministry of Economy and Aegean Exporters Association.

Adnan YILDIRIM, Deputy Minister of Economy, Turkey expects the trade between India and Turkey to rise three-fold from \$7.49 bn in 2014 to over \$22 bn in the next 5-7 years supported by favourable business climate in both the countries. He shared this view while delivering the keynote address at the Turkey-India Business Forum, jointly organized by the All India Association of Industries (AIAI), MVRDC World Trade Centre, the Ministry of Economy, Republic of Turkey, Turkish Exporters Assembly and Aegean Exporters' Associations.

He said the Indian Government's high-impact initiatives like 'Make in India', 'Digital India' and the Turkish Government's investor-friendly policies augur well for strong commercial ties between both the countries.

Finding a common ground on the development priorities of both the countries, the minister made a case for India to renew and redefine its trading

partnership with Turkey. YILDIRIM expressed interest in pursuing an Indo - Turkish free trade agreement (FTA), which has been a long-pending proposal of both the Governments.

Further, he wanted the business community in both the countries to discover business opportunities in more areas. Specifically, the minister suggested trade and investment opportunities in automobile, construction, infrastructure, pharmaceuticals, food processing and tourism - which have huge growth potential.

Riza SEYYAR, Chairman of Aegean Fresh Fruit and Vegetables Exporter's Association, is hopeful that the volume of the intra-Asian trade would rise significantly from the present level of \$ 3.08 trillion if Indo-Turkish bilateral trade gains momentum.

SEYYAR, who represents 60,000 exporters in Turkey, said while India is exporting \$6.9 bn worth of goods to Turkey, it is importing only \$590 mn worth of goods from the country.

He opined that the favourable international developments like falling crude oil prices, recovering US economy would enhance growth prospects in these two countries and hence contribute to a sustainable bilateral trade.

Serdar AKINCI, Head of Department, Ministry of Economy Turkey gave an overview of the emerging macroeconomic trends in Turkey and listed the investment incentives provided by the Turkish Government.

He informed that Turkey, which is the 17th largest economy in the world at present, is likely to become the 10th largest one by 2023. The growth in the Turkish economy is expected to rise from 2.9% in 2014 to 4% in 2015 and 5% in the following year,

AKINCI said. Shedding light on the expanding Turkish trade, AKINCI said that the total trade volume of the country would rise from \$400 bn in 2014 to \$464 bn in 2015 and further to \$500 bn by 2017. He expected a large share of this increase in trade to come from India.

Speaking at the event, **Vijay Kalantri, President All India Association of Industries (AIAI) and Vice Chairman, MVRDC World Trade Centre** assured the Turkish delegation that his organizations would pursue with the Indian Government to have an FTA with Turkey. Echoing the views of the minister, Kalantri said it is the most opportune time for both

the countries to explore business opportunities with each other. Pointing out to the geographical advantage of Turkey, Mr. Kalantri said the country would act as a hub for India's investment in the European continent, North Africa and the Middle East.

Feroze Andhyarujina, Senior Advocate, High Court expressed hope that India-Turkey trade relationship would grow given the geographical advantage of Turkey, its improving macroeconomic fundamentals and mammoth investment in infrastructure. ■

Iran and World power provision nuclear deal

United States and Iran - bitter foes for nearly 35 years the diplomats of the two nations have broken the ice by entering into a new phase to resolve the political differences. For first time the world is talking 'Iran.' Iran and the super powers are now committed to resolve the long standing nuclear dispute which also heralds a new beginning for India and Iran ties. The two countries have been committed to a long standing friendship which has been impacted due to the international sanctions. The lifting of sanctions will augur well for the two nations. This also provides a boost to the trade between India and Iran said Mr. Vijay Kalantri, President, All India Association of Industries (AIAI).

This will augment Indian sectors such as healthcare, IT, petroleum products, pharmaceuticals, food products, steel etc.

AIAI further states that the phase will also benefit Indian public as prices of crude oil and gas will certainly be cheaper. In the initial stages of the dialogue we have seen crude oil sunk below \$48. This also brings us hope that the gas pipeline which is stalled since many years may see the light of the day. These positive developments will help us revive power projects, like the Dabhol Power plant in Maharashtra will be revived with the provision to receive uninterrupted gas at cheaper rates

AIAI feels that already, the Prime Minister Narendra Modi has initiated efforts to boost the Indian economy and these developments will have positive impact on Indian economic rate of growth. The talks will also accelerate the Iranian economy towards greater heights and will benefit of the world as a whole.

Mr. Kalantri stressed that the recent provisional Agreement will also open up diplomatic relations which will ease doing business with Iran. Our commercial ties with Iran will receive further impetus in view of this nuclear deal and we foresee strengthening business opportunities, cultural ties and tourism through Chabahar Port/Free Trade Zone.

Houston can be the Gateway to the Americas



Honourable Annise Parker, Mayor of Houston, State of Texas, USA presenting a Memento to Mr. Vijay Kalantri, President, All India Association of Industries and Vice Chairman, MVIRDC, World Trade Centre during an interactive meeting on 'Houston: Your Gateway to the Americas' along with the high level delegation of more than 30 delegates from Houston on April 20, 2015. Looking on Capt. Somesh Batra Vice Chairman, MVIRDC, World Trade Centre, Mr. Ashoke Garg, Chairman, Indo American Chamber of Commerce of Greater Houston, Mr. Jagdip Ahluwalia, Executive Director, The Indo American Chamber of Commerce of Greater Houston and Mr. Bob Pertierra, Chief Economic Development Officer, Greater Houston Partnership & World Trade Center Houston.

The Mayor of Houston, Annise D. Parker expressed her pleasure for starting her foreign trip from Mumbai. She drew parallels between the two cities and said, "We have four common reasons for doing business with Mumbai. Geographically, economically, both are business capitals and are international cities, I am glad to have started my journey from Mumbai." Drawing more comparisons, she added, "Houston is the fourth largest in US, while Mumbai is the fourth largest in the world." Mayor Parker also appreciated the view she got of this city, which is otherwise not easily seen by all. "I am glad to have viewed Mumbai city from top of the World Trade Centre building, which gives a perspective of why this city is financially very powerful." Annise D. Parker the Mayor of Houston, State of Texas, USA spoke at an interactive session on "Houston: Your Gateway to the America," on

April 20, at the World Trade Centre, Mumbai. She was accompanied by a high-level business delegation.

Parker emphasized that over 700 firms from Houston have joint businesses with India. Parker elaborated the city of Houston which she said was a reintroduction as many Indians have personal and business relations with her city. "Houston is the fastest manufacturing city of US and is the oil capital of America and arguably of the oil capital of the world," said Parker. The other sectors in which Houston leads are Solar energy, wind power, bio fuels, medical facilities, Pharma and American space programme. She emphasized the need for commercialising certain services in her city. "We need to commercialise medical and space industries to make them more thriving." The

advantage that Houston has over other regions, is the diversity and specifically all Indian languages are seen to be spoken in that area.

Parker highlighted the fact that the “Economic regulatory climate in Houston is enhancing the trade relations between various regions and countries.”

Jagdeep Ahluwalia, Executive Director of the Indo-American Chamber of Commerce of Greater Houston invited trade delegations from India to enhance the export and trade between the two countries. He lay emphasis on the need for commercializing intellectual industries like Space programmes at NASA and medical facilities.

Bob Pertierra, the chief economic officer, Greater Houston Partnership and World Trade Centre Houston said that the trade between Indian and Houston has grown four times over a period of time. He mentioned the top Indian industries that have invested in Houston and helped in increase of the trade between the two countries. “We have seen trade of \$ 1.76 billion. And we are happy to say that TCS, Reliance, ESSAR, Larsen & Toubro and GAIL are the companies doing business in Houston,” said Pertierra. He welcomed Indian investors to further strengthen this economic relationship.

Prior to the speeches of the visiting delegation, **Deanna Abdeen, the Deputy Principal Officer, Consulate General of the United States in Mumbai** termed the relationship between the two countries as a ‘defining’ one, especially after Prime Minister Narendra Modi’s visit to US. She appreciated the concept of “Chaley saath saath: we believe in working together towards facilitating better trade relations,” said Abdeen. She also said that the bilateral trade relations between India and Houston is at \$100 million which will become five fold in the next few years.” India is currently the sixth highest Asian trading partner with Houston.

Abdeen specifically emphasized the importance of working together in security developments and

benefit of both countries, in context with the World Trade Organisation (WTO). “If India and US are more secure we can create a healthy working environment not only between the two countries, but will have profound impact on the rest of the world,” stated Abdeen.

Vijay Kalantri, the President of AIAI and Vice-Chairman of WTC Mumbai gave the welcome address “Our trade with US is 60 billion, there is more potential and the good part is the US is the biggest investor. Now with ‘Make in India’ and other efforts, we will strive to increase this relationship. We need their technological and investments which help our economy grow at 8-12%.” Kalantri added, “The new shale technology for gas exploration will be helpful for us.” ■

Introduction of Goods and Service Tax (GST)

Goods and Service Tax Bill introduced in Lok Sabha today by the Union Finance Minister Mr. Arun Jaitley is going to lead to growth in Indian business which will boost the country’s GDP and shall bring in the much needed simplification and borderless trade in taxation system says Mr. Vijay Kalantri, President, All India Association of Industries (AIAI).

AIAI however feels that when the bill takes the final shape and rules are framed, Industry and trade representatives should be consulted and the rate of GST should not exceed be not more than 15%.

Mr. Kalantri also feels that since the Swachh Bharat Cess is already levied on Service Tax there should be no other levy on GST.

AIAI feels that the intention of the Government is to see that trade grows and the taxation system is simplified, but rules should be transparent, rational and easy to be implemented to avoid unfair practices added Mr. Kalantri.

Luxembourg does not encourage money laundering



(Centre) H.E. Mr. Sam Schreiner, Ambassador of the Grand Duchy of Luxembourg in India while addressing the business community in Mumbai, at World Trade Centre Mumbai. Others at the session seen, (L-R) Mr. Vijay Kalantri, President, All India Association of Industries and Vice Chairman, MVIRDC, World Trade Centre, the guest of honour, Ashok Kadakia, Honorary Consul General Luxembourg in Mumbai and Y. R. Warekar, the Executive Director World Trade Centre Mumbai.

The Ambassador of Grand Duchy of Luxembourg in India, H.E. Sam Schreiner in his address to investors in Mumbai elaborated on the achievements of his country, which once was a poor country and today is a leading economic nation in the world. Schreiner said investigations on the black money case wherein many Indian business houses and people figure in the HSBC list is going on smoothly. Schreiner assured that the investigations are being conducted in full cooperation between the two countries. “Our trade minister on his recent visit to India has assured full cooperation in these investigations. We have seen this cooperation between tax authorities in India and Luxembourg. We are working closely to ensure the investigations run smoothly,” replied Schreiner. He further stressed, “Luxembourg does not encourage money laundering.”

He was addressing the business community in Mumbai organized by All India Association of Industries (AIAI) and World Trade Centre, Mumbai promoted by MVIRDC

A country 2000 times smaller than India is the debt-free country in European Union, second only to Singapore in the world. “150 years ago Luxembourg was very poor country, however with the discovery of iron ore in 1850, changed the fortune of our country,” said Schreiner.

The progress Luxembourg has made is due to many reasons which includes the contribution from migrants. A fact the Government of Luxembourg acknowledges. “We have 40% migrants and importantly we have no social unrest and violence.” This is also reflected in their policies and laws as stable socio-political environment has made it a leading international financial centre and has favourable legal and regulatory policies to set up businesses.

Leading companies are head quartered in Luxembourg are Hindalco, Arcelor Mittal, Amazon, Price Water house Coopers, Skype, European Investment Bank, Good Year, e-bay, Ernst & Young and others. “Our objective is to position

Luxembourg as inter-continental and multi-modal hub in EU.”

The economic progress made by Luxembourg is commendable focusing on their strong sectors which are media, industry, logistics, EU institutions, steel, agriculture, finance and bank services. “Luxembourg is best in investment funds in Europe and second in the world to USA in assets management, which is running into 3.4 trillion.” Interestingly, Luxembourg has the highest productivity at 165, which is more efficient than the EU average of 100.

Misconception of Luxembourg is that it is a tax haven which the Ambassador pointed was lower and more competitive than most European countries. “Luxembourg has lowest tax rate at 21% and highest incomes as compared to Germany, France and Belgium,” said Schreiner. He summed up his country’s motto as “Stable country, stable outlook.”

Luxembourg has the advantage of best infrastructure and connectivity to rail, roads, ports and airports. “Our port is secure and has excellent

conservation facilities, which enhances cargo movement, enhancing with trade with other EU cities,” said Schreiner.

Vijay Kalantri, the President of AIAI and Vice Chairman of WTC Mumbai, firstly invited investments from Luxembourg as it has only 5% trade with India. Kalantri highlighted the cooperation required in various sectors like knowledge-based industries, IT, infrastructure, steel and green technologies.

“In 2013 we signed an agreement for steel, over 90 Indian companies are listed for GDR in Luxembourg. The market is conducive as 50% of work force comes from nearby European, there is good infrastructure. Many Indian companies go in for GDR issues because of the volume and high volume is assured. Today is the earth day and we have potential for energy saving, it is totally eco-friendly and business friendly too.”

The other guests attended, **Laure Huberty, Deputy head of Mission Luxembourg in India and Ashok Kadakia**, Honourary Consul General Luxembourg in Mumbai. ■

EXIM Policy lays thrust on Make in India and Digital India

The new Foreign Trade Policy unveiled by Hon’ble Minister of State of Commerce & Industry (IC) Ms. Nirmla Sitharaman, has laid special emphasis around the “Make in India” “Digital India and Skill India” initiatives after the New Modi Government came in said Mr. Vijay Kalantri, President, All India Association of Industries (AIAI).

AIAI further feels that SOPS to SEZ and other slew of measures to minimize documentation requirements, remove administrative bottlenecks and other similar initiatives should serve as a good beginning towards incentivizing export from India. Lastly proposing a more simplified procedure to allow units to exit above mentioned schemes also comes as a welcome relief for many exporters.

Mr. Kalantri said that the policy emphasizes the need for creating a brand image for India in the global market by promoting domestic value addition and promoting exports of value added products. Internal constraints, Infrastructure bottlenecks, transaction costs and non-digitisation has been identified by the Government as the key areas which need to be addressed to make India a significant participant in the global value chain by 2020. Key amendments have been made in this direction added Mr. Kalantri.

Lithuania Seeks Investment Cooperation with India

H.E. Laimonas Talat-Kelpsa, Ambassador, Republic of Lithuania in India, while addressing an interactive meeting on Investment and Trade opportunities in Lithuania organised by All India Association of industries and MVIRDC World Trade Centre Mumbai, mentioned that since January 2015 the country has become a member of the Eurozone and has adopted the Eurocurrency. Lithuania has been designated by the International Monetary Fund as 'a well developed economy' endorsing that it is a good place to do business and to invest. Ambassador said that political stability in the last 20 years has elevated Lithuania at the 17th rank as the most favorable destination in doing business.

Emphasizing on the close cultural ties between the two countries, the Ambassador said that India and Lithuania have deep roots in Sanskrit language. Speaking on the commercial exchanges, he said that 40% of Lithuanian exports to India are in laser and related technologies. With a highly skilled and young population, Lithuania attracts students from across the world and as many as 500 Indian students are at present studying in Lithuania. Lithuania boasts of a highly developed infrastructure with one of the fastest internet connectivity, cheap and accessible electricity, and the country is moving towards a more diversified energy market.

Presenting the investment and trade opportunities in Lithuania, **Mantas Katinas, Managing Director, Lithuanian National Investment Agency**, mentioned that the country is strategically located and serves the Baltic Regions, CIS and Western Europe. Within Europe it has one of the fastest GDP and in 2015 it is likely to reach 3%. It is ranked number one in GDP per capita growth in EU, 11th in the ease of starting a business and 15th freest economy in the world. Lithuania offers foreign



Mr. Mantas Katinas, Managing Director, Lithuania National Investment Agency, Mr. Y. R. Warkerkar, Executive Director, World Trade Centre Mumbai and H.E. Mr. Laimonas Talat Kelpsa, Ambassador, Republic of Lithuania in India, during an interactive meeting on 'Investment and Trade Opportunity in Lithuania' Organised by AIAI & WTC Mumbai.

investors a friendly tax regime, training schemes to connect with business partners and helps to launch businesses within 3 days.

Lithuania invites Indian investors in the sectors of medical, pharmaceuticals, biotechnology and life sciences. Investors can set up their businesses in the 7 free economic zones and industrial parks with state-of-the-art infrastructure.

Y.R. Warkerkar, Executive Director, MVIRDC World Trade Centre Mumbai expressed that several cooperation agreements have been signed between the two countries to further strengthen our economic relations. However, trade continues to be negligible at a level of around 160 million Euros in 2013-14. Mr. Warkerkar strongly urged both countries to initiate measures to enhance the level of trade in the coming years.

Delegation led by AIAI to Mauritius

April 13-15, 2015



Mr. Nandcoomar Bodha, Minister for Public Infrastructure and Land Transport, Lady Sarojini Jugnauth, Wife of Hon'ble Prime Minister of Republic of Mauritius, H.E. Mr. Anup Mudgal, Indian High Commissioner in Mauritius, Mr. Vijay Kalantri, President AIAI, Mr. Shokutally Soodhun Vice Prime Minister and Minister of Housing and Lands, Mr. Manchanda, Mrs. Kanwal Manchanda, Hon. Sir Anerood Jugnauth, Prime Minister of Republic of Mauritius, Mrs. Bharati Morarka, Mr. Kamal Morarka, Chirman WTC Mumbai and Mr. Pravind Jugnauth, Minister of Technology, Communication and Innovation at a dinner reception Hosted by Hon'ble Prime Minister Mr. Jugnauth at a dinner reception hosted by the Hon'ble Prime Minister

Mr. Vijay Kalantri, President, All India Association of Industries and Mr. Kamal Morarka, Chairman, World Trade Centre, Mumbai led an official delegation to Mauritius from 13-15, April 2015. During their visit the delegation met with officials from Mauritius and discussed the need to promote bilateral trade between the two countries.

A dinner reception was hosted in the honour of the delegation by Hon. Sir Anerood Jugnauth, Prime Minister of Mauritius on this occasion the delegates had an opportunity to meet with Lady Sarojni Jugnauth, Wife of Hon'ble Prime Minister of Mauritius, Mr. Nandcoomar Bodha, Minister for Public Infrastructure and Land Transport, Mr. Pravind Jugnauth, Minister of Technology, Communication and Innovation Mr. Anup Mudgal, High Commissioner of India in Mauritius at Clarisse House, Vacoas. Mr. Kalantri, informed Hon'ble, Prime Minister Mr. Jugnauth about the 5th edition of the Global

Economic Summit: Enabling Food for all organized by AIAI and WTC Mumbai and invited H.E. to grace the inaugural of the Summit.

Delegation met with H.E. Mr. Anup Mudgal, High Commissioner of India in Mauritius and Mr. Ashok Kumar, Deputy High Commissioner and discussed the investment and trade potentials between India and Mauritius during their visit to office of High Commissioner. Mr. Kalantri also informed H.E. Mr. Mudgal about the 5th edition of the Global Economic Summit and invited him to participate and lead a delegation to this significant

Mr. Kalantri along with the delegates met with Hon. Premduj Koowjoo, Minister of Ocean Economy, Marine Resources, Fisheries, Shipping & Outer Island Mauritius during the meeting issues related to marine, shipping, besides other relevant issues such as port development was discussed. ■



Hon. Premduj Koowjoo, Minister of Ocean Economy, Marine Resources, Fisheries, Shipping & Outer Island Mauritius and Mr. Vijay Kalantri President, All India Association of Industries (AIAI) and Vice Chairman MVIRDC World Trade Centre Mumbai



Mr. Ashok Kumar Deputy High Commissioner of India in Mauritius, Mr. Vijay Kalantri President, All India Association of Industries (AIAI) and Vice Chairman MVIRDC World Trade Centre Mumbai and H.E. Mr. Anup Kumar Mudgal, High Commissioner of India in Mauritius



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Official Mission to Philippines

April 26-29, 2015



Mr. Vijay Kalantri, Vice Chairman, World Trade Centre Mumbai, was reelected as the board of director of World Trade Centre Association (WTCA), New York seen along with Mr. Ghazi Abu Nahl, Chairman, World Trade Centre Association (WTCA), New York and the other members of the board

Mr. Vijay Kalantri, President, All Indian Association of Industries and Vice Chairman, World Trade Centre Mumbai led an official mission to Manila, Philippines from 26-29, April 2015 to promote bilateral trade and business alliances between the two countries. The delegation met with H.E. Mr. L. D. Ralte Ambassador of India in Manila.

H.E. Mr. Ralte hosted a reception in the honour of the delegation. The delegates also met with officials of the World Trade Centre, Manila, Trade Promotion organisation and various other Government officials.

AIAI feels there are tremendous opportunity for promoting bilateral trade and joint ventures and investment.



Mr. Vijay Kalantri, President, All India Association of Industries and Vice Chairman, World Trade Centre Mumbai, Mr. Kamal Morarka, Chairman World Trade Centre Mumbai and Capt. Somesh Batra, Vice Chairman World Trade Centre Mumbai called upon HE Mr. L. D. Ralte, Indian Ambassador to Philippines.

Official Mission to Taipei

April 30 - May 02, 2015

Mr. Vijay Kalantri, President, All Indian Association of Industries and Vice Chairman, World Trade Centre Mumbai led on official mission to Taipei from, April 30 - May 02, 2015.

The officials visited the office of the India Taipei Association and met with the Director General Mr. Manish Chauhan.

The officials visited the Taipei World Trade Centre, and met with Mr. Peter W. J. Huang, President and CEO of Taipei World Trade Centre, to discuss trade promotion and bilateral talks between the two countries.

The officials also visited Taiwan Electrical and Electronic Manufacturer's Association (TEEMA), World Trade Centre Xi'an and various other trade organisation from Taiwan.



Mr. Kamal Morarka, Chairman, Mr. Ravinder Manchanda, Ex-Officio member WTC Mumbai, Mr. Manish Chauhan, Director General India Taipei Association and Mr. Vijay Kalantri, President, All India Association of Industries and Vice Chairman, World Trade Centre Mumbai



Mr. Ravinder Manchanda, Ex-Officio member of WTC Mumbai, Mr. Peter W. J. Huang, the President & CEO of Taipei World Trade Centre, Mr. Kamal Morarka, Chairman WTC Mumbai and Mr. Vijay Kalantri, President, All India Association of Industries and Vice Chairman, World Trade Centre Mumbai

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Exporters

AIAI ISSUES

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Critical analysis of the “Make in India” campaign

“Make in India” campaign seeks to present India as a global manufacturing hub. To attract investors to India the Government plans to speed up decision-making by bringing in a new mechanism for approving proposals from foreign companies. Currently, a company planning to start a business in India finds itself wading through dozen procedures, which take at least a month to complete. Contracts take far more time to process, which has led to India placing a poor 134 among 189 economies on “ease of doing business” in the World Bank’s “Doing Business 2014.” Seeing opportunities in a challenging environment, Tata Group Chairman Cyrus Mistry stated that the Modi Government’s ‘Make in India’ campaign holds the promise of reigniting growth in the years to come”.

The manufacturing sector currently contributes to a mere 15% of GDP. The aim of this campaign is to increase manufacturing contribution to the overall GDP to 25% in tandem with other developing nations of Asia. In the process, the Government expects to generate jobs, attract much foreign direct investment and transform India into a global manufacturing hub.

Sectors in focus

Prime Minister Mr. Modi has identified 25 priority sectors to promote the ‘Make in India’ campaign namely:

Automobiles	Food Processing	Renewable Energy
Automobile Components	IT and BPM	Roads and highways
Aviation	Leather	Space
Biotechnology	Media and Entertainment	Textiles and garments
Chemicals	Mining	Thermal Power
Construction	Oil and Gas	Tourism and Hospitality
Defence manufacturing	Pharmaceuticals	Wellness
Electrical Machinery	Ports	
Electronic systems	Railways	

The Tata Group founder Jamestji Nusserwanji Tata regarded as the “father of Indian industry” has set an example for exemplifying the campaign. J N Tata set in motion Asia’s first integrated steel company, despite a hostile investment environment of a colonized India.

Following the precedence we need to address the roadblocks in the way of the ‘Make in India’ campaign. In order to develop the manufacturing capabilities of India the Government has to address the following issues:

➤ **Ease of doing business:** India is one of the fastest growing economies in the world. However, India’s position in the ‘Doing Business’ annual reports published by the World Bank continues to be less than favourable. The latest rankings place India 134 th among 185 countries; lower than its BRICS (Brazil, Russia, India, China, South Africa) counterparts. There is an urgency to focus on improving the business environment and arrest the decline in relative performance against various determinants of investment attractiveness.

➤ **Infrastructural facilities:** Infrastructure is a major sector that propels overall development of the Indian economy. Inadequate infrastructure such as roads, railways and ports, delay in environmental clearances and lack of co-ordination among the related agencies are severely hampering India’s growth prospects.

Connectivity

Judicious investment is required to upgrade all our national highways to 4-lane to support India’s growth. Besides, road and port connectivity in the hinterland need to be improved. Similarly, railways need to be modernized and effective rail-road co-ordination must be ensured to ease the movement of goods to the ports.

Electricity

The Indian power sector has grown significantly since 1947 and India today is the third largest producer of power in Asia. The power generating capacity has increased from 1,362 MW in 1947 to over 243,000 MW by mid of 2014.

Despite significant growth in electricity generation over the years, the shortage of power continues to exist primarily on account of growth in demand for power outstripping the growth in generation and capacity additions in power generation.

Water crisis

In their 2013 Outlook Report, the Asian Development Bank calculated India's water security based on household, economic, urban and environmental needs, and concluded that India's water prospects are "hazardous." According to the report, a comprehensive and immediate program of investment, regulation, and law enforcement is necessary.

- **Skill development:** The Indian economy has to judiciously invest in training its large demographic labour force. Investing in the cheap labour force of India is likely to generate cost competent workers for the manufacturing industry while creating employment opportunities in the country.
- **Higher input costs:** Higher input costs for the Indian manufacturing sector as a result of cascading effect of indirect taxes on selling prices of commodities, higher cost of utilities like power, railway transport, water, higher cost of finance and high transactions costs puts the sector at a severe disadvantage as compared to its Asian counterparts.

Recommendations to boost India's manufacturing Cost of capital

The Central Bank needs to play a proactive role in promoting the 'Make in India' campaign by easing

the cost of capital. An investor friendly interest rate regime is a key strategy in making the campaign a successful one by generating investments in the economy.

Also, the MSME sector of India which is incapable of offering effective collateral or rising funds from the capital markets needs to be promoted through priority sector lending, venture capitalists, etc.

Starting a Business

Greater emphasis needs to be laid on making India a far easier place to do business by scrapping red-tape and oppressive rules. India should aim to be ranked much higher, quickly in the top 50 countries.

- Reduce approval turnaround by making the eBiz portal more effective
- Wider and effective adoption of deemed approval principle
- Automatic approval for power, water and sewerage
- Moving away from department centric approach to business centric approach
- Labour reforms
- Continuous skill development
- Access to funds for Micro Small and Medium Enterprises (MSME)

Taxation

- Implement Goods & Service Tax (GST)
- Reduce the number of taxes and the ambiguity/discretionary nature of taxes, especially in transfer pricing cases
- Efficient, effective and time-bound taxation related dispute resolution
- Ensure taxation does not hinder free flow of goods
- Implement independent grievance redressal cell

- Operational reforms required to get the tax base right
- Administration reforms required for consistency and increased efficiency in approach to taxation.

Bureaucratic efficiency

The Government's agenda should be to restart hundreds of stalled investment projects across the country. Investment in India's economy has slumped to almost nothing over the past two years and the number of troubled investment projects has increased dramatically – more than 300 under the last Government, worth \$ 356 million, according to Goldman Sachs. The need of the hour is to develop bureaucratic efficiency into the system through:

- Create a centralized contract repository with non-repudiation
- Effective implementation of e-courts
- Increase number of courts and tribunals
- More international treaties for increasing 'reciprocal territories'
- Update antiquated laws
- Recognize and update laws keeping in mind the trends of higher technology updating, greater trade based on IPR and greater global trade.

Electricity

Far too many industries have suffered or shut down because of low availability of power. More than 30 crore Indians don't have access to electricity. Of the remaining many face acute shortage. We cannot become a manufacturing superpower until we can generate 5-10 times more electricity than we do now. This means every new energy option – solar, wind has to be made a national priority.

- Ensure sufficient power to achieve GDP growth rate of 8%;
- Reliability of power

- Improved quality of power
- Optimum power cost to ensure availability at affordable prices
- Commercial viability of power industry to make it attractive for private sector participation.

Infrastructure development

Dedicated railway freight corridors: The incomplete job of building dedicated railway freight corridors should be speeded up and along Delhi-Mumbai, work must also start on four other such projects - Ludhiana to Kochi port via Bangalore, Chennai, Hyderabad and Nagpur; Chennai-Bangalore high speed freight line; Mumbai-Kolkata route through Nagpur and Raipur-Katni; Kolkata-Chennai dedicated freight corridor.

Metro projects for all cities: Metro projects for all cities with a population of above 5 million should be prioritized. At least 100 new airports be built so that highly employment-oriented aviation sector gets a boost. The Public-Private Partnership model, which was successfully implemented in modernizing Mumbai and Delhi airports.

Building new ports: Building new ports like Mundra, should be replicated for the development of modern container terminals and equipment in ports.

PPP model should be revamped: To speed up the National Highways Programme, PPP model should be revamped with model contracts, subventions or viability gap funding across at least seven years, providing full security to the builders and tax exemption for the building equipment.

Clustering

Industrial clusters are increasingly recognized as an effective means of industrial development and promotion of small and medium-sized enterprises. With various ministries such as MSME, Textiles,

Chemicals, Commerce and Industry using the cluster approach to improve the growth of sectors under their purview, there is an opportunity to improve cluster management by discovering and applying best practices across sectors. Cluster aggregators, mainly Cluster Associations, play a significant role in connecting the cluster participants and the Government and this link has often been found to be weak.

A roadmap is needed to implement different types of clusters-big zones, local clusters for MSMEs, knowledge parks, etc. Also, the scope of soft interventions should be expanded to include capacity building of cluster associations, initiatives aimed at improving market linkages, improving product quality, improving access to credit, encouraging innovation, skill development, etc.

Skill development

Skill development is the need of the hour as far too many of India's youngsters are poorly prepared for globally competitive work. The Government needs to identify 21 clusters for industrial development with requisite skills. In the next 20 years, over 10 crore Indians are going to move out of agriculture. What will they do next? We need to train our people in the national level gigantic program to get them ready for the new economy.

Labour laws

In order to have manufacturing competitiveness, labour issues and reforming labour laws needs to be seriously looked into. Labour laws in India are restrictive. The federal and state Governments have to ease these laws in order to foster employment and industrial activity in labor-intensive sectors. Labour laws must be realistic in recognizing the need for some mix of temporary workforce, be flexible in downsizing and closure, and give no special privileges to union office bearers when it

comes to disciplinary action. The trade union act must prevent multiple unions in one unit and a 10-page Industrial Relations, not Disputes Act must replace all existing legislations, which must then be uniformly implemented across the country.

Research and Development

To ensure the success of "Make in India" programme, Indian Industry needs to keep pace with fast evolving technologies and develop a technology roadmap to effectively serve the evolving customer needs in the new age. This means Indian industry needs to enhance investment in R&D and in the development of new technologies in order to counter today's challenging economic and competitive environment.

Thrust on foreign trade

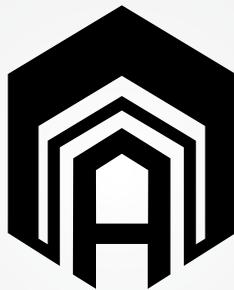
India's macro-level weakness on globalisation indicators implies large micro-level untapped potential for the country's firms to do more business overseas. Indian merchandise exports account for only 17% of GDP ranking 111th out of 140 countries. Indian manufacturing firms need to target growth abroad through trade liberalisation. New and unidentified markets of Latin America and South Africa need to be tapped besides exporting manufactured goods to traditional markets comprising of the American and European region.

Inclusive growth

The Government needs to guard against the campaign drifting towards a capitalist regime. The same may lead to growing disparities between the rich (entrepreneurial class) and the poor (labour class).

The campaign must aim at promoting inclusive growth of all sections of the society. For the same, it is vital that views and opinions of each strata of the economy/industry are perceived. ■

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Regional Comprehensive Economic Partnership (RCEP)

Trade negotiators of sixteen Asian countries met in Singapore last June in ongoing negotiations to create the world's largest trade pact to date, and what was discussed is not the Trans-Pacific Partnership Agreement (TPP). Rather, it's the lesser known Regional Comprehensive Economic Partnership (RCEP).

Regional Comprehensive Economic Partnership (RCEP) is a proposed free trade agreement (FTA) between the ten member states of the Association of Southeast Asian Nations (ASEAN) (Brunei, Burma (Myanmar), Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, Vietnam) and the six states with which ASEAN has existing FTAs (Australia, China, India, Japan, South Korea and New Zealand). RCEP negotiations were formally launched in November 2012 at the ASEAN Summit in Cambodia. If ratified, it would integrate the entire Asian region into the largest economic bloc in the world.

Scope

RCEP will cover trade in goods, trade in services, investment, economic and technical co-operation, intellectual property, competition, dispute settlement and other issues. The agreement will encompass trade in goods and services, economic and technical issues, intellectual property and investments, and dispute settlement mechanisms. As expected, ASEAN will be in the "driver's seat" of this multilateral trade arrangement (though the idea was initially given by Japan), and has been repeatedly endorsed by India. The joint statement issued at the end of the first round of negotiations also reiterated "ASEAN Centrality" in the emerging regional economic architecture.

Moreover the RCEP will have broader and deeper engagement with significant improvements over

the existing ASEAN+1 FTAs, while recognising the individual and diverse circumstances of the participating countries.

Relationship with other frameworks

East Asia Free Trade Agreement & Comprehensive Economic Partnership in East Asia

The RCEP takes into account the East Asia Free Trade Agreement (EAFTA) and the Comprehensive Economic Partnership in East Asia (CEPEA) initiatives, with the difference that the RCEP is not working on a pre-determined membership. Instead, it is based on open accession which enables participation of any of the ASEAN FTA partners (China, Korea, Japan, India and Australia-New Zealand) at the outset or later when they are ready to join. The arrangement is also open to any other external economic partners, such as nations in Central Asia and remaining nations in South Asia and Oceania.[12]

Trans Pacific Partnership

Along with the Trans Pacific Partnership (TPP), the RCEP is a possible pathway to a free trade area of the Asia-Pacific, and a contribution to building momentum for global trade reform. Both the RCEP and TPP are ambitious FTAs and will involve complex negotiations as it involves multiple parties and sectors. The TPP and RCEP as mutually-reinforcing parallel tracks for regional integration.

The arrangement is also open to any other external economic partners, such as nations in Central Asia and remaining nations in South Asia and Oceania.

Why RCEP Is Vital for India

The regional trade deal could boost India's strategic and economic position in the Asia-Pacific.

Mega regional trade deals are in vogue in an otherwise fragile global economy. In an environment of falling aggregate demand, these trade deals are seen as a means to insulate economies from market uncertainties. Three important mega regionals are currently under negotiation: the Regional Comprehensive Economic Partnership of Asia and the Pacific (RCEP), the Trans-Pacific Partnership (TPP), and the Trans-Atlantic Trade and Investment Partnership (TTIP). It is expected that these agreements, once concluded and implemented, will set the stage for a new generation of global trade and investment rules.

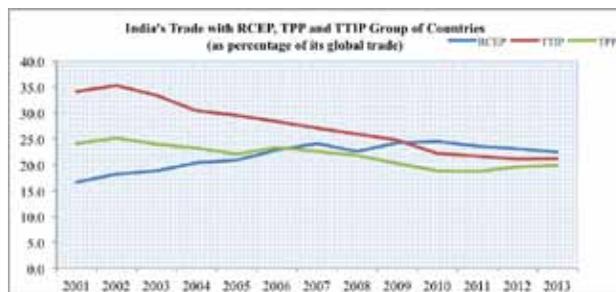
From India's point of view, the RCEP presents a decisive platform which could influence its strategic and economic status in the Asia-Pacific region and bring to fruition its "Act East Policy." It is expected to be an ambitious agreement bringing the five biggest economies of the region - Australia, China, India, Japan and South Korea - into a regional trading arrangement.

It would be the world's largest trading bloc covering a broad spectrum of issues such as trade in goods, services, investment, competition, intellectual property rights, and other areas of economic and technical cooperation. Together, the RCEP group of countries accounts for a third of the world's gross domestic product, and 27.4 per cent and 23.0 per cent of the world's goods and services trade, respectively.

It is interesting to note that, compared with the TPP and TTIP groups of countries, India's trade share with the RCEP group of countries as a percentage of its total trade has increased over the past decade and half, underlining the importance of its trade with key countries in this group.

Source: International Trade Centre's Trade Map Database, 2014

For India, the RCEP offers ample opportunity. There are three immediate benefits that its



trade policymakers should note. First, the RCEP agreement would complement India's existing free trade agreements with the Association of South East Asian Nations and some of its member countries, as it would deal with Japan and South Korea. It can address challenges emanating from implementation concerns vis-à-vis overlapping agreements, which is creating a "noodle bowl" situation obstructing effective utilization of these FTAs.

In this respect, the RCEP would help India streamline the rules and regulations of doing trade, which will reduce trade costs. It will also help achieve its goal of greater economic integration with countries East and South East of India through better access to a vast regional market ranging from Japan to Australia. The RCEP can be a stepping stone to India's "Act East Policy."

This is particularly important because India is not a party to two important regional economic blocs: the Asia-Pacific Economic Cooperation and the Trans-Pacific Partnership. The RCEP would enable India to strengthen its trade ties with Australia, China, Japan and South Korea, and should reduce the potential negative impacts of TPP and TTIP on the Indian economy.

Second, the RCEP will facilitate India's integration into sophisticated "regional production networks" that make Asia the world's factory. The RCEP is expected to harmonize trade-related rules, investment and competition regimes of India with those of other countries of the group. Through domestic policy reforms on these areas, this harmonization of rules and regulations would help

Indian companies plug into regional and global value chains and would unlock the true potential of the Indian economy. There would be a boost to inward and outward foreign direct investment, particularly export-oriented FDI.

Third, India enjoys a comparative advantage in areas such as information and communication technology, IT-enabled services, professional services, health care, and education services. In addition to facilitating foreign direct investment, the RCEP will create opportunities for Indian companies to access new markets. This is because the structure of manufacturing in many of these countries is becoming more and more sophisticated, resulting in a “servicification” of manufacturing.

India is well placed to contribute to other countries in RCEP through its expertise in services, not only consolidating the position of the region as the world’s factory but also developing it as the world’s hub for services.

It is vital for India to ensure that the RCEP is truly comprehensive and does not just focus on market access for goods. Keeping these benefits in mind, India will need second-generation reforms of its domestic economic policies, including those that reform its factor markets, to make its trade more competitive. These reforms will help India better access other markets, and will mitigate some of the repercussions for the Indian economy of the other two mega regionals. ■

Highlight

India and Japan have pledged to fast-track negotiations for the Regional Comprehensive Economic Partnership (RCEP), a mega free trade deal, and wrap it up by the end of 2015.

They also announced to make it a “high quality and mutually beneficial” agreement.

RCEP came up for discussion during the meeting of Commerce and Industry Minister Nirmala Sitharaman and her Japanese counterpart, Yoichi Miyazawa, here.

“The two ministers reaffirmed the commitment of both countries to actively engage in the RCEP negotiations and make it a modern, comprehensive, high quality and mutually beneficial economic partnership agreement... They shared their intention to accelerate the negotiations towards conclusion by the end of 2015,” the Department of Industrial Policy and Promotion (DIPP) said.

The 16-member RCEP comprises 10 ASEAN members and its six FTA partners, namely India, China, Japan, Korea, Australia and New Zealand. The 16 economies account for over a quarter of the world economy.

The RCEP negotiations were launched in Phnom Penh in November 2012.

RCEP is an extremely important institutional process which could lead to a plurilateral agreement that will have wider implications for partners.

Both the countries today signed a 5-point action plan to boost bilateral trade and investment.

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Agriculture: Backbone of India

Agriculture sector, which is the backbone of Indian economy, accounts for 18 per cent of India's gross domestic product (GDP) and employs 58.2 per cent of the total workforce. India is ranked second in farm and agriculture outputs and in sugar production. Robust agricultural growth is expected to contain inflation, support industry and services, and increase employment opportunities in rural India. But still India not has been able to increase its productivity as per its potential. Reason behind these are many, one of which is lack of information. Most of the farmers are not aware of the latest technology, improved seeds and also technologies which are available for forecasting weather which can help them plan better. As mentioned by Prime Minister Narendra Modi in 86th annual ceremony of ICAR (Indian Council of Agriculture and Research) Lab to Land is our biggest challenge.

The second area of concern is proper ware-housing facility. Small and medium sized farmers generally don't have any access to warehousing facilities and thus part of the produce goes waste due to poor storage. The Rural Credit Survey Report found that producers in general sell their produce at an unfavourable place and at an unfavourable time and usually they get unfavourable terms due to poor storage facilities. Parse Committee estimated the post-harvest losses at 9.3 per cent of which nearly 6.6 per cent occurred due to poor storage conditions alone. Poor variety of seed is another area of concern. Seed which is a critical and basic input for attaining higher crop yields and sustained growth in agricultural production. Distribution of assured quality seed is as critical as the production of such seeds.

Fourth area of concern is poor irrigational facilities. Although India is the second largest irrigated country of the world after China, only one third of the cropped area is under irrigation. Irrigation is the most important agricultural input in a tropical

monsoon country like India where rainfall is uncertain, unreliable and erratic India cannot achieve sustained progress in agriculture unless and until more than half of the cropped area is brought under assured irrigation.

There is an urgent need to mechanise the agricultural operations so that wastage of labour force is avoided and farming is made convenient and efficient. Agricultural implements and machinery are a crucial input for efficient and timely agricultural operations, facilitating multiple cropping and thereby increasing production.

A lot of innovation in the form of jugaad is taking place in the agricultural sector but mostly at individual level. Jugaad when adopted at large scale would not only solve the problems but also increase the productivity many folds without increasing cost. Small scale enterprises are looking at frugal innovation and such innovations at the grass-root level are aiding the agriculture sector.

Source: Productivity News, May, 2015

AIAI Views on Service Tax

The Government has proposed to increase Service Tax rates. The AIAI is of the opinion that if increased, it will have a cascading effect on inflation.

We hope the Government will consider and not increase the Service Tax rate as Industry and Trade is already passing through recessionary period stated Mr. Vijay Kalantri, President, All India Association of Industries (AIAI)

Eradicating the menace of Black Money

The recent announcement in his budget speech that the Government proposes a law to regulate a law as part of the measures for recovering black money stashed away abroad. The Union Cabinet has cleared the bill, introducing the Anti-Black Money Law. The Act will provide a short window to the Revenue ministry for assesses under income tax to declare assets, pay tax and penalty to avoid any imprisonment.

The problem of storing black money has plagued the nation for decades. This problem also impacts the socio economic growth of the country. Hence The Union Government's decision to clear the stringent anti-black money law.

As per the bill introduced in the Parliament the Banks and other financial institutions will face action under the new law if they are found to have abetted stashing of illicit wealth. It will be mandatory to take action against the perpetrators and beneficiaries of this crime and there will be little relief.

A huge step towards eradicating this menace of black money comes in the form of the HSBC revealing the black money hoarders list. However, it is noted that many of those who have been listed as hoarders in the list released by HSBC have negated the allegation and have also proved that the money stashed away in these accounts are legal. They have also declared themselves as NRI or initiated accounts for conducting businesses overseas.

The concern aired is, these claims were taken at face value and thorough investigations have not been carried out to scrutinize the claims of the alleged offenders. While, it is widely known that even common transactions involve black money.

The main focus of the Government as well as the public is to ensure that the money collected from

corruption, crime, drug trafficking, terrorism and arms dealing is retrieved effectively with the help and support of foreign Government.

Fortunately, for India, the US President has also supported this initiative by showing the willingness to sign the crucial accord on exchange of financial information which will augment India's efforts in tackling the menace of black money.

The objective of the law is appreciated, however the manner in which the law has been proposed by the Finance Minister, as it may severely impact the genuine business activities of honest businessmen and Corporate Houses in the country and abroad. It has already generated a fear psychosis and it is important that the Government does not implement another draconian law is not implemented in a hurry to curb black money. The power corrupts and the absolute power corrupts absolutely this may result in more corruption.

This new law is expected to give sweeping powers to the Government officials:

- To initiate prosecution with punishment of rigorous imprisonment upto 10 years.
- The offence is made non compoundable.
- Proposal to withdraw powers of Settlement Commission
- Penalty equivalent to 300% of the tax will be levied.
- Even non-filing of return or filing of return with inadequate disclosures will be liable for imprisonment upto 7 years.
- Proposal to equate offence of concealment of income or evasion of Tax as money laundering.

In case of non-compliance of Foreign Exchange Management Act, (FEMA), besides the proposed

sweeping powers, attachment and confiscation of assets in India or abroad are also being proposed.

It may be noted that the current law gives freedom to invest outside India, to have international bank accounts, create foreign assets and large business empires outside the India. The bill should not cover the permitted genuine business activity and need not be particular about technical procedures or technical breaches in the normal course of business. Else, this will lead to an exodus of businesses outside India.

The proposed Law should not in any manner adversely impact the economic atmosphere and genuine businesses in the country. It is important to create a conducive environment wherein the capital account transactions will enhance more growth and investments within India and outside India.

The following important precautionary measures need to be included in the proposed law:-

- The proposed law should be applicable to black money arising out of corruption, crime, drug trafficking, terrorism and arms dealing. Currently it is defined as 'money laundering' in terms of Money Laundering Act, 2002.
- The foreign business assets and international business transactions should not be in the scope of this proposed law.
- The contravention of FEMA is currently liable for penalty up to 3 times of the amount involved. The powers of confiscation and attachment besides imprisonment will completely reverse the decision taken by the Government while replacing FEMA with FERA. RBI may give a special window to compound FEMA on non-compliance in genuine cases.
- We are suggesting a one-time Amnesty, except to the money launderers, provided the money declared is brought in after the collection of applicable tax, as this tax is mainly utilized for investment in agriculture, industry, business and developing infrastructure in India.
- Even the proposed change in definition of "residential status" for foreign company in the

Income Tax Law needs to be modified.

The BJP Government had committed to the nation that it will bring back the illicit Black Money held in Swiss Accounts and in other countries through their election manifesto. As the ruling party, it is important for PM to remember that they also made following promises:

- Non adversarial and conducive tax environment
- Create a conducive and friendly business environment
- Eradication of harassment and corruption in tax administration
- To address uncertainty and anxiety among business class
- Simpler and small Direct Tax Laws
- Make India a destination for foreign investments and make doing business in India Easy.

The Government needs to be very careful and balance the aforesaid promises on one hand and curbing of black money on the other. The current Government is matured and needs to appreciate that a powerful section of bureaucracy which has been corrupt till now intends to mislead the Government. Their aim is to ensure that all the good initiatives of the Government are destabilized.

The curbing of Black money is important but not at the cost of curbing genuine business activity. In order to ensure that the Make in India project is successful, it is important to provide more flexibility in foreign transactions, business, regulations, and tax laws to Indian and foreign businesses.

The difference between black money in India and the black money abroad is: In India it is termed as tax evasion, while stashing money abroad is not only tax evasion, but also money which has been taken out of India's capital resources and was needed for development of India.

'So it is not only tax evasion, but treason too.'

Unless you understand the functioning of the global financial system and the role of secret money in it, you will never be able to understand the forces that prevent the campaign and exposure of black money.

The global GDP is about \$72 trillion and the high net worth individuals' wealth is \$54 trillion out of which \$20 trillion is called offshore money. Offshore money is nothing but secret money.

We must understand that this does not mean cash alone; it is in the form of shares, real estate, bonds, yacht, ships, companies, gold, platinum, etc. If the black money issue has to be tackled it is important for the authorities to view it as a menace. It is not only tax evasion, it is money taken out of the country's capital resources, which are required for India's progress and hence should be held for treason too.

Another important point is, the politicians are not the only corrupt. It should be noted, the bureaucrats, businessmen, even judges fall in this category.

Besides the Global Financial Integrity Organisation calculated that most of the black money was taken out of India after the economic liberalization. In a liberalized economy too there need to be safeguards against hoarding black money in overseas tax havens. Unfortunately for India the Foreign

Exchange Regulation Act and the money laundering law, though present is not effective, hence we have seen no arrests till date.

Besides our Governments need to understand that the menace of black money is not one nation's problem. It is a global phenomenon. And India should form partnerships with other Nations to bring back the offenders.

The new law gives the Government a new opportunity to put together a set of very committed people who will go about this task of recovering hoarded funds, seriously. Mr. Modi's Government should make these efforts because it has a high level of influence with super powers of the world.

The Government has to create an atmosphere in which the world sees Indian Government as one that takes decisions fast. The world had a feeling that India was not keen to recover black money. This has to be reversed.

The first thing the Government can do today is to expeditiously file prosecutions against people who have concealed the money in HSBC list, irrespective of whoever they are. Despite all the hurdles, we are confident that the Government will pursue the matter seriously and will solve the black money issue. ■

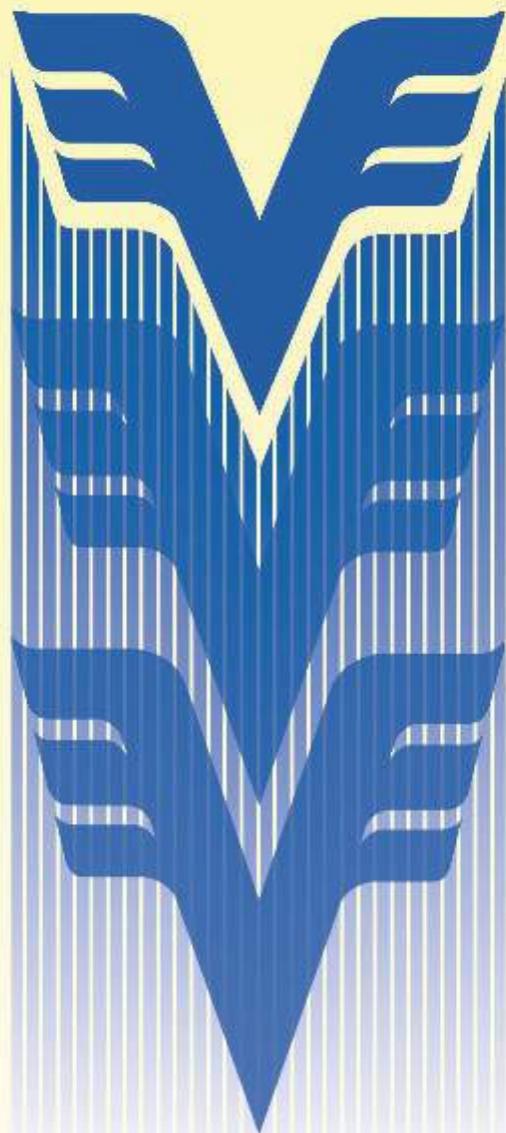
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