JANUARY - JUNE 2014

AIAI News

Connecting Businesses Globally

Highlights

- *Progressive Economic Roadmap for India*
- *AIAI to setup EU Desk*
- *India to spend Rs. 22,000 crores towards CSR*
- *Afghanistan Pledges Preferential Treatment to Indian Businesses*

OUR FORTHCOMING ATTRACTION

GES 2014

The 4th Global Economic Summit

ASIA : POWERING GLOBAL MARKETS

VISION 2025

11 12 13 September 2014

World Trade Centre Mumbai, India

MEET 500 LEADERS FROM ASIA AND BEYOND

PRESIDENT'S DESK

Dear Members,

First of all I would like to congratulate the Hon'ble Prime Minister Shri Narendra Modi for his landslide victory and for restoring the investors confidence in the Indian economy.

The new government has the herculean task of reviving the economy and needs to deliver on expectations with time bound and effective decisions. The Government must undertake policy reforms and outline an investor friendly business climate this should be coupled with conducive tax reforms, impetus to the manufacturing sector, low interest rate regimes, thrust to rural and semi urban infrastructure.

The new Government now has the intricate task to ensure the economy is back on track to achieve the target of GDP growth of over 5% in the year 2014-15. We cannot expect miracles as it would certainly take some time before we do see any positive results.

On the Association front It was heartening to note that despite several challenges over 55 international trade delegations were hosted by the AIAI and most of them seemed to have tremendous faith in the Indian economy. During the year, we led delegations to Spain, Switzerland, Turkey, UK and the US to explore business possibilities, and participate in International forum meetings.

We also had the privilege to partner with the World Trade Centre Mumbai in organizing the session on Technology at the World Trade Organizations (WTO) Ministerial Meet in Geneva.

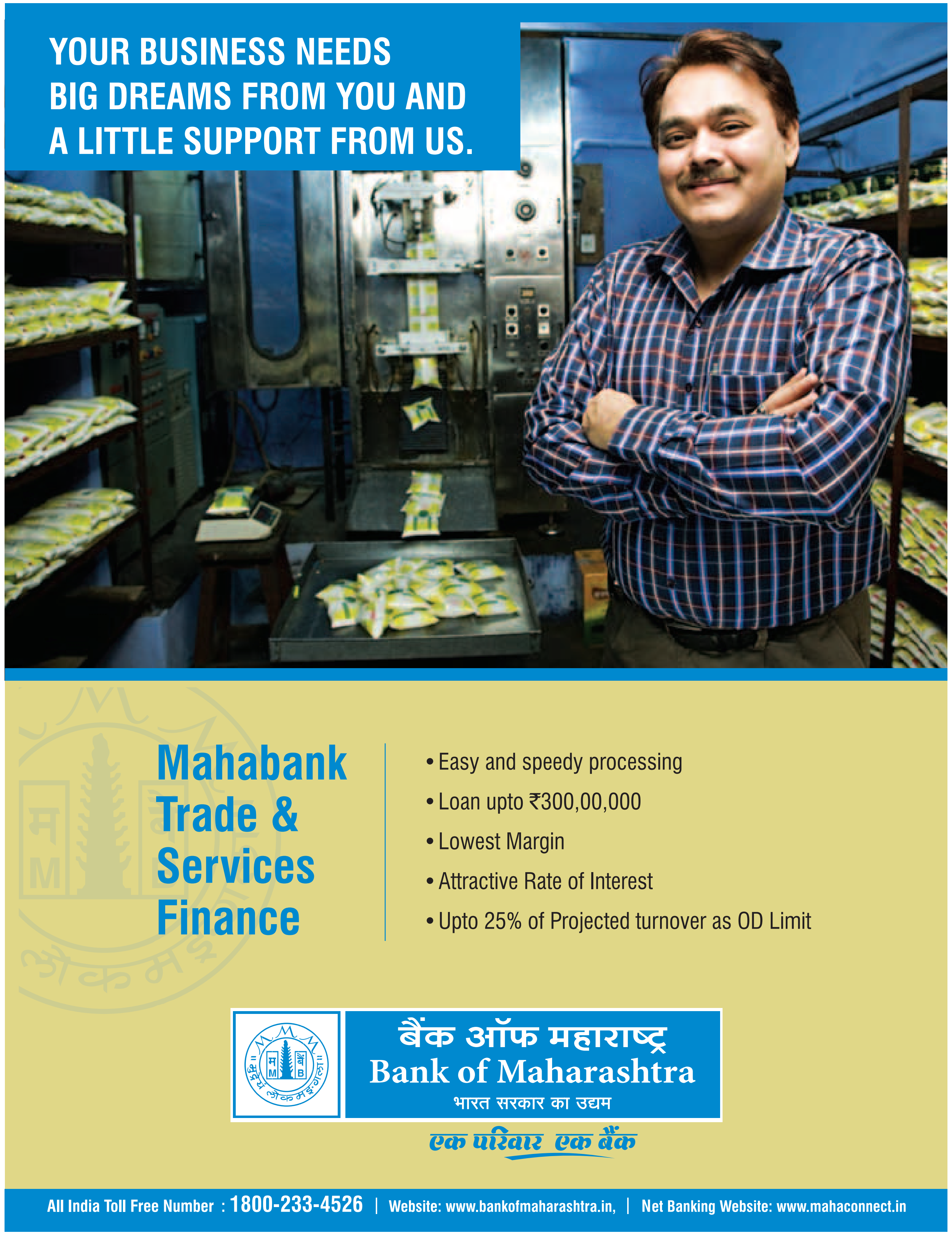
I look forward to your participation in our events and do hope that you will support the 4th edition of the Global Economic Summit, a flagship event of AIAI and participate in the summit and make it a point to visit the exhibition. This edition focuses on Asia, Powering Global Markets; Vision 2025. The Summit will showcase mostly Indian SMEs' inherent strength, manufacturing and export capabilities. Your presence will certainly certainly encourage the exhibitors as it boosts their morale and helps them to network.

I am also happy to announce that over 40 countries have registered and we expect approximately 500 participants from India and overseas to participate.

In keeping with the Association's objective for a conducive business and investment environment we have submitted to the Government a set of policy recommendations on a wide range of key issues on the economy & industry. We do hope that the government will take up our suggestions and act upon them as they have done in the past. There is no doubt that this government is bent on creating a policy environment that is predictable transparent and fair and we need to capitalize on it.

I take this opportunity to express our solidarity with SMEs who are the driving force of our country and we at AIAI shall continue our efforts towards promoting and projecting the SMEs.

Vijay Kalantri



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Printed and Published on behalf of All India Association of Industries (AIAI) by Ms. RupaNaik, Executive Director, AIAI

Proactive Political Leadership and Progressive Industrial Policy to Benefit India

"The Indian economy currently growing below 5% GDP has huge potential for probable development. However roadblocks in the form of fragile leadership, lack of competent governance and poor infrastructural facilities play hindrance. Proactive leadership, progressive industrial policy and a conducive investment climate will fast pace economic growth of the nation", said Mr. Joseph Owen, President, Development and Investment Advisory Services and Former Director, World Bank during an interactive meeting organized by All India Association of Industries (AIAI) and MVIRDC World Trade Centre Mumbai with the Ex-World Bank official.

The demographically large Indian nation should look forward to diversifying its economy. The rapidly progressing South American, Central American and Caribbean markets hold tremendous prospects for the Indian business community. This region is home to a large middle income consumption markets with access to formal credit institutes. The region is rich in natural resources such as iron, coal, oil and natural gas which may be tapped by potential investors. Also, the region commends itself for a stable political climate and conducive commercial atmosphere, said Mr. Owen.

Citing the growth story of China Mr. Owen said that the Chinese economy has undergone rapid industrialization due to paramount emphasis on its infrastructural sector. Also, China has invested huge capital in global markets which shall bear fruits in days to come. On the similar lines it is suggested that Indian investors invest in global markets as well, Mr. Owen noted.

However, Mr. Owen cautioned Indian investors about the possible pitfalls in investing in an unfamiliar economic region. Prospective investors must study the macroeconomic scenario, the political situation and foreign investment norms before investing in an economy, Mr. Owen added.

The Latin American region and India must look forward to enlarging bilateral ties for mutually beneficial relationship in the long run. The Latin American region which is rich in natural resources such as iron ore, coal, oil and natural gas and agricultural products such as coffee, soya, sugar, pulp and paper may export the same to India. India may utilize these resources to boost its manufacturing sector and serve its large population, Mr. Owen said.

Secondly, the Latin American region can take learning lessons from the competent tertiary sector of India comprising of engineering and IT services, education, etc, Mr. Owen added.

Mr. Vijay Kalantri, President, All India Association of Industries (AIAI) and Vice-Chairman, MVIRDC World Trade Centre Mumbai said that the Indian economy in its pursuit towards growth needs to address lingering issues in the form of sluggish industrial growth, rising inflationary pressures, lack of infrastructural facilities and deficient capital. Also, establishing transparency in government norms is vital. In order to boost its manufacturing sector and addressing the inflationary concerns India may import raw materials and crude oil from the Latin American countries. Also, a conducive investment climate and able political leadership will attract foreign capital from the Latin American countries into India.

Mr. Joseph M Owen, President, Development & Investment Advisory Services and Former Director, World Bank with Mr. Vijay Kalantri, President, All India Association of Industries (AIAI) during an interactive meeting on "Tapping the lucrative South and Central American and Caribbean markets- avoiding pitfalls and finding cost effective entry strategies" organized by All India Association of Industries and MVIRDC World Trade Centre Mumbai.

Bulgaria and India to complement mutual complementarities

"Bulgaria proposes to intensify bilateral trade and economic cooperation with India. The rapidly growing Indian economy is an important strategic partner in the Asian region for Bulgaria. Complementing mutual complementarities, Bulgaria seeks to invite Indian business community to its region as well", said H.E. Mrs. AnnaYaneva, Deputy Minister of Economy and Energy of the Republic of Bulgaria during an interactive meeting organized by All India Association of Industries (AIAI) and MVIRDC World Trade Centre Mumbai in association with Commercial and Economic Office of Bulgaria and Embassy of the Republic of Bulgaria.

Elaborating on the bright prospects for Indian business players in Bulgaria Mrs. Yaneva said that the region is an important transit hub to the markets of the European Union, Russia and the Mediterranean region. The region displays ease of doing business with low tax rates, educated and skilled workforce, low operating costs and well developed transport and logistics facilities. Also, the economy of Bulgaria has emerged unscathed from the great economic crisis of 2008 thereby displaying low budget deficit and public debt. The Government of Bulgaria promotes FDI into the region through preferential treatment in the form of tax incentives and subsidies, Mrs. Yaneva added.

Present on the occasion was H.E. Mr. BorislavKostav, Hon'ble Ambassador Extraordinary and Plenipotentiary of the Republic of Bulgaria. Trade and economic ties have constituted an important component of the cordial relations between Bulgaria and India. The bilateral cooperation between the countries encompasses science and technology, information and communication technology, defense, education, culture, sports, etc. In order to extend this mutually beneficial relationship it is vital to encourage bilateral contacts and meetings, participation in trade fairs, exhibits, etc Mr. Kostav said.

Mr. Vijay Kalantri, President, All India Association of Industries (AIAI) and Vice Chairman, MVIRDC World Trade Centre Mumbai said that the bilateral trade between two countries stands at mere US $140.2 million in which includes Indian exports worth US $ 96.40 million and Indian imports of US $ 43.80 million. Indian exports to Bulgaria comprise of organic chemicals, articles of plastics, aluminum, medicaments, ferro-alloys, tobacco; cotton yarn, cotton fabrics, etc. Major Bulgarian exports to India include electronic laboratory instruments, animal feeding preparations, aluminum waste & scrap, copper waste & scrap, ferrous waste & scrap, kraft paper, engines & motors, copper articles, electrical equipment, cosmetics, etc. However, there exists potential for expansion of bilateral trade, investment and economic cooperation, Mr. Kalantri added.

MOUs between Bulgarian Small and Medium Enterprises Promotion Agency & All India Association of Industries, Bulgarian Small and Medium Enterprises Promotion Agency & MVIRDC World Trade Centre Mumbai and Bulgarian Small and Medium Enterprises Promotion Agency and The Council of EU Chambers of Commerce in India were signed during the event.

Further, participants from the high level business delegation deliberated on prospects for mutually beneficial business ties between India and Bulgaria.

Over 100 business matching meetings were hosted which witnessed participation from the sectors of electrical and electrical engineering, energy, infrastructure, chemicals, pharmaceuticals, IT, agriculture, automotive, BPO, food processing, telecom, railways, airports, solar systems, defense among others.

H.E. Mr. Borislav Kostov, Hon'ble Ambassador Extraordinary and Plenipotentiary of the Republic of Bulgaria, Mr. Vijay Kalantri, President, All India Association of Industries, H.E. Mrs. Anna Yaneva, Deputy Minister of Economy and Energy of the Republic of Bulgaria, Mr. Stefan Ionkov, Head of Commercial and Economic Office, Embassy of Republic of Bulgaria during an interactive meeting organized by All India Association of Industries and MVIRDC World Trade Centre Mumbai in association with Commercial and Economic Office of Bulgaria and Embassy of the Republic of Bulgaria

India Canada Bilateral Trade Expected to Surpass US$ 15 billion by 2015

To explore the potential of joint cooperation, alliances and trade the Indo Canada Chamber of Commerce led a high level delegation fromCanada to India by Mr. Naval Bajaj, President, Indo Canada Chamber of Commerce (ICCC). The interactive meeting held on 14 January, 2014, was organised jointly by the All India Association of Industries (AIAI) and the World Trade Centre Mumbai. The meeting was presided by Mr. Richard Bale, Consul General, Consulate General of Canada, Mumbai. The meeting covered agriculture, education and energy sectors and was well attended by eminent people from the industry.

The outstanding bilateral trade relationship that India and Canada share since 1947, has scaled to great heights said Mr. Kalantri. He emphasized that there was more to be achieved in terms of scope for further promoting trade between the two countries. Currently, the bilateral trade stands at US$ 5.2 billion which has to scale upto US$15 billion by 2015, announced by both Prime Ministers of India andCanada. However due to the current slowdown in the Indian economy chances were this figure could only be reached by 2016. Some of the focus sectors where there is scope for joint collaboration are in the areas of agriculture, education and energy. Mr. Kalantri also said that the Indian diaspora in Canada was gradually increasing, giving rise to representations in the local, political and in the consulates across India as well. Canada's presence in India too is also on the rise and that the Indian economy was poised for growth especially in agri-products, tea and textiles, pharmaceuticals and chemicals, if collaborations came forth.

Mr. Kalantri quoted that the Honourable Mr. Veerappa Moily, Indian Union Minister of Petroleum and Natural Gas said that India must enhance trade with Canada especially in the Oil & Gas sector and that there remained much to be done in this area. Canada is a well-established source of this energy which India must tap into and that there are opportunities for joint collaboration.

Increase in investment on both fronts can only be achieved through trade delegation visits opined Mr. Kalantri. The interactions should increase between countries while also travelling around countries would surely help in stepping up the investment process.

Mr. Richard Bale, in his remarks while welcoming ICCC delegates spoke about the remarkable work done in helping Canadian businesses make their way into India. He also thanked the World Trade Center Mumbai and the All India Association of Industries for their individual contributions in Indo-Canadian bilateral trade. Mr. Bale said businesses happen when people meet each other and interact and network. So networking was the key to foster trade. Mr. Bale said the bilateral trade had tripled to US$ 5 billion, further slated to increase to US$ 15 billion. The huge gap needed to be bridged, which can be achieved through collaborations in sectors like Oil& Gas for India, while for Canada, this can be achieved mainly in the energy, food security, agri-foods, infrastructure, education sectors. Mr. Bale also mentioned that pulse import to India mainly came from the Province of Saskatchewan. On the education side, he said that India had a lot of educational institutions, but that was not enough and lot could be achieved through partnerships. Entrepreneurship would give a further impetus to bilateral trade, wherein India's huge strengths and Canada's knowledge based economy especially in the areas of life sciences and technology could help bring about fruitful collaborations.

Mr. Naval Bajaj, President, Indo Canada Chamber of Commerce and the leader of the delegation spoke of the contribution made by million plus Indians in Canada. He urged Mr. Kalantri to organize a delegation to Canada. In his address, he mentioned that the states of Gujarat, Rajasthan and Maharashtra were responsible for businesses to Canada.

Mr. Bajaj emphasized mainly on the Canada-India Corridor and the Free-Trade Agreement. He elicited concerns on the delay of the FTA which was to be completed in 2013 but now rescheduled for 2014. On the Canada-India File there are big opportunities for both countries in terms of branding, synergies, agri-

Dr. R. Gopal, Director, Padmashree Dr. D. Y. PatilVidyapeeth, Dept of Business Management, Mr. Naval Bajaj,President, Indo Canada Chamber of Commerce, Mr. Vijay Kalantri, President, All India Association of Industries, Mr. Richard Bale, Consul General, Consulate General of Canada, Ms. Rupa Naik, Executive Director, All India Association of Industries.

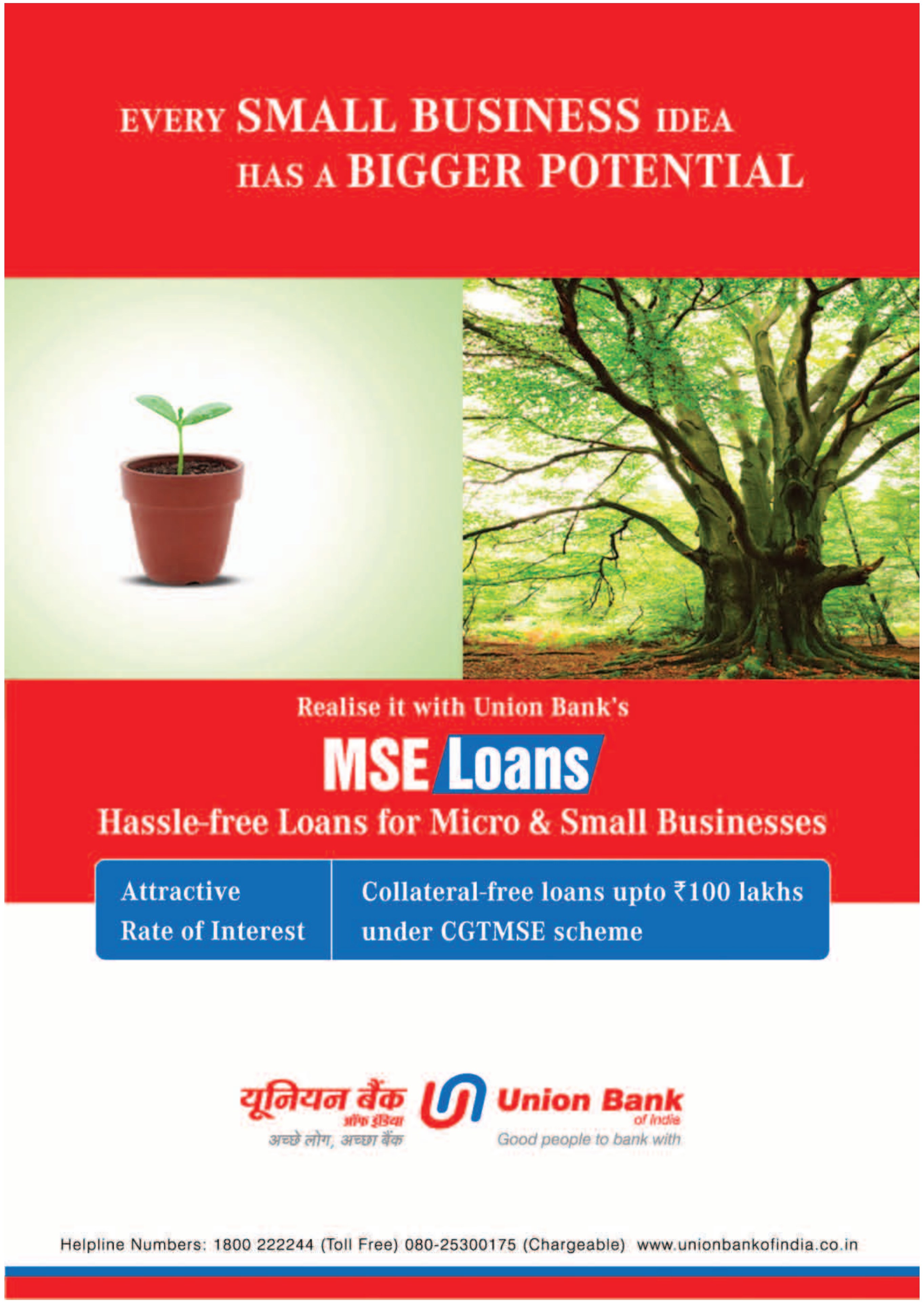
foods, cold chain, energy, oil & gas and education. He said that each city on the itinerary pose different opportunities for the delegation to work in bringing successful collaboration. He congratulated AIAI as being a key partner in moving this file ahead.

Mr. Bajaj elucidated on the education sector mainly on the overview, the sector as it stands in Canada and India and the possibility of joint efforts. Education is a main contributor to the growth of the economy. Direct recruitment from India to Canada is an important factor to be considered. Indian students aspiring a Canadian degree was on the rise. Attracting International students is a priority. Canada has been gaining Can$8 billion from India through this sector, so there is a growing opportunity. AnMoU was signed in 2010 to double efforts in this sector. He emphasized that Canada was the 6th most sought after education country in the world. He suggested twinning of education with business or trade. However, there are challenges in India which need to be overcome such as regulation reforms pertaining to entry level and operation, quality assurance etc. while foreign education systems have quality and are competitive. Mr. Kalantri added that he would follow-up on the FTA and education collaboration between India and Canada. He also suggested that the Indian government should only issue guidelines and remove all obstacles. In his view, it is only then that competitive intuitions would survive.

On the Indian education sector Dr. Gopal, Director, Padmashree Dr. D.Y. Patil Vidyapeeth gave an elaborative and thought provoking presentation. He spoke on the possibilities of collaborative efforts in specific areas at the university levels, with educational consultants, training programs, research, faculty, students and executive development programs.

There were individual presentations made by Sohail Saeed, Director Economic Development, City of Brampton, Canada, Mr. Raymond Chan, Government of Saskatchewan, Canada and Mr. Mike Mehta, Indo Canadian Chamber of Commerce.

The interactive meeting was followed by B2B meetings.



Currency Markets do not contribute to Rupee volatility

"India is a globalised economy. The policy decisions in the US, European Union and other emerging nations have bearing on the Indian economy as well. The gradually recovering US economy has threatened to taper its quantitative easing programme thereby causing flow of foreign capital from emerging markets to the US", said Ms. Deepa Aggarwal, Head – Corporates and Insurance Companies Business Development, National Stock Exchange of India Limited during a seminar on "Currency Hedging and SME Listing at the Exchange" organized by All India Association of Industries (AIAI), MVIRDC World Trade Centre Mumbai in association

with National Stock Exchange of India Limited.

Enumerating on the consequences of the outflow of foreign capital from India Ms. Aggarwal said that the Rupee rapidly depreciated following announcements by the Fed to taper quantitative easing. However, it was the formal currency markets that were blamed for generating volatility in the Rupee.

Ms. Aggarwal clarified that currency markets merely offer a formal trading platform for hedgingcurrency risk. Before the existence of currency markets trading in currency forwards had limited transparency on pricing. Also, individual proprietors, exporters and MSMEs did not have access tocurrency markets. Currency Futures and Options are an asset class available to all with Price Transparency as an effective instrument to hedge against volatile currency movements. As per the SEBI rule currency futures trading is permitted in standardized contracts of USD/INR, EUR/INR, GBP/INR and JPY/INR while currency options may be traded in USD/INR.

Also, Ms. Aggarwal updated the audience of the recently launched NSE Bond Futures which is an effective hedge against interest rate uncertainty.

Further, Ms. Khyati Shah, Chief Manager, National Stock Exchange of India Limitedenlightened the audience on SME Listing on Exchanges. SMEs lack access to formal credit institutes such as banks due to lack of effective collateral. Also, SMEs cannot be listed on the Main Board of NSE due to limited paid up capital. However, research studies indicate that SMEs hold high growth potential. Thus

NSE has formed an SME board for SMEs with paid up capital less than 25 crores to enable access to equity markets.

The SEBI has simplified compliance norms for the SMEs. The basic mandatory norms include three years of track record with at least two years of profitability and positive networth. Thus the SME Board is an ideal platform for small growing companies to raise capital from equity markets, Ms. Shah noted.

Mozambique seeks assistance from India towards economic development

"India and Mozambique enjoy close, friendly relations built upon traditional links dating back to pre-colonial period. As of date, the Indian economy has actively assisted Mozambique in its struggle towards economic development. Going forward, Mozambique invites Indian business community to develop its industrial base, the MSME sector, infrastructure, exports, among others", said Mr. Oliveira Amimo, Commercial Counsellor, High Commission of the Republic of Mozambique during an interactive meeting organized by All India Association of Industries (AIAI) and MVIRDC World Trade Centre Mumbai with the High Commission of the Republic of Mozambique.

Enumerating on the assistance provided by India Mr. Amimo said that India has been assisting Mozambique in various ways through Line of Credits (LOCs). India had offered credit assistance of US$500 million to Mozambique during the State visit of Mozambican President to India in 2010. Also, India had extended LOCs earlier towards setting up the Technology Development & Innovation Centre in the S&T Park and setting up of the solar photovoltaic manufacturing plant.

Mr. Vijay Kalantri, President, All India Association of Industries and Vice Chairman, MVIRDC World Trade Centre Mumbai said that the bilateral trade between the nations amounted to US$ 1,281.41 million during 2012-13 registering an impressive increase of 102.41% compared 2011-12. Indian exports to Mozambique are petroleum products, drugs & pharmaceuticals, rice, machinery and instruments, transport equipment, cotton yarn & fabrics, manufactures of metals, plastic & linoleum products, primary & semi-finished iron & steel, paper & wood products, man-made yarn fabrics, wheat, rubber manufactured products, electronic goods, inorganic & organic agro chemicals, glassware, sugar, processed minerals, paints & enamels, miscellanous processed items, etc. The main exports from Mozambique to India are pulses, raw cashew, coconut, metal ores and scrap metal etc. Also, India, with a total approved investment of US$120 million as of July, 2013, is the 8th largest investor in Mozambique, with Brazil, Portugal & South Africa occupying the first three places.

Mr. Kalantri noted that the two economies may further economic and trade relations through regular exchange of delegations, interactive meetings, seminars, trade fairs and exhibitions.

Mr. Vicente Paulo Chihale, Former Commercial Commission Councilor of Republic of Mozambique, High Commission of the Republic of Mozambique, Mr. Vijay Kalantri, President, All India Association of Industries, Mr. Oliveira Amimo, Commercial Counsellor, High Commission of the Republic of Mozambique, Mr. Y. R. Warerkar, Executive Director, MVIRDC World Trade Centre Mumbai during an interactive meeting organized by All India Association of Industries MVIRDC World Trade Centre Mumbai and with High Commission of the Republic of Mozambi

Australia and India Examine Areas for Mutually Beneficial Cooperation

"India is now widely regarded as an economic power house registering GDP growth rate of above 5%. Indians attach great value to education and the power of learning. The Indian community in Australia from the sectors of engineering, medicine, research and teaching have contributed substantially to the Australian economy. Australia seeks to carry forward its economic relations with the Indian diaspora", said Ms. Michelle Rowland, MP, Federal Member for Greenway, Shadow Minister for Citizenship and Multiculturalism, Shadow Assistant Minister for Communications, New South Wales, Parliament of Australia during an interactive meeting organized by All India Association of Industries and MVIRDC World Trade Centre Mumbai.

Examining the areas for mutually beneficial cooperation Ms. Rowland said Australia exhibits a competitive edge in the sector of infrastructure. The Indian economy intending to invest US$ 1 trillion in infrastructure may seek assistance from Australia to upgrade its infrastructure sector. The Public-Private-Partnership model may be a viable option in this regard. Also, the Indian economy may benefit from cooperation in the sectors of minerals & mining, banking & financial services among others. Indian investors have made huge investments in the mining sector in Australia, Ms. Rowland added.

Addressing the issue of unemployment and under employment faced by the Indian diaspora in Australia, Ms.Rowland said that the Government of Australia has been working towards generating employment opportunities for the retrenched workers.

Going forward, Australia proposes to amend its decision on the supply of uranium. We look forward to supply uranium to the Indian economy abandoning the clause of signing the Nuclear Non-Proliferation Treaty, Ms.Rowland said.

Further, Ms. Rowland said that Australia may undertake learning lessons from India as it seeks to upgrade its National Telecom Policy. Also, Australia called upon Indian investments in the sectors of education and healthcare.

Ms. KilmenyBeckeringVinckers, Deputy Consul-General, Australian Consul-General was present on the occasion.

Mr. Vijay Kalantri, President, All India Association of Industries and Vice-Chairman, MVIRDC World Trade Centre Mumbai said that India and Australia have enjoyed long standing relations since ancient times. The bilateral trade between the countries stands at US$ 19.16 billion with India's exports worth US$ 3.45 billion and Australian exports worth US$ 15.73 billion. Major exports of Australia include gold, chickpeas, coal, copper, ores, lead and wool. India's exports to Australia include pearls and gems, jewellery, medicaments and passenger motor vehicles. The economies may collaborate successfully in the areas of education, shipping, logistics, mining, infrastructure and IT.

Ms. Kilmeny Beckering Vinckers, Deputy Consul-General, Australian Consulate-General, Mr. Harish Velji, Chairperson of the Sub-Continent Friends of the Labor Organisation, Capt. Somesh Batra, Vice Chairman, MVIRDC World Trade Centre Mumbai, Mr. Vijay Kalantri, President, All India Association of Industries Ms. Michelle Rowland, MP, Federal Member for Greenway, Shadow Minister for Citizenship and Multiculturalism, Shadow Assistant Minister for Communications, New South Wales, Parliament of Australia, during an interactive meeting with Ms. Rowland organized by AIAI and WTC Mumbai.

IT Gurus and Experts Gather to Applaud the Efforts of Bombay Technology Club

Mr. Vijay Mukhi, Managing Director, Vijay Mukhi's Computer Institute, Mr. Vijay Kalantri, President, All India Association of Industries Mr. Nanik Rupani, Chairman, Neutron Electronic Systems Pvt Ltd and Mr. Y. R. Warerkar, Executive Director, MVIRDC World Trade Centre Mumbai at the annual gathering of the Bombay Technology Club members.

"Information technology has revolutionalized the world today and having changed the lives of even the common man, it is all set to move on to the next level. It has enabled people to regularly meet, interact and discuss with each other how IT would move in the future. More professionals are getting together to discuss how innovation can lead the future of IT. It has enabled us to network with each other", said Vijay Mukhi, the initiator of the Bombay Technology Club and a prominent IT personality during an interactive reception hosted by All India Association of Industries (AIAI) and MVIRDC World Trade Centre (WTC) where over 100 professionals got together to discuss the future of IT in an informal setup. They cited various areas to work together with the help of IT.

Elaborating on the importance of technology, Mr. Mukhi said that IT has brought the world closer. Also, technology has lead to faster and cheaper communication providing for a level playing field across sectors. India has thrived on technological advancements thereby benefitting the general public. Mr. Mukhi stressed on the role of social media and digital space which has brought about a major change in everyday living.

Earlier in his opening remarks Mr. Vijay Kalantri, Vice-Chairman, MVIRDC World Trade Centre Mumbai and President, All India Association of Industries said that information technology has transformed the world into a global village. IT has enabled branding globally. Mr. Kalantri emphasized that Indian rebranding started with the use of information technology. Application of IT has been across all sectors of the Indian economy, making business processes efficient and streamlined. It has penetrated right down to the village level providing proper connectivity amongst the people, thereby integrating the rural sector to be a part of the growth story of India, he said.

India and Turkey to join hands towards trade augmentation

"The Turkish economy has set an ambitious trade target worth US$ 500 billion for 2023. The Turkish Exporters Assembly is working towards achieving the trade target by tapping its competitive engineering and technological sector. It may be noted here that India holds expertise in the IT and ICT sector. Turkey looks forward to joining hands with the Indian economy in its pursuit towards trade growth", said Mr.Melih Mehmet Recher, Turkish Electro Technology during an interactive meeting organized by All India Association of Industries (AIAI) and MVIRDC World Trade Centre Mumbai.

Elaborating on the prospects for collaboration in the technology sector between the nations Mr. Recher said Turkey brings forth cost competent advanced technology with standardized quality products. The nation holds expertise in the production of electrical goods, electronic goods, machinery and information and communication technology. The competitive technological sector is predicated to contribute to exports worth US$ 45 billion by 2023. Also, consumer durables goods comprising of white goods, consumer electronics and others contributes to exports worth US$ 6.7 billion.

Ms. RupaNaik, Executive Director, All India Association of Industries said bilateral trade between India and Turkey stands at US$ 6 billion in favour of India. It is vital to give impetus to the Indo-Turkish trade through interactive meetings, seminars and exchange of delegations. There exist potential for mutually beneficial trade with Turkey tapping Indian consumption markets while the Indian exporters utilize Turkey as a hub to promote trade in the Eastern and Western region of Europe.

Cameroon looks forward to cooperation with Indian companies

Mr. Manga Laurent, Head of the Cooperation Department, Centre National De Promotion Des Exchanges, Cameroon, Ms. Rupa Naik, Executive Director, All India Association of Industries Mr. Niwa Long Othon, Director General, Matgenie during an interactive meeting organized by All India Association of Industries and MVIRDC World Trade Centre Mumbai.

"India and Cameroon enjoy cordial and friendly relations. The gradually developing Cameroonian economy seeks to undertake learning lessons from the rapidly growing Indian counterpart. Cameroon looks forward to deepen economic and trade ties with India by partnering with competent Indian companies in the sectors of civil engineering, mechanical engineering, textiles, food, agro products, pharmaceuticals among others", said Mr. Manga Laurent, Head of the Cooperation Department, Centre National De Promotion Des Exchanges, Cameroon during an interactive meeting organized by All India Association of Industries (AIAI) and MVIRDC World Trade Centre Mumbai.

Elaborating on prospects for corporation with Indian companies, Mr. Laurent said that Cameroon looks forward to dual partnership in the form of technical assistance and financial assistance. The Government of Cameroon intends to develop its infrastructural status in the form of bridges, dams, roads, highways, construction, etc. Cameroon looks up to India to supply the heavy machinery required and train its personnel in its pursuit to develop its infrastructural status. It may be noted here that the infrastructural sector is marked by long gestation periods requiring large amount of capital. Cameroon seeks financial assistance from India as well in its journey towards economic growth.

Further, the podium was thrown open to interactive discussion between the participants. It was suggested that Cameroon seek technical assistance from Indian companies such as Bhel, Tata Motors, L & T and financial assistance from Exim Bank and IDBI.

Ms. Rupa Naik, Executive Director, All India Association of Industries said that bilateral trade between India and Cameroon stands at US$ 694 million. However, there exists potential for greater cross border trade between the nations. The economies may look up to cooperation in the areas of mining, telecom, fertilizers, oil & gas, agriculture & food processing, forestry, IT, railways.

Implement Non-Adversarial Tax Regime in true sense

We welcome the Hon. President of India Mr. Pranab Mukherjee's address to the Parliament indicating the intention of the Government to have Non-adversarial Tax Regime i.e. a spirit of co-operation and mutually satisfying resolution to resolve the issues by simplifying the taxation system thus enabling ease of doing business. The move reflects clarity of the Government to boost investment, manufacturing, export and employment, said Mr. Vijay Kalantri, President, All India Association of Industries (AIAI).

AIAI feels that the Government should do away with the regime of criminal and raid proceedings in every case in the taxation arena i.e. Income Tax, Excise,Customs Act and the Companies Act 2013, which not only deters conduct of business but also de-motivates investors. Such system also does not exist in progressive countries.

AIAI strongly feels that the Government should do away with all provisions of Criminality, Raids and Prosecution in every act/clause, which adversely impact the growth of business since the Governments intention is to collect revenue and not to prosecute the entrepreneur. Such acts should only be imposed on willful and habitual defaulter rather than making it a general practice.

AIAI also welcomes the Government's intention to bring down inflation, doing away with black marketing, corruption and setting up IITs and IIMs in every state which will not only develop skilled labour, but also boost our competitiveness, Mr. Kalantri said.

Serbia extends invite to competitive Indian business participants

Mr. Vijay Kalantri, President, All India Association of Industries felicitating H.E. Mr. Jovan Mirilovic, Ambassador of the Republic of Serbia to India during an interactive meeting organized by All India Association of Industries and MVIRDC World Trade Centre Mumbai with a high level business delegation from Serbia

"India and the Republic of Serbia have enjoyed good geo-political relations in the past years. Going forward, Serbia intends to build on the economic ties with the nation. We invite Indian business companies to invest in the sectors of energy, film industry, food production, machinery industry, tractor and automobile manufacturing, irrigation mechanisation, IT, education, pharmaceutical industry and health tourism in Serbia", said H. E. Mr. Jovan Mirilovic, Ambassador of the Republic of Serbia to India during an interactive meeting organized by All India Association of Industries (AIAI) and MVIRDC World Trade Centre Mumbai with a high level business delegation from Serbia.

Speaking about the current economic situation in the country, H.E. Mr. Mirilovic said that Serbia is in the process of restructuring its economy towards a comprehensive business philosophy. Privatization has been an important manifesto in its agenda towards restructuring. Thus the Serbian economy holds numerous projects in need for capital. We want to see Indian business participants in the role of investors in Serbia, and involved in profitable projects related to infrastructure, industry, electronics, agriculture, tourism and film making industry, Mr. Mirilovic noted.

Mr. ZoranBojovic, Adviser to the President, Chamber of Commerce and Industry of Serbiasaid that nearly 150 companies in the sectors like tractors, engineering, automotives, steel, etc are available for privatization. He acknowledged the presence of Indian companies such as Mahindra and Mahindra, Shapoorji and Palongi in sectors such as infrastructure, bridges, ports, and automotive industries among others.

Mr. Vijay Kalantri, President, All India Association of Industries and Vice-Chairman, MVIRDC World Trade Centre Mumbai said the bilateral trade between India and Serbia stands at US$ 159 million with Indian exports worth US$ 154 million and Serbian exports worth US$ 5 million. India's chief exports to Serbia include soybean oilcakes, coffee, sesame seeds, food products, pharmaceuticals & chemical products, textile yarn, garments & footwear, products of iron & steel and industrial machinery. Serbia's exports to India consist of cigarettes, tobacco, organic chemicals, industrial machinery, footwear & apparel, metal waste and scrap.

In reciprocation to the invite extended to Indian business community into Serbia Mr. Kalantri said the Indian economy is growing rapidly at 5% which holds lucrative opportunity for Serbian business players. The economy has set a target of investing US$ 1 trillion in infrastructure which may be explored by Serbia as well. Also, the Serbian nationals may take learning lessons in promoting the MSME sector of their nation through transfer of technology and business cooperation with India.

Present on the occasion were officials of the EXIM Bank who pledged to extend lines of credit in encouraging Indo-Serbian business relations.

Mr. Kalantri proposed the signing of MOU to cooperate in furthering the mutually beneficial trade and economic relation with Serbia.

Mr. Zoran Bojovic, Adviser to the President, Chamber of Commerce and Industry of Serbia, Mr. Vijay Kalantri, President, AIAI, H. E. Mr. Jovan Mirilovic, Ambassador of the Republic of Serbia to India, Ms. Rupa Naik, Executive Director, AIAI, Mr. Taizun Patheria, Honorary Consul of the Republic of Serbia in Mumbai during an interactive meeting organized by AIAI and WTC Mumbai with a high level business delegation from Serbia

MSMEs may Innovate or Perish concludes the Design Awareness Seminar

Mr. Vijay Kalantri, President, All India Association of Industries, Mr. Ganesh Iyer, MD, SSA Techknowlogies (P) Ltd, Mr. Y. R. Warerkar, Executive Director, MVIRDC World Trade Centre during the Design Awareness Seminar jointly organized by All India Association of Industries (AIAI),MVIRDC World Trade Centre, Ministry for Micro, Small and Medium Enterprises (MSME) and the National Institute of Design

"With the advent of globalization, economies have been brought closer. It has led to far reaching effects on the MSMEs. The MSME sector which is in its infant stages of development has been subject to cross-border competition. It is imperative for the MSMEs to innovate, produce cost-competent, standardized and user oriented products and services in order to sustain in the day's competitive scenario," said Mr. Ganesh Iyer, MD, SSA Techknowlogies (P) Ltd during the Design Awareness Seminar jointly organized All India Association of Industries (AIAI),by MVIRDC World Trade Centre, Ministry for Micro, Small and Medium Enterprises (MSME) and the National Institute of Design.

Elaborating on the role of SSA Techknowlogies (P) Ltd, Mr. Iyer said that it offers Business Solutions which formulates profitable strategies and designs consumer friendly products. The group is known for optimum utilization of resources while maintaining cost efficiency.

Emphasizing on the need to innovate, Mr. Kumar Parmar, Field Executive, Design Clinic Scheme-MSMEs, National Institute of Design said the Ministry of Micro, Small and Medium Scale and the National Institute of Design have initiated the "Design Clinic Scheme" under the National Manufacturing Competitiveness Programme. The Design Clinic Scheme scheduled for implementation through the Eleventh Plan, is structured to enhance Design awareness by exposing beneficiaries to the critical nuances of process, operation, manufacturing and business aspects of Design. The total Design Clinic Scheme budget of Rs.73.58 crores, enjoys a Rs.49.08 assistance from the Government of India. The Design Clinic Scheme offers an enriching opportunity to the large sector of MSME (Associations and Units) as well as the Indian Design fraternity, including consulting firms, independent Designers, Design institutes as also Design students, to engage in assisting the country's large and significant MSME sector.

Further, Mr. Vivek Amberkar, Principal Designer, VivekAmberkar Product Design shared his experiences of successfully upgrading the design of the sandwich toaster, drop box and mouth freshener.

Mr. Vijay Kalantri, President, All India Association of Industries and Vice-Chairman, MVIRDC World Trade Centre said MSMEs contribute to nearly 8% of country's GDP, 45% of manufacturing output, 40% of exports and 60% employment. However, MSMEs suffer setbacks due to unavailability of adequate and timely financial assistance, no efficient marketing scheme and lack of innovative capabilities. The Design Awareness Program is an initiative of All India Association of Industries and MVIRDC World Trade Centre in inculcating innovative capabilities in the MSMEs.

India and China must Join Hands to sustain Growth Momentum

"India and China have been posed with the challenge of sustaining their growth momentum. In order to promote growth the two nations must join hands. The two economic super powers comprise the global growth engine besides being the largest consumption and manufacturing markets world over. To address the sluggish growth prospects posed by economic slowdown the economies must collaborate rather than compete", said Dr. Liu Youfa, Consul-General of the People's Republic of China in Mumbai during an interactive meeting organized by All India Association of Industries and MVIRDC World Trade Centre Mumbai with the Consulate of the People's Republic of China in Mumbai.

Enumerating on the need for complementing mutual complementarities Dr. Youfa said that China holds expertise in the manufacturing sector while India is home to a thriving services industry. The manufacturing sector of China contributes to nearly 47% of Chinese GDP while India contributes meager 24%. India must tap the surplus manufacturing capacity of the Chinese manufacturing hub. On the similar lines China can look forward to sharing expertise of the Indian medical, IT and education sector.

Touching upon other areas of mutual cooperation Dr. Youfa said a precondition to economic progress is infrastructural development. The Indian economy intends to invest US$ 1 trillion in its infrastructural sector. Chinese entrepreneurs must explore investments in this sector. Also, cooperation in the areas of capital market investments, modern agriculture, tourism, education, etc may be explored.

Further, Dr. Youfa addressed the critical question of trade imbalance between India and China. The bilateral trade worth US$ 65.8 billion is highly skewed in favour of China with a trade surplus of US$ 38.7 billion. To address the trade imbalance it is vital that India identifies tradeable goods with China. Secondly, India holds a potential trade surplus with the Chinese economy if it is to explore services trade export. Lastly, two-way flow of FDI between the two economies (into sectors such as infrastructure, education, IT, medicine) will address the gap in the trade imbalance, Dr. Youfa noted.

Addressing the question on the trade imbalance Mr. David Sinate, Chief General Manger, Export-Import Bank of India said the Export-Import Bank of India study explored the import demand in China vis-à-vis India's export capability. The identified potential tradeable goods for Indian exports are electrical and electronic equipments, fuels, machinery, medical instruments, transport vehicles, plastics, pharmaceutical products, inorganic chemicals, etc. The EXIM Bank stands to finance and facilitate India's trade and investment with China through pre-shipment and post-shipment finance, advisory services and knowledge building.

Present on the occasion were Mr. Arun Sehgal, President, Chempro Group and Mr. Haresh Advani, CEO, Basant Enterprise who shared their business and working experiences with China.

Mr. Vijay Kalantri, President, All India Association of Industries and Vice-Chairman, MVIRDC World Trade Centre Mumbai said trade and economic relationships between India and China have shown rapid progress in the last few years. The bilateral trade worth US$ 3 billion in the year 2000 has crossed US$ 65.8 billion in 2012-13. However, the issue of trade imbalance in favour of China lingers. It may be addressed through cross border capital flight and diversifying areas of mutual cooperation to services, tourism, medicine and education.

Mr. Arun Sehgal, President, Chempro Group, Dr. Liu Youfa, Consul-General of the People's Republic of China in Mumbai, Mr. Vijay Kalantri, President, All India Association of Industries, Mr. Haresh Advani, CEO, Basant Enterprise and Ms. Rupa Naik, Executive Director, All India Association of Industries during a seminar on "Trade & Investment Opportunities in China" organized by All India Association of Industries and MVIRDC World Trade Centre with the Consulate of the People's Republic of China in Mumbai.

Bright Prospects for Indian Business Players in Luxembourg

"Luxembourg, the world's second largest nation in terms of GDP Per Capita welcomes Indian companies to invest in its booming economy. The economy exhibits ease of doing business with strong geo-political situation, stable macroeconomic framework, optimal tax rates, access to financial capital and thriving R & D activities", said H.E Mr. Gaston Stronck, Ambassador of the Grand Duchy of Luxembourg during an interactive meeting organised by All India Association of Industries (AIAI) and MVIRDC World Trade Centre with the Ambassador.

Enumerating on the bright prospects for Indian business players in Luxembourg Mr. Stronck said that the strategic location of the country gives access to the large consumption markets of the European Union. The country boosts of state of art logistics distribution system to aid the same.

Mr. Stronck noted that the Luxembourg Stock Exchange is the world' leading financial centre. Investment funds worth Euros 2,615 billion have been raised world over in multiple sectors such as infrastructure, industrial development, renewable energy to name a few. Mr. Stronckencouraged Indian companies to trade on the exchange. Mr. Stronck applauded the presence to nearly 170 Indian companies on the Exchange. Prominent Indian companies such as Ranbaxy, Tata, Larsen & Toubro, and Reliance are registered with the exchange and have raised capital from time to time.

Elaborating on prospective sectors for Indian companies Mr. Stronck said that the competent IT and ICT sectors of Luxembourg present bright business opportunities for the services driven Indian economy. The steel sector, satellite industry, cargo transportation were identified as other sectors for gainful investment.

Mr. Kamal Morarka, Chairman, MVIRDC World Trade Centre felicitated Mr. Stronck and Mr. Ashok M. Kadakia, the new Honorary Consul of Luxembourg.

Mr. Vijay Kalantri, President, All India Association of Industries and Vice Chairman World Trade Centre Mumbai said the annual trade between India and Luxembourg stands at US$ 56.29 million with India's imports from Luxembourg worth US$ 48.09 million while its exports worth US$ 8.20 million. The major items of India's exports to Luxembourg include textiles and garments, engineering products and chemicals. The major items of India's imports from Luxembourg are engineering goods, metals, plastics, textiles and garments, etc. Also, India is a leading foreign investment destination of Luxembourg with investments worth Euros 26. 4 billion.

The meeting was well attended by government officials, Consular Corps, industrialists and the business community.

Mr. Vijay Kalantri, President, All India Association of Industries, Mr. Sharad Upasani, Vice Chairman, World Trade Centre Mumbai, Mr. Kamal Morarka, Chairman, World Trade Centre Mumbai and H.E Mr. Gaston Stronck, Ambassador of the Grand Duchy of Luxembourg during an interactive meeting organised by All India Association of Industries and MVIRDC World Trade Centre Mumbai in honour of the Ambassador of the Grand Duchy of Luxembourg.

Emerging Markets Need to Guard against Departure from Easy Credit Policy Regimes Globally cautions CARE

"The global economy showing signs of revival is estimated to grow at 3.7% during CY2014 from 3% in the present year. The growth is led by revival of the US and the Eurozone which may see a halt in the easy credit policy regimes followed by them. The emerging markets need to be guard against capital flight towards these developed economies triggered by arrest on monetary easing", said Mr. D.R. Dogra, Managing Director & CEO, Credit Analysis & Research during a seminar on "Global Financial Outlook and India's Position" organised by All India Association of Industries and MVIRDC World Trade Centre with Business Standard.

Enumerating on the far reaching impact of withdrawal of foreign investments from emerging markets Mr. Dogra said that private enterprises will lack access to easy credit facilities. The same is expected to draw a vicious circle of slowdown in domestic spending capacities, sluggish consumption demand, cost cuttings and slash in salaries. Overall, the crowding out of capital formation is expected to drag down growth prospects for emerging economies.

Nevertheless, Dr. Dogra noted that the prospering developed economies create trade opportunities for export-oriented markets like Japan and China. It is crucial that the emerging economies tap tradeable opportunities to earn valuable foreign exchange and aid economic growth.

However, Mr. Dogra cautioned that the recovery of the developed markets is a gradual process. The withdrawal of monetary stimulus may be preliminary and may harm its growth prospects. The economies must be closely tracked for symptoms of geopolitical tensions and deflationary risks.

Elaborating on prospects for domestic capital formation in emerging markets in the wake of foreign investment withdrawal Mr. Shankar Jadhav, Head – Strategy, Bombay Stock Exchange Ltd said that the Government and SEBI should encourage investments in equity and debt markets. A slash on Security Transaction Tax may make investments in equity markets a viable option.

Further Mr. Jadhav added that SMEs are the backbone of the Indian economy. SMEs contribute to 8% of GDP, 45% of manufacturing goods, 40% of exports and nearly 10 crore employment opportunities. In the era of domestic meltdown following withdrawal of easy credit regimes globally an impetus to the SME sector will prove favorable. Thus, BSE intends to promote the SME sector and has thereby conceptualized the SME Trade Exchange. The BSE SME platform has listed 47 SME companies on its exchange while nearly 16 companies are in pipeline.

Listing of SMEs on the exchange enables an opportunity to raise equity without offering effective collateral. Also, it enables branding and marketing of the listed SMEs by broadcasting information in the press and websites. The SMEs attain guidance from merchant bankers on creation of liquidity with a 2-way bid price thereby enabling access to market funds. Also, the SMEs are under the effective vigilance of the regulators signaling effective governance, MrJadhav said.

In addition to allowing SMEs and start-up companies to raise capital, the BSE SME Institutional Trading Platform provides easier entry and exit options without initial IPO for informed investors like angel investors, VCFs and PEs etc. The new platform offers better visibility and wider investor base while offering tax benefits to long term investors, Mr. Jadhav added.

Present on the occasion was Mr. JairajPurandare, Chairman, JMP Advisors Pvt Ltd. Commenting on the overtly optimistic growth prospects for the global economy and fears of capital flight Mr. Purandare said that the last few months have demonstrated the preparedness of the Indian Government and the RBI in dealing with capital flight. The fluctuating Indian Rupee has been stable in comparison to other emerging market currencies. However, the future scenario for the Indian economy depends on the emergence of political stability, control of inflationary pressures and generating business confidence.

Elaborating further on the recent macroeconomic projections for India Mr. Purandare noted that the Interim Budget has met the fiscal deficit targets. However, the hopes of tax revenues registering 18%

Mr. Jairaj Purandare, Chairman, JMP Advisors Pvt. Ltd, Mr. Vijay Kalantri, President, All India Association of Industries Mr. D. R. Dogra, Managing Director & CEO, Credit Analysis & Research Ltd. (CARE), Mr. Shankar Jadhav, Head- Strategy, Bombay Stock Exchange Ltd. during a Seminar on "Global Financial Outlook and India's Position" jointly organized by MVIRDC World Trade Centre (WTC), All India Association of Industries (AIAI) and Business Standard.

growth in the coming financial year may fall short of expectations. The rollover of oil subsidies, dividends on mutual funds and cut in planned expenditure for the next year may prove disastrous for the economy. The need of the hour is to proceed with GST, DTC and better tax administration reforms, Mr. Purandare noted.

Deliberating on the various provisions for increasing tax revenues Mr. Purandare said that the activation of GST may add 1.5% to 2% of GDP growth and set an ideal example of good governance. However, issues such revenue sharing agreement amongst the Central Government and the State Government and efficient IT requirement in tax collection have hampered the commencement of GST until April, 2015. As for the DTC, the Government needs to do away with provisions such as GAAR. By and large, tax administration reforms by the Government need to simplified and rationalized for the general public.

Mr. Vijay Kalantri, President All India Association of Industries and Vice-Chairman, MVIRDC World Trade Centre said that the economic activity has demonstrated gradual recovery in the US and the European markets. The same accompanied by structural and political issues in India may prove fatal for its growth prospects. Transparent policies, political stability, impetus to infrastructural sector and investment proposals, curbs on inflationary pressures and a stable currency will improve prospects for the economy in the near future. The same will serve vital in making India an attractive foreign investments destination, Mr. Kalantri advised.

Agreements of Co-operation January - June 2014

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

- Bulgarian Small and Medium Enterprises Promotion Agency (BSMEPA)
- Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA)
- World Trade Center San Francisco
- Indian Baltic Chamber of Commerce
- The Corporation of the City of Brampton
- Bahrain Chamber of Commerce & Industry

The signing of MoU shall encourage and promote in accordance with their respective laws and regulations co-operation between two associations to promote bilateral trade, investments, exchange trade delegation and investment related information for joint ventures, collaborations and technology transfers.

Pakistan Keen on Speedy Implementation of the "Most Favoured Nation" status with India

At the inauguration ceremony of 'Made in Pakistan Expo 2014' Mr. Kamal Morarka, Chairman, MVIRDC WTC, Ms. Rukhsana Shah, Secretary, Ministry of Textiles, Government of Pakistan, Mr. Naeem Anwar, Minister (Trade), High Commission of Pakistan, H. E. Mr. Abdul Basit Khan, Pakistan High Commissioner to India, Mr. Arshad Aziz, PRGMEA and Mr. Vijay Kalantri, President, All India Association of Industries.

"Pakistan has completed the formalities for giving India the most favoured nation status after negotiating tariff related issues. However, we await the formation of the new Government as we are keen in bringing the two countries together. Our progress has been hampered after being in existence for 66 years following contiguous issues pertaining to Jammu and Kashmir, Siachen and across borders terrorism and violence. These issues do not have place in the present date and time and we need to move ahead of them", said H.E. Mr. Abdul Basit Khan, Pakistan High Commissioner during the inauguration of the "Made in Pakistan Expo 2014" organised by Pakistan Readymade Garments Manufacturers and Exporters Association, EVECON, All India Association of Industries and MVIRDC World Trade Centre.

Mr. Khan said that we, the nation of 1.5 billion have nearly 4 to 5 million people living below poverty line. This negativism has to be eradicated to be replaced by thoughts of progress and growth. The business community of both the countries have an important role to play towards the same.

Applauding the efforts of the exhibitors from Pakistan Mr. Khan said despite the geopolitical risks, the business communities of the nations have walked past the negative narratives. The business participants from India and Pakistan have instilled mutual cooperation, interest and trust amongst each other. The perseverance in commitment showcased by the exhibitors may serve as learning lessons for one and all.

Outlining steps towards for furthering the initiatives of the business community Ms. Rukhsana Shah, Secretary, Ministry of Textiles, Government of Pakistan said that the "Most Favoured Nation" status for each other will open up the economies to trade and investment. It will serve to be a win-win situation for both the nations.

Acknowledging the presence of exhibitors from the textile domain of Pakistan, Ms. Shah said that Pakistan's textile industry has a foot print in the country serving the domestic and global markets. It employs nearly 40% of the workforce of Pakistan.

On the occasion Mr. Arshad Aziz, President of Pakistan Readymade Garments Manufacturers & Exporters Association said that the "Made in Pakistan Expo 2014" is being held at Mumbai, the financial capital of the second largest economy of the world and hence will witness wide participation. The Expo will showcase the key strengths of Pakistan in the sectors of textiles, apparels, herbal products, footwear, cosmetics, etc.

Commending the efforts of the exhibitors and the

organizers Mr. Aziz added that endeavors such as across borders exhibitions, seminars and conferences shall strengthen trade flows and build long lasting relations between India and Pakistan.

Present on the occasion was Ms. Begum Salma Ahmed, Former Vice President, Federation of Pakistan Chambers of Commerce & Industry. Appreciating the work of the Pakistani exhibitors and Indian organizers, Ms. Ahmed called upon replicating the exercise in years to come.

Mr. Kamal Morarka, Chairman, World Trade Centre Mumbai extended a warm invite to the friends from Pakistan. Recalling the Made in Pakistan Expos of the previous years, Mr. Morarka said that it is the third occasion that the Exhibition is being held at the Centre, the previous year's being 1995 and 2012. Going forward, World Trade Centre Mumbai and All India Association of Industries will support the Government and the business communities of both the nations in their attempts towards trade, growth and prosperity.

Mr. Vijay Kalantri, President, All India Association of Industries and Vice - Chairman, World Trade Centre Mumbai said India and Pakistan need to expedite the Most Favoured Nation status between the two nations. Secondly the two countries engage into business activities via third countries such as Dubai and Singapore. It is essential that we establish one-to-one relation with each other. Thirdly, on the lines of the cooperation amongst the countries of the European Union, the South Asian countries need to promote the SAARC block.

Echoing the views of Mr. Morarka, Mr. Kalantri said that we need to liberalize artificial barriers such as visa regimes. The two nations must promote easy entry and exit norms with each other.

Speaking about the "Made in Pakistan Expo 2014" Mr. Kalantri said that the Expo will witness representation from nearly 160 delegates from over 100 companies. The Exhibition has gained support from the Ministry of Commerce & Industry and the Ministry of External Affairs, Government of India. The Expo shall witness huge participation from the Indian residents.

Further, the "Made in Pakistan Expo 2014" was officially inaugurated by H.E. Mr. Abdul Basit Khan, Pakistan High Commissioner and Ms. Rukhsana Shah, Secretary, Ministry of Textiles, Government of Pakistan followed by "dress walk".

Mr. J. S. Saharia, Chief Secretary, Government of Maharashtra welcomes Ms. Rukhsana Shah, Secretary, Ministry of Textiles, Government of Pakistan

Mr. Vijay Kalantri, President, All India Association of Industries Mr. J. S. Saharia, Chief Secretary, Government of Maharashtra welcoming Ms. Rukhsana Shah, Secretary, Ministry of Textiles, Government of Pakistan along with and Ms. Rupa Naik, Executive Director, All India Association of Industries during the courtesy visit to Mantralaya.

"Maharashtra is a premier industrial state and commercial & economic capital of India. It offers tremendous investment and trade opportunities to one and all. Maharashtra offers a land of opportunities where the business communities from India and Pakistan could collaborate and work together", said Mr. J. S. Saharia, Chief Secretary, Government of Maharashtra during a meeting with Ms. Rukhsana Shah, Secretary, Ministry of Textiles, Government of Pakistan organised by All India Association of Industries andMVIRDC World Trade Centre.

Elaborating on the openness in trade and business demonstrated by the state, Mr. Saharia said that Maharashtra welcomes delegations from across the globe which is an established fact considering the presence of representatives from various countries in the state. We invite the business community of Pakistan to Maharashtra as well, Mr. Saharia added.

In response Ms. Rukhsana Shah, Secretary, Ministry of Textiles, Government of Pakistan said coming to Mumbai is like home coming. The city is developing fast day by day. One really feels that you are in the economic and commercial capital of the country where people are truly business like and hospitable.

Further, Ms. Shah praised the Government of Maharashtra, the police and the administration for the smooth functioning of "Made in Pakistan Expo" being held for the third time in the city. Ms Shah was very happy with the infrastructure created to hold this prestigious exhibition. The response received by the "Made in Pakistan Expo 2014" has been warm and welcoming, Ms. Shah added.

Commenting on mutual complementarities between the nations Ms. Shah said that we at Pakistan are intrigued by India art silk, silk yarn and fiber and look forward to importing the same.

Mr. Vijay Kalantri, President, All India Association of Industries and Vice Chairman, MVIRDC World Trade Centre said that India and Pakistan must eradicate artificial barriers like visa regulations. The same will open avenues for expanding horizons for trade and business opportunities.

Mr. Arshad Aziz, President of Pakistan Readymade Garments Manufacturers & Exporters Association, Mr. Mir Nasir Abbas, Chairman, EVECON, Ms. RupaNaik, Executive Director, All India Association of Industries, Director-Projects, MVIRDC World Trade Centre and Ms. KhyatiNaravane, Assistant Director, MVIRDC World Trade Centre were present during the meeting.

Partnership in Priority to address Indo-Kenynian trade imbalance

Mr. R. A. Goenka, Honorary Consul of Republic of Kenya, Ambassador Mr. Yogeshwar Varma - IFS, High Commissioner of India - Designate Kenya Mr. Vijay Kalantri, President, All India Association of Industries

"India's bilateral trade with the African continent stands at US$ 67 billion. Narrowing down to the Indo-Kenynian bilateral ties, the economies registered trade worth US$ 3.9 billion imbalanced in favour of India. India's exports to Kenya stand at US$ 3.77 billion while the imports stand at a mere US$ 0.1 billion. It is of paramount importance that we address this trade imbalance", said Ambassador Mr. Yogeshwar Varma - IFS, High Commissioner of India - Designate Kenya during an interactive meeting organised by All India Association of Industries and MVIRDC World Trade Centre with the Ambassador.

Examining measures to address the trade imbalance Mr. Varma said that the rapidly growing Indian economy falls under the top 10 global economies bracket. India is a US$ 2 trillion economy with global trade deficit worth US$ 100 billion comprising of large trade basket. India should favour the Kenynian economy by diverting tradeable imports from Kenya. The same shall enable healthy trade relations setting a case for partnership in priority.

Enumerating on the prospective tradeable goods between the economies Mr. Varma said that Kenya is a rich source of raw materials such as minerals, metal scrap, agricultural products, leather, etc.

Also, Kenya invites the Indian business community to set up base in the country. Indian businessmen can set up production centers in Kenya to give impetus to its manufacturing while exporting the manufactured products at competent prices to India.

Both the economies are represented by a federal democratic government thereby creating base for conducive work environment, Mr. Varma added.

Earlier, in his welcome remarks Mr. Vijay Kalantri, President, All India Association of Industries and Vice-Chairman, MVIRDC World Trade Centre said Kenya is an important trade and investment partner for India. Principal Indian exports to Kenya include pharmaceuticals, steel products, machinery, yarn, vehicles and power transmission equipment. Kenyan exports to India include soda ash, vegetables, tea, leather and metal scrap. Indian firms have invested in telecommunications, petrochemicals and chemicals, floriculture sectors in Kenya and have executed engineering contracts in the power and other sectors in the country. It is necessary that India make laudable efforts in expanding trade with the emerging markets of the African continent.

Further, Mr. SharadUpasani, Vice Chairman, MVIRDC World Trade Centre felicitating Mr. Ambassador YogeshwarVarma - IFS, High Commissioner of India - Designate Kenya.

Present on the occasion was Mr. R. A. Goenka, Honorary Consul of Republic of Kenya. The meeting was well attended by the industrial fraternity and officials.

India second largest investor in Ethiopia

Indian investment in Ethiopia is growing steadily. Ethiopia is a stable economy with rich resources a part of the COMESA offers indian investors tremendous business opportunities in areas of textiles, pharma, agricultural equipments, tourism and engineering goods said Mr. MesfinGebremariam the new Consul General of the Federal Democratic Republic of Ethiopia in Mumbai in an Interactive meeting with the All India Association of Industries (AIAI).

Mr. Mesfin further said that today trade between India and Ethiopia is US$ 660 mn. and target is to cross US$ 1 bn. in next 3 years. Ethiopia offers tax concession , land is available abundantly at very competitive rates, there is sufficient power in the country and Indian investors can benefit through a AGOA by investing in Ethiopia for exports to the US/European Union without duties.

India is the 2nd largest investor in Ethiopia, we are also seeking co-operation from the Indian SMEs particularly for technology and service oriented businesses added Mr. Mesfin. The EXIM Bank has already established in Ethiopia and offers line of credit to facilitate Indian trade with Ethiopia.

Mr. Vijay Kalantri, President, All India Association of Industries (AIAI) assured during the meeting that AIAI would take up a study on Ethiopia and the neighbouring countries and would also lead a delegation to explore possibilities of business for AIAI members. Mr. Kalantri also mentioned that Ethiopian business houses and government officials should visit Mumbai more often since such visits create the much desired awareness of markets in Africa which are flushed with opportunities both in export/import and investment.

Mr. Kalantri emphasized that Africa is the market of the future and a paradise for developing tourism in particular the South-South Co-operation is very significant and needs to be promoted. He hoped that the India-Ethiopia co-operation strengthens.

Mr. Teklehaimanot Marcos Deputy Consul General was also present during the meeting

Mr. Teklehaimanot Marcos, Deputy Consul General, Consulate General of the Federal Democratic Republic of Ethiopia, Mumbai, Mr. Vijay Kalantri, President, All India Association of Industries (AIAI), Mr. Mesfin Gebremariam, Consul General, Consulate General of the Federal Democratic Republic of Ethiopia, Mumbai, Ms. Rupa Naik, Executive Director, All India Association of Industries (AIAI), Ms. Queenie Nair, Director, All India Association of Industries (AIAI), during the visit of Consul General of the Federal Democratic Republic of Ethiopia, Mumbai, at AIAI's office.

Argentina and India to Foster Cross Border Trade and Investment

"Traditionally, India and Argentina have enjoyed cordial economic and political relations. However, Indian capital investments in Argentina stands at mere US$ 930 million restricted to the sectors of IT, pharmaceuticals and organic chemicals. Argentina invites Indian companies to explore untapped sectors for cross border investment", said Mr. Alejandro Zothner Meyer, Deputy Consul General, Consulate General & Promotion Centre of Argentinaduring an interactive meeting organised by All India Association of Industries (AIAI) and MVIRDC World Trade Centre (WTC).

Enumerating on bright prospects in the energy sector of Argentina, Mr. Meyer said that the US Energy study estimates huge reserves of shale gas and shale oil in the country. Argentina is home to second largest world reserves of shale gas and fourth largest world reserves of shale oil. The energy deficient Indian economy may look forward to mutually beneficial cooperation with Argentina in the energy sector.

Mr. Meyer said that Argentina produces nearly 800 thousand automotives per annum. Thus the country is in need for automotive parts and components. It may be noted here that India holds competitive advantage in auto engineering. We invite the Indian automotive industry to set up factories in Argentina to serve its requirements of auto parts and components. Also, the two economies may share technical expertise in manufacturing of automobiles.

Lastly, Argentina is a leading producer of vegetable oils such as soya oil, sunflower oil, etc. As a by-product the country manufactures biodiesel from the biomass of soyabean and corn. The Indian economy may look up to Argentina for meeting its requirements of vegetable oils and bio-fuels, Mr. Meyer noted.

Additionally, Argentina holds expertise in the fields of renewable energy and mining. Sharing of expertise in these areas may be advantageous to the Indian companies, Mr. Meyer added.

Earlier, in his welcome remarks Mr. Vijay Kalantri, Vice-Chairman, MVIRDC World Trade Centre and President, All India Association of Industries said the bilateral trade between India and Argentina is merely US$ 1.7 billion. India's exports to Argentina comprise of organic Chemicals, vehicles and auto parts, lubricants, machinery, sound and image devices and garments among others. India´s imports from Argentina are soybean oil, sunflower oil, leather, wool and ferroalloys. However, the two economies must further trade and investment opportunities through exchange of delegations, seminars and meetings.

Mr. Alejandro Zothner Meyer, Deputy Consul General, Consulate General & Promotion Centre of Argentina , Mr. Vijay Kalantri, President, All India Association of Industries during an interactive meeting organized by MVIRDC World Trade Centre (WTC) and All India Association of Industries (AIAI) with Deputy Consul General of Argentina.

Lithuania and India should foster mutually beneficial ties

The bilateral trade between India and Lithuania stands at mere US$ 193 million biased in favour of India. The Indian Baltic Chamber of Commerce works towards fostering regional ties between India and Lithuania besides other European economies. The Lithuanian economy specializes in the production of fertilizers, laser technology, biotechnology, optical components and food products. The thriving consumption markets of the India may be explored to export these productions of Lithuania. On the similar lines, India may trade products of its comparative advantage namely organic chemicals, textiles, leather and leather products, metal ores, etc with Lithuania said Mr.GediminasCitukas, President, Indian Baltic Chamber of Commerce of Lithuaniaduring an interactive meeting organised by All India Association of Industries and MVIRDC World Trade Centre with the Indian Baltic Chamber of Commerce.

Mr. Citukas further added that the Indian-Baltic Chamber of Commerce is a public non-profit enterprise established in order to promote information, trade, investment, education and other economically constructive relationships between India and Lithuanian Republic and other European Union countries. The Chamber activities include seminars, conferences and business forums to initiate cross-border trade and investment opportunities with India.

In this pursuit the Indian-Baltic Chamber of Commerce signed an MOU with the MVIRDC World Trade Centre Mumbai and All India Association of Industries to promote cross border trade and investment between the two economies.

Ms. Rupa Naik, Executive Director, All India Association of Industries and Director – Projects, MVIRDC World Trade Centre noted that the present economic and trade relations with Lithuania have been insignificant. The signing of the MOU between the organizations will open greater avenues for mutual cooperation.

Ms. Naik extended a warm invite to Lithuanian companies to participate in the 4th Global Economic Summit on "Asia…..the Gateway to the largest market, Vision 2025" scheduled from 11th to 13th September 2014.

AIAI Welcomes Stable Government for Growth

In view of the clear mandate given today in the 2014 Lok Sabha elections, India seeks a stable government which is the dire need of the hour. People of India have en-mass reposed their full confidence in the BJP Prime Ministerial candidate Mr. NarendraModi , said Mr. Vijay Kalantri, President, All India Association of Industries (AIAI) .

Mr. Kalantri said that the electoral verdict signals a clear mandate for development, employment and growth in Industry and manufacturing sector, which time and again Mr. Modi has assured the country.

Mr. Kalantri further stated that in view of the slowdown in the economy, slump in domestic and foreign investment as well as tapering of flow of investment to overseas countries due to policy paralysis and non-transparency in policies which the country has been witnessing , people from all walks of life have turned to BJP and reposed their confidence in Modi. The Gujarat model of development, which brought in its wake enormous success has caught the imagination and instilled hope in the people of this country that the Government led by Mr. Modi can bring about many good changes through good governance and transperancy.

Mr. Kalantri expressed hope that the new government would devote attention to the implementation of GST, doing away with retrospective Tax, GAAR, more transparency in regard with coal, gas and mining linkages, infrastructure and promoting small -scale enterprises to generate employment and rationalization of tax-policy and multiple licenses and redundant laws.

Free and Fair Pricing for All through CPI

"The Consumer Price Index has a well calibrated scientific approach towards estimating the inflation index. The parameters considered under the CPI are well framed with intensive work by the Labour Bureau of the Government of India. However, despite efforts on the part of the Government and the RBI, industrial labourer's bear the brunt of rising inflationary pressures in the economy. The need of the hour is to identify the roadblocks in arresting the price rise", said Mr. Vijay Kalantri, President, All India Association of Industries, Guest of Honour at the Index Users' Conference on Consumer Price Index organized by the Labour Bureau, Government of India in association with the Labour Commissioner, Government of Maharashtra.

As the Indian economy transforms itself from an emerging economy to an advanced nation, "inclusive growth" is the primary agenda for the Government. The term "inclusive growth" means meeting the interests of the common man represented by industrial workers. It can be achieved through "Free and Fair Pricing for all", Mr. Kalantri noted.

Suggesting recommendations towards a consumer inclusive price index, Mr. Kalantri said it is vital to break the huge value chain of middle man between the goods and customers. An efficient public distribution system will aid the same. Despite the passage of the food security bill, only an efficient public distribution system can ensure trickle down of benefits of the food security bill to the end consumer, Mr. Kalantri clarified.

Questioning the working of the fair price shops under the purview of the Government Mr. Kalantri noted that the Government allocates standardized quality of food grains at reasonable price. However, numerous complaints in the Press & Media indicate inefficient administration of the fair price shops. It is necessary that the Government look into the malpractices through suitable inspection of these shops.

Mr. Kalantri recommended establishing workers stores in their townships and colonies on the similar lines of military owned stores. The stores may be managed by the Government but run by the workers thereby enabling collective bargaining and fair prices for all. It shall set a good example of self regulation and administration.

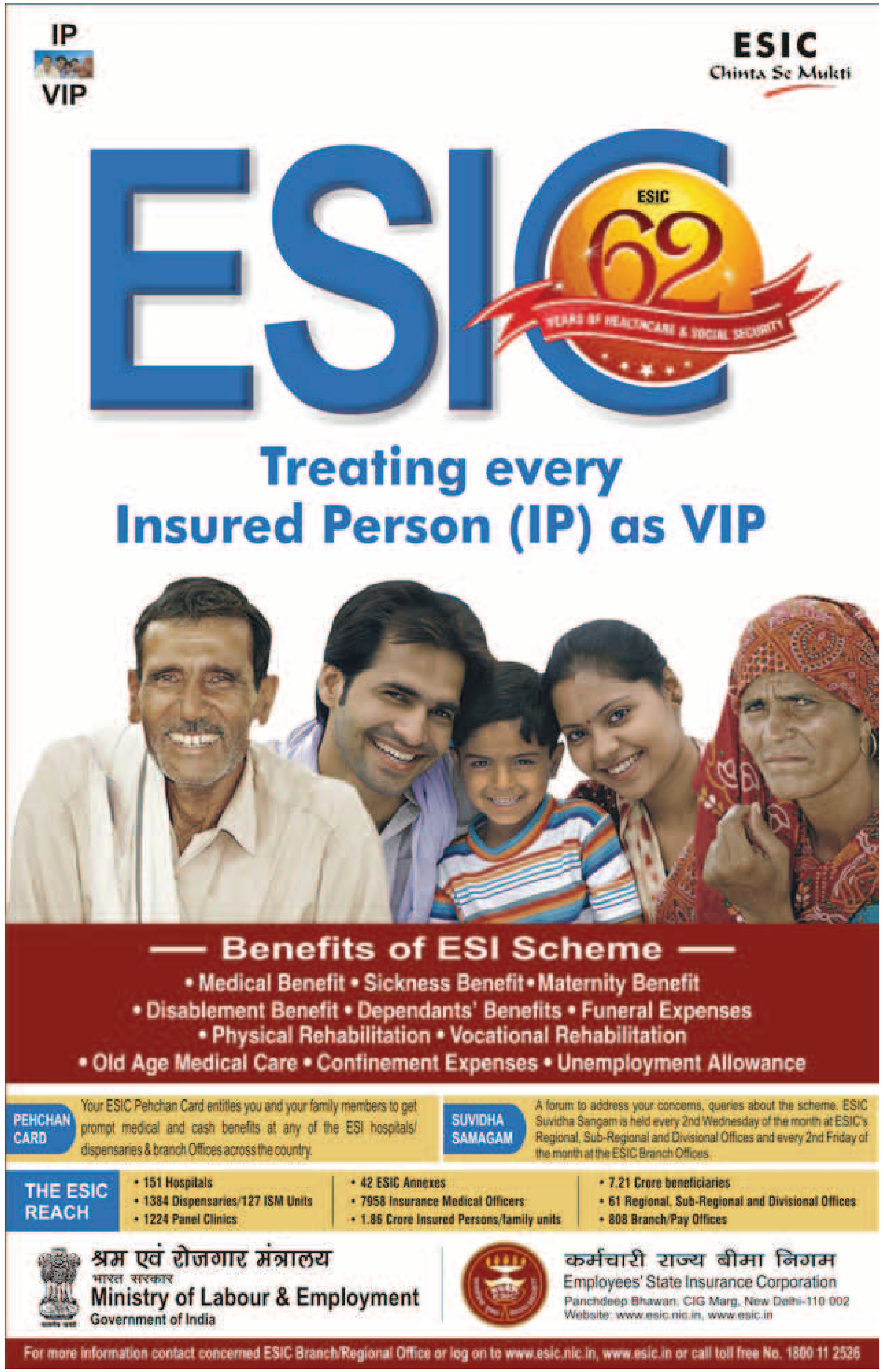
Further, Mr. Kalantri called upon narrowing the difference between the WPI & CPI as effective price indices for the economy.

Lastly, Mr. Kalantri added that food, clothing and shelter are the basic necessities of man. However, the demand for clothing and shelter may diverge with the times but demand for food remains inelastic. Thus it is of paramount importance that the government ensure an efficient public distribution system in place.

Mr. H.K. Jawale, Labour Commissioner said the CPI-IW is a flagship activity of Labour Bureau of Government of India. The index initiated globally in 1921 was adopted by the Indian government in the year 1949. The multiple uses of the CPI-IW are the determination of dearness allowance, formulation of policy on wages, price, taxes, computation of real wages and price adjustments in business, individual and contracts. The steps in the price collection include selection of markets, shops, products and their varieties. The price collector's, price supervisor's and state coordinator's are appointed by Labour Bureau for CPI compilation. The various agencies involved in the dissemination of CPI include the Labour Bureau, Ministry of Labour Bureau and Employment, N.S.S.O, Ministry of MOSPI, trade unions, state and union territories.

Mr. Daljeet Singh, I. E. S, Director General, Ministry of Labour and Employment, Government of India said the Labour Bureau proposes updating the CPI with a new series. The proposed series will increase the number of centers covered from 77 to 88 and coverage of state and union territories will be hiked from 22 to 27. The agenda for today's Index Users' meet is to create awareness amongst different stake holders about the base updation exercise and initiating corporation from the State Government, Central Government, trade unions and Employee organizations towards the same. The new series of CPI-IW includes a compressed time frame, formalized consultations with stakeholders and increased coverage of sectors, centers, states and union territories.

Mr. H. K. Jawale, Labour Commissioner, Government of Maharashtra felicitating Guest of Honour Mr. Vijay Kalantri, President, AIAI and Mr. Y. R. Warerkar, Executive Director, WTC Mumbai. Looking on is Mr. Daljeet Singh, I.E.S, Director General, Ministry of Labour and Employment, Government of India at a conference organized by the Ministry of Labour& Employment and Government of Maharashtra on the Index User's Conference on Consumer Price Index Numbers for Industrial Wornkers/Trade Unions / Employers in Mumbai.



Poland Invites Two-Way Flow of Joint Ventures, Foreign Investment and Knowledge Sharing with India

Mr. J. J. Singh, President of Indo-Polish Chamber of Commerce and Industry, Poland , Ms. Joanna Mazurkiewicz, Office Director, Indo-Polish Chamber of Commerce and Industry, Poland, Mr. Adam Bisek, India and Russia Center, Mr. Vijay Kalantri, President, AIAI, during an interactive meeting with of Indo-Polish Chamber of Commerce and Industry, Poland organized by AIAI and WTC.

"Indo-Polish relationship has been characterized by goodwill and cooperation. Poland seeks to deepen economic and trade ties through two-way flow of joint ventures, foreign dairect investments and sharing of knowledge and technical know-how", said Mr. J.J. Singh, President, Indo Polish Chamber of Commerce and Industry, Polandduring an interactive meeting organized by All India Association of Industries (AIAI) and MVIRDC World Trade Centre (WTC).

Recognizing potential for Polish companies in the mining sector of India Mr. Singh said the sector is in its infant stages of development. The sector lacks technical knowledge and access to capital. The Polish companies may invest in the sector which will bring about its technological upgradation. However, Mr. Singh marked the need for transparency in mining norms.

Pharmaceuticals, textiles and apparels, food processing, information technology, automobiles and engineering were identified as other areas of mutually beneficial cooperation between the nations.

Mr. Singh enlightened the audience about "Made in India Expo" to be hosted in Lodz during September, 2014. The exhibition is to witness participation from nearly 50 Indian companies. The Government of Lodz has extended support and cooperation towards the Expo.

Mr. Vijay Kalantri, President, All India Association of Industries and Vice-Chairman, MVIRDC World Trade Centre said the bilateral trade between India and Poland stands at US$ 1.905 billion with Indian exports worth USD 1.240 billion and Indian imports worth USD 0.665 bn. Indian exports to Poland include cotton, textiles, chemical products, electromechanical appliances, vehicles, air ships and vessels. Major exports from Poland are electromechanical appliances, mineral products, chemical products, etc.

Indian companies such as Arcelor Mittal, Videocon, Escorts, Strides Arcolab, Reliance Industries, Ranbaxy, EsselPropack, KPIT Cummins, Zensar Technologies Ltd, Infosys and Wipro, Jindal Stainless Steel, Berger Paints India, UFLEX Glenmark Pharmaceuticals, Flemingo Duty Free, Rishabh Instruments have established presence in Poland. The few Polish companies that operate in India include TorunskieZakladyMaterialowOpatrunkowych in Dindigul, Can-Pack Poland in Aurangabad, Inglot and Geofyzika. We invite Polish companies to invest in the rapidly progressing Indian economy, Mr. Kalantri added.

Events Supported by AIAI

- Advantage Maharashtra Expo- 2014
  2nd- 5th January 2014, Aurangabad
- Invest IT 2014
  16th January 2014, Bangalore
- "India and the Lusophone Market" International Congress
  14th - 15th January 2014, Goa
- Water Today's Water Expo 2014
  20th – 22nd January 2014, Chennai
- India Non Fiction Festival
  24th- 26th January 2014, Mumbai
- 10th Annual India Trade & Export Finance Conference
  12th February 2014, Mumbai
- Pumps Valves Compressors 2014
  9th-11th April, 2014, Chennai
- Training Workshop- Rapid & Cost Effective Investigations & Monitoring of Dams
  9th-10th May, 2014, New Delhi
- Tech Trade 2014- An IndustrialExhibition & Conference
  6th -8th June, 2014, Gujarat
- Training Workshop on Hydropower Project Cost Effective Solutions
  13th- 14th June, 2014, New Delhi
- Family Office Summit India 2014
  18th June, 2014, Mumbai
  19th June, 2014, New Delhi

Retrospective Taxation and GAAR Provisions ward-off European Investors from India

"The Indian economy is regarded as a rapidly growing power house. However, the economy is sparse with regard to funds. The European Union can make a useful contribution to help India with its capital requirements. Also, the Free Trade Agreement (FTA) between the nations in its finalization stages is expected to generate trade opportunities and investor friendly climate between the nations But issues such as retrospective taxation and GAAR compliance play hindrance.", said H. E. Dr. Joao Cravinho, Ambassador of the European Union to India during an interactive meeting organised by All India Association of Industries and MVIRDC World Trade Centre.

Foreign investments are a measure of confidence in a country and crucial for GDP growth. Europe can play a central role in helping the Indian economy grow. Over the years, the EU has been by far the largest investor and trading partner of India with FDI inflows worth $ 13.15 billion during 2011-12. But during 2012-13 the inflows dropped to $ 4.93 billion. The decrease in the FDI inflows has been led by widespread opposition in the form of retrospective taxation, GAAR provisions along with overall bleak macroeconomic prospects. The European business community awaits the formation of the new government for clear provisions of investing in the Indian economy. However, limited FDI provisions and restrictions on joint ventures need to be done away said Dr. Cravinho echoing the views of the European business community.

Elaborating on prospective sectors for EU's investment in India Dr. Cravinho said that India plans to invest US$ 1 trillion in its infrastructural sector. Indian banks being highly leveraged are not in a position to invest. India may look upto the EU for these investments. Secondly, European FDI may flow into technology transfer, know-how and experience as well.

Further, Dr. Cravinho appreciated the role of MVIRDC World Trade Centre and All India Association of Industries in outlining avenues for European investments in India through seminars, conferences and interactive meetings.

Dr. Cravinho said that the European Union awaits the election results of the Indian economy. It is felt that India requires a proactive government which will aid rural and urban growth, manufacturing, create employment and a conducive economic environment. The Union has no bias towards any Indian political party and will work in harmony with the NarendraModi government as well. Also, the European Union respects the judiciary system of India.

Mr. Vijay Kalantri, President, All India Association of Industries andVice-Chairman, MVIRDC World Trade Centre said that the European Union is a prominent trading partner of India with India's Export to European Union worth US $ 50.42 billion and India's imports from the European Union worth US $ 52.27 billion. Trade in services amongst the countries stands at € 22.2 billion. Also, the EU is also one of the largest sources of Foreign Direct Investment for India. FDI inflows from the EU into India increased from €3.5 billion in 2009 to €7.5 billion in 2010 and €14.19 billion in 2011. Major Exports from India to European Union are mineral fuels, precious &semi precious stones, appeals & clothing, iron & steel, footwear, plastic articles, coffee, tea, spices etc. Major imports by India from the European Union are natural or cultural pear, precious &semi precious stones, nuclear reactor, boilers, machinery, electrical machinery &equipments, iron & steel, organic chemical, plastic & articles, etc.

The rapidly growing Indian economy provides a land of opportunities in the sectors of infrastructure, manufacturing, logistics, etc. However, the economy

Mr. Vijay Kalantri, President, AIAI, H. E. Dr. Joao Cravinho, Ambassador of the European Union to India Mr Domingo Manso, Consul General of Spain in Mumbai, Ms. Rupa Naik, Executive Director, AIAI, Mr. Eduard Van Kleunen, Consul (Economic & Political Affairs), Consulate General of Belgium in Mumbai and Mrs. Khyati Naravane, Assistant Director – Trade Promotion, World Trade Centre Mumbai Mumbai during an interactive meeting organised by AIAI and WTC

needs to initiate investor friendly policies in the form of tax holidays, proactive and transparent bureaucratic policies, permission to form joint ventures, etc. The European Union has an advantage in the form of physical proximity in comparison to the USA and Australia, Mr. Kalantri added.

Ms. Rupa Naik, Executive Director, All India Association of Industries and Director-Projects, MVIRDC World Trade Centre enlightened the audience about the All India Association of Industries and MVIRDC World Trade Centre proposal to initiate a European Union desk to facilitate business between India and the EU.

The meeting was well attended by Consulates, the business fraternity, corporates and professionals.

AIAI to set up EU Desk

The European Union is a prominent trading partner of India with India's Export to European Union worth US $ 50.42 billion and India's imports from the European Union worth US $ 52.27 billion with total bilateral trade summing up to US$ 102.69 billion. Trade in services amongst the countries stands at € 22.2 billion. Also, the EU is also one of the largest sources of Foreign Direct Investment for India. FDI inflows from the EU into India increased from €3.5 billion in 2009 to €7.5 billion in 2010 and €14.19 billion in 2011.

In order to foster greater trade and bilateral relations between India and the EU, Ms. Rupa Naik, Executive Director, All India Association of Industries announced the formation of an EU Desk jointly by All India Association of Industries and MVIRDC World Trade Centre Mumbai during an interactive meeting with H. E. Dr. Joao Cravinho, Ambassador of the European Union to India. The Desk is formed on the similar lines of a previously formed "China Desk" by the organizations.

The EU Desk is expected to facilitate bilateral trade, enhance communications, and disseminate information, exchange trade delegations and host trade fairs amongst the nations.

Afghanistan Pledges Preferential Treatment to Indian Businesses

“Afghanistan and India have enjoyed traditional ties in the spheres of politics, culture and social interaction. The need of the hour is to revitalize these relations by stepping up business ties. The two nations should look forward to sustainable and long term connectivity. Afghanistan pledges preferential treatment to Indian businesses in its economy for the same”, said H.E. Mr. Shaida Mohammad Abdali, Ambassador of Islamic Republic of Afghanistan during an interactive meeting on “Trade Opportunities in Afghanistan” jointly organised by All India Association of Industries (AIAI) and MVIRDC World Trade Centre (WTC)

Afghanistan has been a recipient of assistance in the sectors of capacity building, infrastructure, small and community based business projects and humanitarian assistance from India. Afghanistan intends to reciprocate the same by giving preference to Indian companies to invest in Afghanistan, Mr. Abdali added.

The five particular areas of fruitful interaction between India and Afghanistan include industrial development, construction, export promotion, agriculture and mining. Afghanistan shall endow preferential treatment at the government, societal and public levels to Indian investments in the economy through government support, land ownership, tax incentives, logistical support, liberal visa regime, investment protection and business security, Mr. Abdali said.

Elaborating on sectoral opportunities for India businesses Mr. Abdali said that the nation holds vast untapped mineral resources which may be tapped by Indian mining companies while also looking forward to investing in transportation, logistics, hotel industry, banking and textiles.

Secondly, as Afghanistan undergoes rebuilding, the requirement for cement is large. The South Asian economies have been exporting cement to the Central Asian economies through Afghanistan. We call upon Indian businesses to set up cement factories in Afghanistan to serve the nation and the Central Asian nations as well.

Thirdly, the economy of Afghanistan is home to 65% of population below the age group of 27 years with nearly 10 million youth in schools. Thus investment in education in Afghanistan is a vital importance to the nation.

Outlining prospects in agriculture Mr. Abdali said that nearly 75% of the economy of Afghanistan relies on agriculture for its livelihood. The prominent crops grown include fruits, nuts, vegetables, roots and tubers. However, it is estimated that the economy wastes nearly 30% of its agricultural production due to inadequate logistics and handling facilities. We invite Indian companies to invest in the agricultural sector to assist in better packaging and handling.

Lastly, Afghanistan produces nearly 32,000 mega watts of electricity of which the economy utilizes a mere 5,000 mega watts. The economy holds massive potential for cross border trade in renewable and hydro energy.

Further, Mr. Abdali said that the development of the Chabhar port will bring India and Afghanistan in close proximity. The progress of the Chabhar port which serves as a link between Central Asia and South Asia has been fast paced. Once the port commences operations it will serve base for transporting goods back and fro between the nations. A trilateral draft agreement between India, Iran and Afghanistan on the usage of the port is in process.

Mr. Abdali proposed the signing of an MOU between All India Association of Industries and MVIRDC World

Mr. Vijay Kalantri, President, All India Association of Industries, H. E. Mr. Shaida Mohammad Abdali, Ambassador of Islamic Republic of Afghanistan, Ms. Rupa Naik, Executive Director, All India Associiation of Infdustries, Mr. Ahmad Ali Babak, Consul General, Consulate General of the Islamic Republic of Afghanistan and Mr. Y. R. Warerkar, Executive Director, MVIRDC World Trade Centre during an interactive meeting on “Trade Opportunities in Afghanistan” jointly organised by All India Association of Industries (AIAI) and MVIRDC World Trade Centre (WTC).

Trade Centre with the export promotion organizations and chambers of commerce of Afghanistan. All India Association of Industries and MVIRDC World Trade Centre play a pivotal role in facilitating cross border trade between India and Afghanistan through exchange of delegations, seminars, business matching events, trade shows among other. The signing of the MOU will provide a gateway to enter Afghanistan markets through dissemination of information, facilitating business development, business matching, etc.

Mr. Vijay Kalantri, President, All India Association of Industries&Vice-Chairman, MVIRDC World Trade Centre said that India and Afghanistan hold cordial relations. India is the sixth largest investor in Afghanistan with net investments worth US$ 2 billion. India’s exports goods worth US $ 474.25 million to Afghanistan while importing goods worth US $ 208.77 million. The total bilateral trade stands at US $ 683.02 million. India’s exports to Afghanistan include man-made filaments, pharmaceuticals products, apparel, clothing & accessories, cereals, fibers, tobacco, etc. India’s imports from Afghanistan are fruits, nuts, gums, raisins, edible vegetables, roots, tubers, etc.

There lies immense scope for enhancing business ties in the sectors of textiles, chemicals, pharmaceuticals, information technology, engineering, automotive, etc. Indian investments in Afghanistan are forth coming given the favourable logistical placement, huge energy resources such as electricity and favourable relations with economies in proximity, Mr. Kalantri added.

Present on the occasion was Mr. Ahmad Ali Babak, Consul General, Consulate General of the Islamic Republic of Afghanistan and Mr. Yousef Dawran, Afghnaistan Business Center Pvt Ltd.

India to spend Rs. 22,000 crores towards CSR estimates Ernst and Young

"As per the provisions of the Companies Act, 2013 any company having a net worth of rupees 500 crores or more or a turnover of rupees 1,000 crores or more or a net profit of rupees 5 crores or more should mandatorily spend 2% of their net profits per fiscal on CSR activities. Given the mandate it is estimated that nearly 16,500 companies will invest Rs 22,000 crores towards CSR. It is a welcome move for India which is undergoing rapid transformation from developing economy to an advanced economy. The move is expected to bring about "inclusive growth" of one and all", said Mr. Vijay Ganapathy, Advisory Services, Ernst and Young during a panel discussion on "Decoding the Companies Act 2013 with a focus on Corporate Social Responsibility (CSR) for Indian and Foreign Companies" jointly organised by All India Association of Industries,MVIRDC World Trade Centre and Idobro.

Ms. KaronShaiva, Chief Impact Officer & MD, Idobro Impact Solutions and the moderator of the panel discussionpersuaded the panelists to throw more light on the CSR responsibilities of corporates in the Companies Act 2013.

Enumerating on the implementation part of the CSR Act panelist Mr.AjitPattnaik, General Manager & Head-Corporate Sustainability, Tata Housing Development Company Ltd said the broad categories towards CSR activities under the Schedule 7 include education, special education, health care, preventive healthcare, water, sanitation, training in sports, art, culture, rural development projects, etc. Also, the schedule is not restrictive towards geographical boundaries of the beneficiaries.

Mr. Vijay Kalantri, President, All India Association of Industriesand Vice-Chairman, MVIRDC World Trade Centre informed the audience that the Indian economy has traditionally engaged in CSR activities towards ensuring livelihood, food and healthcare for all since times immemorial. As of date Corporates can adopt CSR activities in dual ways. Firstly, a standalone company can engage in CSR activities on its own. Secondly, a company can jointly under take CSR activities with an NGO, trust or civil society with a three year track record in similar activities. The Dighi Port being developed under the business acumen of Mr. Kalantri ensures free dispensaries, medicines, free education besides welfare for fisher men in and around the port area of development.

Panelist Dr. MilindAntani, Partner Incharge of Social Development Practice, Nishith Desai Associates elaborated to consequences of non-compliance towards the CSR provisions. It is mandatory to comply with the 2% investment towards CSR or inform the Government the reasons for inability to engage in CSR. Any company which does not report non-compliance towards the CSR rule is liable to be charges of penalty in the bracket of Rs 50 thousand to Rs 50 lakhs. Also, the Board of Directors may be charged with imprisonment for 5 years and/or fine worth Rs 25,000.

Further, Ms. Shaivaraised queries on the grey areas of the CSR Act.

Mr. Kalantri updated the audience that CSR provisions cannot be merged with business activities of the corporates. Business activities include provisions which ensure sustainability and growth of a company. However, the need for the hour is to include provisions for PPP, capacity building, due diligence of NGOs in the Act. For eg. A hand wash producing company may be given the liberty to educate about cleanliness and sanitation. Thus, CSR activities are contextual issues which need to be judged on case to case basis.

Secondly, Mr. Antani elaborated on NGO expenses towards skill development and compliance activities. It was concluded that NGO expenses which amount to 5% to 10% of CSR activities may be included in the CSR budgetunder cost overheads.

Further, Pattnaik clarified on mandates for foreign companies on CSR compliance. It was noted that foreign companies may invest towards CSR activities from their net profit from Indian operations.

Lastly, the panelist agreed that CSR activities should

Dr. Milind Antani, Partner Incharge of Social Development Practice, Nishith Desai Associates, Mr. Vijay Ganapathy, Advisory Services, Ernst and Young, Mr. Vijay Kalantri, President, All India Association of Industries, Mr. Ajit Pattnaik, General Manager & Head-Corporate Sustainability, Tata Housing Development Company Ltd., Mr. Y R Warerkar, Executive Director, MVIRDC World Trade Centre, Ms. Karon Shaiva, Chief Impact Officer & MD, Idobro Impact Solutions during a panel discussion on "Decoding the Companies Act 2013 with a focus on Corporate Social Responsibility (CSR) for Indian and Foreign Companies" jointly organised by All India Association of Industries, MVIRDC World Trade Centre, and IDOBRO.

not be restricted towards 2% of net profit. In order to bring about inclusive growth of the society NGOS, chartable institutes and trusts should partner in Board Room discussions towards the CSR agendas. The corporates and development sector represented by NGOs, chartable institutes and trust must partner in CSR activities to play the balancing act to bring about overall economic growth and prosperity of the nation.

India and Brazil Must Forge Ties towards Economic Prosperity

"The economies of India and Brazil share many complementarities in the form of large demographic population, huge consumer base and an identical industrial and trade framework. Also, the Government's of Brazil and India support each other's candidature at bilateral forums such as BRICS, G-20 and G-4 and multilateral arenas such as UN, WTO, UNESCO, etc. Both the economies are regarded as emerging markets with untapped natural resources with great potential for development. Given this, the two economies must forge ties together towards economic prosperity", said Ms. Isabela Medeiros Soares, Deputy Consul, Consulate General of Brazil in Mumbai during an interactive meeting organised byAll India Association of Industries, MVIRDC World Trade Centre and the Consulate General of Brazil in Mumbai.

Mr. Elson de Barros Gomes Jr., Consul of India in Minas Geraissaid today's meet has opened avenues for Brazil and India to take learning lessons from each other. The nations must work towards gaining potential connections and sharing industry best practices with each other.

Mr. Leonardo Ananda Gomes, Executive Director of the India Brazil Chamber of Commerce confirmed that India and Brazil have huge complementarities bringing the two economies closer. In order to take the relationship further we need to enlarge business and trade partnerships. The step forward for the day is that the business delegation identifies local partnerships in India and exchange knowledge amongst each other.

All India Association of Industries & India -Brazil Chamber of Commerceand MVIRDC World Trade Centre &India -Brazil Chamber of Commerce signed an MOU of cooperation towards economic growth and integration.

Further, Mr. Filipe Ferreira, Instituto de Desenvolvimento Integrado de Minas Gerais-INDI gave a brief presentation on Minas Gerais region of Brazil.

Mr. Vijay Kalantri, President, All India Association of Industriesand Vice-Chairman, MVIRDC World Trade Centresaid India and Brazil have deep rooted historical ties. At present, India-Brazil bilateral trade stands at US$ 10 billion. Chief Indian products exported to Brazil are diesel, polyester yarn, chemical products, drugs and cotton yarn. Chief imports by India from Brazil include crude oil, sugar, soy oil and copper.

There have been two way investments between India and Brazil. While the Brazilian companies have invested in automobiles, IT, mining, energy, biofuels, footwear sectors in India, the Indian companies have invested in such sectors as IT, Pharmaceutical, Energy, agri-business, mining, engineering/auto sectors in Brazil. Foreign direct investments (FDI) by Indian companies in Brazil till 2013 is US$ 103.25 million from Infosys, Pidilite, RSB, Fomento, Inox, Unichem, etc. FDI inflows from Brazil into India have been US$ 23 million till 2013.

Going forward, we intend to target bilateral trade worth US$ 15 billion by 2015. MVIRDC World Trade Centre and All India Association of Industries stand to aid any assistance towards the business community in achieving the trade target, Mr. Kalantri added.

The sectoral composition of the business delegation comprised of herbal medicines, research and development in pharmaceuticals, cosmetic pharmacy, healthcare & loboratory pharma, medical equipments, etc. Over 500 B2B meetings were organised during the conference.

Mr. Vijay Kalantri, President, AIAI presenting a bouquet to Mr. Elson de Barros Gomes Jr., Consul of India in Minas Gerais. Looking on is Mr. Sharad Upasani, Vice Chairman, WTC, Mr. Leonardo Ananda Gomes, Executive Director of the India Brazil Chamber of Commerce, Ms. Rupa Naik, Executive Director, AIAI during an interactive meeting organised by AIAI, WTC and the Consulate General of Brazil in Mumbai

AIAI President visits the 45th General Assembly Bucharest, Romania

General Impression

The 45th General Assembly was held in Bucharest, Romania where several representatives from various WTCs in China and 7 from other parts of India besides Mumbai attended the event. It is noteworthy to know, that 1/3rd of the total attendees came from China and India.

Opening Ceremony

The opening ceremony was inaugurated by Dr. Victor-Viorel Ponta, Prime Minister of Romania with the theme 'Shaping Global Growth' emphasizing the role of WTC in the improvement of World Trade and advancement of the WTC mission.

Dr. Ponta advocated the need for international trade policies in shaping the future of global trade. He cited that Romania was a fast growing economy, having a well-structured budget and fiscal policies in place with inflation at around one per cent. He highlighted that Romania was ordained with vast natural and human resources with good potential for investors. The approach adopted for governing was social and democratic in nature. Investors would be offered incentives if they created job opportunities. Freedom and economic value was to be created and good management had a key role to play in achieving them. As the Prime Minister, he reassured the participants that Romania was a safe place to invest and his goal was to bring about stability and predictability in his country's economy.

Speaking on the military and political challenges, Prime Minister Ponta said that Europe was slated to have a European Energy Union which would make it a strong trading partner. Secondly, with the coming into force of Trans-Atlantic Investment & Trade Agreements, they would transform Europe and the US to be a common market with the advantage of freedom of Trade and Competition.

During the WTC Mumbai presentation, Mr. Kalantri gave an overview of the activities conducted by the Centre. He highlighted that WTC Mumbai was one of the founder members of WTCA New York, USA. WTC Mumbai hosts approximately 60 delegations in a year and organizes b2b meetings to facilitate international trade. The research wing of WTC Mumbai conducts studies and researches on important business activities. Elaborating on WTC Mumbai's role as a trade facilitator, Mr. Kalantri listed out the following core activities of the Centre:

- Exhibitions
- Hosting trade missions
- Dissemination of information to key players of the industry on a timely basis
- Encouragement to SMEs
- Research
- Education-conducts Post Graduate courses, conferring diplomas and certificates
- Providing service and information to Indian companies from manufacturing, services & agro-based industries

He added that Mumbai was host to the 44th General Assembly in 2013.

Enlightening the audience on WTC Mumbai's flagship event Global Economic Summit, Mr. Kalantri gave a lucid presentation informing about the 4th edition slated for 11-13 September, 2014 to be held in Mumbai. The theme being Asia: Powering Global Markets. While inviting the audience to participate in the event, he stressed on the importance of seizing advantage of the various opportunities in India and the Asian Region at large to be discussed at the Summit. Brochures of

Mr. Vijay Kalantri, Vice Chairman, World Trade Centre Mumbai and Dr. Victor-Viorel Ponta, Prime Minister of Romania

Mr. Vijay Kalantri, Vice Chairman, World Trade Centre Mumbai and Dr. Han Duck Soo, former Prime Minister of South Korea

the Summit were distributed among the participants. The members of the delegation also promoted the event through personal meetings.

Dr. Han Duck Soo, former Prime Minister of South Korea, in his address, stressed on the role of the Asian Economy. Citing Asia's GDP to be at 28 per cent of world GDP, which was slated to hover around 51 per cent of the total world GDP by 2050. Elucidating on the evolution of trade, investment and progress that took place in Japan in 1950s, Hong Kong and Korea in 1970, China in 1990 and India in 1992, Dr. Duck-Soo emphasized that these countries had trade centres, investment policies and open markets with fair labour policies that championed their growth stories. He added that the pace of globalization had accelerated to a large extent in Asia exposing disparities and financial problems. It was during this period that China, Korea and India registered progress. Dr. Duck-Soo advocated that while adopting regional and global trade liberalization policies, economic partnership is necessary between India, China, Korea, Australia, New Zealand and the ASEAN Countries. He said that `Free Trade' is a proven economic tool that shapes innovative environments. Investment in research and development of labour market and mobility is required to remove imbalances. All Asian countries should co-operate in having progress.

Asia needs to have innovation-based growth, creative ideas and technologies to bring about sustainable growth and protection against trade fluctuations. The need of the hour is empowering digital infrastructure and credibility to Public Sector Undertakings. Towards meeting this requirement, Dr. Duck-Soo advised that WTCs should complement and supplement governments to promote trade and connect businesses. Match-making and e-commerce market place are required so that the WTC becomes a one-stop-shop for business houses to seek opportunities. Corporate Social Responsibility is mandatory to meet challenges. Citing the East Asia crisis of 2008, Dr. Duck-Soo was delighted to say that South Korea was able to withstand it and re-shape its growth model. Thereafter, Asia as a whole sustained a bright future. He also emphasized the need for geopolitical stability. He showed concern over the recent tensions in Ukraine, North Korea and China which needed to be sorted out at the earliest. Dr. Duck-Soo stressed that WTCs should have a greater role to play in paving the growth model.

Mr. Mark Gitonstein, former US Ambassador to Romania referred to Romania joining NATO in 2004 and becoming a member of the European Union in 2007. Romania had taken active steps in reforming anti-corruption laws. While quoting from a book, `Why Nations Failed', he enumerated what a nation requires:

- Empowerment of its people
- Transparency in rules and regulations
- Fiscal & government reforms moving to free economy
- Standard of living per Capita GDP must rise. (Romania ranks 77th in the world in terms of per capita GDP)

He advocated for improvement of equity markets and distribution of income. Mr. Gitonstein observed that the EU Pension Fund's net worth had increased by 50 per cent in a year. He concluded with the following:

- Role of WTCs in future partnerships of Investment and Trade
- Greater US & European co-operation
- Growth stability and creation of jobs for youth
- Increase exports to have foreign exchange for development
- WTCs to foster global alliances and partnerships of businesses

Session on Trade Finance:

Powering the Engine of Growth.

Various issues that were deliberated included:

Eurozone and Romania

Currently the Eurozone was undergoing instability which needed to be brought under control and converted into an emerging market. Small countries within the Eurozone were mainly facing structural difficulties as compared to financial ones, with a preference for differential rate of interest system.

Banking and Finance

The 2008 crisis which arose in the US triggered off a financial crisis around the world. Companies and banks undertook risks in money markets, giving rise to global recession and liquidity crunch. A profound effect was seen on emerging markets and medium and small banks. This brought about sovereignty crisis as a result of a loose budget spending which eventually downgraded banks. Huge sums of money were spent over bailing banks out of the crisis. Demand in Emerging Markets suffered a setback and huge borrowings would have a negative impact in the long run. Basel III liquidity positions were examined, however banks had to leverage finance.

In the case of Romania, the Exim Bank was fully compliant with EU rules in keeping with the Romanian Laws. Exim bank has all along supported exporters and built up trade in New Trade Corridors in Asia and Latin America. It continues to play a major role in supply chain finance and strategy financing. It has disseminated information and ensures economic competitive advantage.

Mr. Vijay Kalantri, Vice Chairman, WTC Mumbai suggested that Romania set up its Consulate General and Trade Office in Mumbai as it did earlier. He suggested that an MoU be exchanged between EXIM Bank Romania and EXIM Bank Mumbai which would ease out trade and exchange of information between both countries. This would also foster useful exchange of financial services and plans could be formulated to increase exports and imports. Exchanges could take place in terms of financial investments through bills and other allied services. Mr. Kalantri offered to initiate talks for the proposed MoU.

Session on Role of Capital Markets – Romania Perspective

Romania had brought out 300 capital issue IPOs during 2013. In 2012, the first Romanian company was listed on the London Stock Exchange (LSE). The following are some of the other characteristics of the Romanian Economy:

- Cheap effective work force that is relatively skilled
- Legislation harmonizes with EU regulations, thereby optimizing change advantage
- Stress on development of infrastructure
- Banking service expansion
- Booming investments in capital markets with capital gain tax at 16 per cent
- Small and medium enterprise exchange created. Trading and investment is carried out with a minimum investment of € 50,000/- as seed capital.
- However the only setback is the long periods taken towards settlement of cases

Session on Relation

between International Trade & Energy

Energy requirements have an important bearing on improving International Trade.

Nuclear Power

It is a renewable, sustainable and predictable source of energy unlike solar energy which is dependent on sun and wind changes. It has high financial investment which can be optimally maximized through Public-Private partnership. It is a viable and sustainable source of energy accruing a stable predictable pricing.

Nuclear Power Generation

Use of uranium in nuclear power generation would bring down price of electricity making it more predictable.

Two economic rationales for nuclear power generation were discussed namely, its sustainability and hedging against price volatility. An investment in this energy is crucial as the oil and gas reserves would last only for another 40 years. Fossil fuel prices are also less than ½ of the price of oil. With the demand for electricity on the increase, nuclear energy would control emission

and green house energy, proving to be the alternate and a substitutable source of energy. Rise in nuclear power plants would be the greatest innovation of the 21st century.

Volatibility in Price of Oil

With the population of China (1.35 billion) and India (1.20 billion) consumption of oil to the tune of 15 million barrels each day which is on the increase, one had to look at other sources of energy. Canada possesses oil sands and invests in its development which brings about sufficient

cheap oil. Therefore as an alternative, oil sands could be the future.

Other alternative sources of energy

Bio-waste conversion to produce biogas from bio-wastes.

There is ample scope in any rural-based economy for bio-waste conversion as a source of energy. As in the case of Romania, 14 million hectares of agricultural land of which ½ is unproductive, the land could be used to develop bio-gas.

Session on Technology & International Trade

It was noted that WTCs should have access to technology to build trade with member WTCs prospective customers. Following technology tools could be used to develop trade:

- E-commerce
- Cyber space
- Video conferencing
- Internet
- E-business
- Cloud computing
- Virtual lines
- Digital technology

Session on Role of International Standards & Financial Management – The discussions held in this session was on the importance of adhering to international standards which adds value to management and business, while certification gives credibility.

Real Estate

A presentation was made on the futuristic architecture and the latest trends in construction and dynamic architecture.

Asia-Pacific Regional Meeting

The Session was chaired by Mr. Scott Wang, Vice President, Asia Pacific, WTCA along with Mr. Vijay Kalantri, Vice Chairman, WTC Mumbai.

The highlights of this session:

- Attendance to the General Assembly covered 77 representatives from WTCs in China, 11 from Mumbai and 7 from other parts of India. Thus a total representation of 1/3 from India and China.
- Importance of the emerging power of India and China in the Asia pacific region
- South East Asia, India and China represent different dynamics, have different licensing systems and whose economies are growing at a fast pace.
- Requirement of WTC in China with a new set-up. Financial requirement is approximately USD 500 million.
- Incremental trade and other business related services to industry and business houses although services projected are low. Income generation mainly from property purchase-sale rent and fees.
- WTC to be enabler of rendering services and match-making.

Presentations were made by the representatives of China, Sri Lanka, Seoul and WTC Noida and CDs of Vibrant Gujarat were distributed to all participants.

WTC Mumbai made a presentation of its flagship event Global Economic Summit now in its 4th edition with a theme `Asia: Powering Global Markets'. The audience was invited to the Mumbai where the Summit would be held from 11-13 September, to take advantage of the various opportunities in India. Promotional material of the Summit was distributed.

Thereafter, the audience interacted with one another from among the participants in the Asia Pacific Region

WTC Innovation Exchange

Session on International Relations Office: Model San Diego

The City of San Diego, US has introduced the International Relations Office (IRO) model which has been designed to receive representatives of delegations visiting the US. IRO is a resource centre offering service to take care of the delegates right from the airport while guiding through the various compliance formalities. The Centre also undertakes local transport, translations up to 23 languages, guides and has a business lounge. All the services provided are under one roof which comes at a cost of $100 per hour on different facilities. This has been conceptualized as a revenue generator. China has so far used the facilities offered by IRO.

46th WTCA GA Presentation

Representatives of Philippines rendered a general presentation on the economy and the ease of doing business in the country. The projected growth rate is expected to be second to that of China in 2025.

It was announced that the next General Assembly would be held in Manila from 26-29 April, 2015. A big round of applause was given when the announcement of no visa requirement up to 21 days for participants. It was decided for the first time to give a revolving symbol to the organizer of the 47th GA at the concluding session of 46th GA in Manila.

Concluding Session

Mr. Ghazi Abu Nahl, Chairman, WTC Board of Directors

thanked WTC Bucharest for successfully hosting the 45th GA and called upon the members to co-operate and be part of the WTC family.

He pointed out that all efforts were being carried out to make the association with all member WTCs to be more active while rendering better services.

Glimpses of the 45th GA Bucharest, Romania






Spot Light

Meeting with Indian Ambassador to Bucharest

During the General Assembly in Bucharest, WTC Mumbai delegation called upon the Indian Ambassador to Bucharest, Mrs. Manimekalai Murugesan at the Bucharest Embassy office. The others present at the meeting were a few Indian businessmen in the fields of IT, pharmaceutical and textiles settled in Bucharest.

Mr. Kalantri presented the WTC Mumbai, a founder member of WTCA, New York which organizes trade promotion related activities, hosting approximately 60 delegations in a year and offering trade related facilities. He also informed about the new WTCs at Bhubaneswar, Jaipur and Goa that are at a planning stage. He recommended that the Government of Romania restart its Trade and Consul General Office in Mumbai which would once create awareness about the opportunities in trade between India and Bucharest.

Mr. Kalantri raised the issue of the difficulty faced in obtaining visas from many of the EU country applicants and the Ambassador assured that the problem was being addressed and would be solved at the earliest. Mr. Kalantri suggested that there should be an MoU exchange between Exim Bank Romania and Exim Bank Mumbai to increase exports and imports between the countries and to also promote useful exchanges in the financial sector.

Speaking on the success of the 44th General Assembly held last year in Mumbai, wherein a large number of B2B meetings were held and trade exchanges between countries transpired, Mr. Kalantri introduced the Global Economic Summit 2014 being organized by WTC Mumbai and All India Association of Industries (AIAI) in September 2014 and requested that the information be disseminated among Romanian companies for their participation at the event. The Ambassador assured that the information on the GES and the WTPF Assembly would be hosted on the Embassy's website. Thereafter a high tea was hosted in honour of the WTC Mumbai delegation.

After the General Assembly, the WTC Mumbai delegation visited the WTCs of Pilsen in Prague and Lugano in Switzerland and the Indian Ambassador of Czech Republic, while Capt. Batra and Mrs. Batra visited WTC Belgrade and Chamber of Commerce & Industry of Serbia, Belgrade.

Meeting with Mr. Ashok Venkatesan, Ambassador of India to Czech Republic in Prague on 2nd May, 2014

After the General Assembly in Bucharest, the WTC Mumbai delegation called on Mr. Ashok Venkatesan, Ambassador of India to Czech Republic in Prague and had fruitful discussions with him. Mr. Upasani informed that the WTC Mumbai delegation was visiting Prague after attending the General Assembly held at Bucharest. He introduced WTC Mumbai and its activities and services provided including trade exhibitions and trade education courses. He informed that WTC Mumbai was in the process of initiating new WTCs in India namely, Bhubaneswar, Jaipur and Goa. He apprised of the forthcoming Global Economic Summit in September coinciding with the World Trade Point Assembly which would be held concurrently in Mumbai.

Mr. Ashok gave an overview of the trade relations between India and Czech Republic and areas for joint collaboration. He also informed that the education facilities in the Czech Republic were attractive and cost effective. He said that there were about 150 Indian students studying medicine, engineering and science in various Czech Universities. The Ambassador pointed out that if Indian students learnt the Czech Language which could take up to two to three years, they could pursue a University Education in the local Czech language, and then the entire education would be free of charge. He emphasized that wide publicity needed to be given to such opportunities.

The Ambassador emphasized certain priority areas which the country is mandated to facilitate business namely heavy industries, automobile and pharmaceuticals. He suggested Indian companies to consider these areas for possible collaboration.

Imparting skills is no enough to make an entrepreneur

The National Small Industries Corporation (NSIC) is a public sector unit under the Ministry of Micro, Small and Medium Enterprises. It offers credit to small units and over the years it has transformed itself into a training and incubation centre of entrepreneurs. Its chairman and Managing director HP Kumar spoke to Hindustan times about the body's achievements so far, the opportunities that lie ahead and its future strategies Excerpts:

What has been the biggest Contribution of NSIC so far?

The objective of the NSIC, since it was set up in 1965, has been to promote development and growth of micro, small and medium industries in the country. Our programmes and schemes have helped in the growth of new enterprises in these categories and have helped in the upgradation of the existing ones as well. But this was only possible after we reoriented the company after it reported sick in 2006 and the government cut of the budgetary support of our operations from April 2007. Then onwards, we've focused on schemes that were demand driven.

How did you go about this transformation?

A detailed analysis of all our programmes was conducted and I personally spoke with more than 56 industry association that represent micro and small industries and gathered inputs about what they expected from the NSIC. We also signed MoUs with them. Two important issues came up – the first was, can NSIC help in the cost reduction? The second was providing help in accessing credit and marketing support to the government.

What other challenges did you encounter?

A business sense had to be brought into the company. Along with that , we also had to reshuffle the business portfolio.

What helped the NSIC record a profit of Rs. 116 crore this year from being a Rs.150 crore loss making unit a few years ago?

We trained our staff in service delivery. It was an extensive exercise done each year. We followed ISO:9001:2008 systems and processes and have got certificate. All 156 branches follow it. Except five, all of them are making profit too. Procurement and marketing were also redefined and this helped in availing the performance of credit rating. And now the entrepreneurs pay only 255 of the credit rating rate, the rest 75% is paid by the NSIC. Entrepreneurs can also demand credit from the bank based on credit ratings. We also arranged buyer-sellers meets through exhibitions. We have linked part of pay package to performance.

Recently you have also patented a scheme. What is that about?

It is jewel of our schemes. It is the employment generation programme. Imparting skills is not enough to make an entrepreneur. Enterprises development of institutes only create mini-MBA's so we have created a unique incubation model with class room training but with the condition that they will start real enterprises in our lab at our cost. It would be anything say bakery or an icecream unit.

Source : NSIC

India's Budding trade relations with international airlines

Air cargo represents about 10 per cent of the airlines industry's revenues. As 35 per cent of the value of goods traded internationally is transported by air, air cargo is a barometer of global economic health. The fortunes of the transport, cargo and logistics industry are closely connected to the economic cycle. When economic activity is buoyant, demand for cargo transport and logistics services is equally strong. Consumer and business demand for goods and services inevitably translates into higher demand for export and import services. Indian economy is on the higher trajectory of growth. Forecasts suggest that the growth prospects are likely to continue for more than two decades. That means, requirements for augmentation of infrastructure facilities in air cargo to carter to the growing needs of the trade and industry will be immense. Opportunity cost of not meeting such requirements in a timely manner is very high. Indian air cargo facility has seen a growing trend in terms of capacity, traffic, investment, etc. Looking at this improving prospects international airlines too are keen on improving trade relations with India. Indian airports handle around 2.64 million tonnes of cargo. Almost half of this is accounted from Delhi and Mumbai, with Delhi estimated to handle 6, 00, 000 tonnes, and Mumbai 5, 00, 000 tonnes. Trade has grown at over 25.3 per cent over the past five years, as a greater share of trade moved toward finished goods. Increasing globalization, establishment of manufacturing facilities, and India's growing presence in the information technology (IT) space have contributed towards growth in the country's economy. This has resulted in an increased aggregate demand fromIndia, driving the air cargo services market. Air cargo, trade and the gross domestic product (GDP) of a country have a direct relationship and are interdependent. Air cargo enables nations, regardless of location, to efficiently connect to distant markets and global supply chains in speedy, reliable manner.

Next Generation Trade Reforms

The sharp increase in the current account deficit (CAD) is ringingalarm bells. However, this is a mere reflection of the postponement of the next generation trade reforms that have held India back from emerging as a major player in the global economy, with the shares of trade and investment far below its true potential. India has not kept pace with the changes in the global trade scene with increasing emphasis on linking with global and regional supply chains, and diversification into new areas of services trade. These call for a robust set of reforms in services trade, trade facilitation and a strategic focus on regionalism. Drastic reduction in transaction costs through trade facilitation reforms is also essential to improve the business environment to attract larger and steadier inflows of FDI to supplement the needed investment for a high and sustained growth. An even more active foreign policy would also accelerate India's export performance. Growth in exports is now sine qua non for the expansion of employment and incomes. Given our gigantic challenges of the demographic transition, the promotion of exports should have a very high priority.

Trade facilitation and reducing transaction costs: It involves the following measures

1. Comprehensive move towards paperless environment for the import-export process,
2. Drastic reduction in bureaucratic discretion and ensuring greater transparency in all regulatory aspects governing trade and manufacturing,
3. Harmonisation of key regulations governing manufacturing across states, starting with the implementation of an effective GST and
4. Strong governance and monitoring mechanism related to transaction costs at the highest level of government.

Firm mandate towards reform oriented regulation of professional services: Indian trade policy in services has to move away from being IT-centric with an over-emphasis in its trade negotiation priorities on Mode 4 (or liberalisation of the movement of people), a critical demand of the Indian IT lobby.

It should also focus on the barriers preventing the take-off of other services such as behind the border regulatory restrictions on accounting, legal, engineering, architecture, or health related professional services in partner countries.

Strategic regionalism:

It would require India to focus on Asia, especial greater Southern Asia that includes most of the ASEAN member states. The Trans-Pacific Partnership (TPP) offers the best opportunity for India. The ultimate objectives would be to integrate product, services, financial, and energy markets of southern Asia, creating opportunities for competitive production networks, integrated energy grids and creation of a consumer market with over 600 million middle-class consumers by 2020.

The road to such integration lies through innovative trade policy that focuses on essentials such as physical connectivity between markets, addressing non-tariff barriers and complete eradication of tariff barriers- all leading to strong regional supply chains with full Indian participation.

Trade Policy Council:

In all developed and successful economies, strategic trade decisions are taken at the highest political level, and not left to the narrow focus of the line ministries, whose task in fact, should be the detailed implementation of these strategic decisions.

In order to separate the strategic decision making process related to trade and industrial policy from day to day operational issues, a new, independent Trade Policy Council (TPC) needs to be developed outside the line ministries that reports directly to the Prime Minister.

It's role could include strategic decisions on multilateral, bilateral andregional trade policy, policy related to FDI, policies related to trade facilitation and reducing transaction costs of trade, policies related to domestic regulatory reform in various sectors to reduce the costs of doing business in India, strategic policy making on improving India's competitiveness, policies to improve India's logistical capacity and connectivity with rest of the world and policies to make India ready for the structural changes in global production focusing on skilling and technological acquisition.

The TPC would have three offices--- Office of the Chief Trade Negotiator (OCTN), Office of the Chief Economist (OCE) and Director-General of National Trade Facilitation Council (DGNTFC).

Source: MEDC Economic Digest

Q & A with WIPO Director - General Francis Gurry

International Trade Forum talks with Francis Gurry, Director-General of the World Intellectual Property Organization (WIPO), about how small and medium-sized enterprises (SMEs) can gain from increasing their intellectual property (IP) knowledge.

Q: Why is IP important for SMEs and what are the most common ways to protect it?

SMEs and microbusinesses represent more than 90% of enterprises in most countries. They contribute significantly to innovation, employment, exports and economic growth.

IP rights are essential for SMEs to protect and manage their creations. A registered trademark or design can enhance brand identity and a patent application can attract investment. A search in a patent database can lead to strategic alliances. A well-protected trade secret can ensure a competitive advantage. Copyright can cover works ranging from books, music, paintings, sculpture and films to computer programs, databases, advertisements and technical drawings.

The choice of vehicle for protecting such valuable property depends on the company's business strategy. Many successful business plans integrate IP as a component from the beginning.

Q: What are the biggest IP-related challenges for SMEs?

Intellectual property can assist an SME in almost every aspect of business development, from product development to marketing and beyond. At its core, it enables businesses to protect their inventive, innovative and creative output from competitors. By doing so, it converts those outputs into assets.

While IP is very important in the modern knowledge-based economy, SMEs often do not use the IP system to its full potential. This is down to a variety of reasons, including lack of awareness and the perceived cost and complexity of using it. Companies may also lack skills and competences needed to exploit the system to best advantage.

Q: How is WIPO helping SMEs in regard to IP?

One of our aims is to increase the number of SMEs successfully managing their IP assets to create value and increase competitive advantage. WIPO provides a range of services, activities and resources to assist SMEs in better exploiting the IP system and to facilitate access to related resources.

WIPO reaches out to individual SMEs chiefly through support institutions and relevant government institutions. It assists them through training-of-trainers programmes focused on exploiting IP assets through branding, marketing, innovation and access to finance.

WIPO's global IP services systems, such as the Patent Cooperation Treaty (patents), the Madrid system (trademarks), the Hague system (industrial design), and the Global Infrastructure services, offer a more economical and less complex alternative to enterprises of all sizes. They enable companies to obtain international IP protection and to build collaborative networks and technical platforms to share knowledge. They simplify IP transactions, including free databases and tools for exchanging information.

The WIPO website includes information specifically designed to assist and advise SMEs, with regularly updated materials. These include publications and studies on IP asset management covering topics tailored to SME needs such as financing, strategic use and enforcement. WIPO also publishes a monthly electronic newsletter on issues of interest to SMEs and other stakeholders.

SME owners can search WIPO's PatentScope database, which provides access to international Patent Cooperation Treaty applications on the day of publication as well as millions of national patent applications. Other WIPO databases, which search registered trademark and design collections, are also useful.

WIPO also supports the establishment of Technology and Innovation Support Centres, which are designed to provide innovators in developing countries with access to locally based technology information services, such as facilitating access to patent databases and other scientific and technology resources.

Q: What are some issues SMEs should consider in relation to IP rights when entering export markets?

Pricing products in export markets depends partly on the extent to which their associated trademarks are valued by consumers and the extent to which they face competition. Adaptation of the product, brand, design and packaging involves creative work that may be protected through the IP system.

A portfolio of IP assets, such as patents and trademarks, may convince investors, venture capitalists and financial institutions to fund forays into export markets. In agreements with local partners it is important to clarify ownership of IP rights, particularly if the products will be manufactured, packaged or modified abroad. Marketing and advertising campaigns rely strongly on trademarks, which if not registered are much more difficult to enforce. The timing of participation in fairs may be affected by the timing of IP protection applications.

Safeguarding IP in export markets may help a company prevent others from imitating or copying a product (or parts of it) without authorization. It also enables a small firm to access new markets through licensing, franchising and joint-venture agreements with other firms. Failure to consider IP issues may result in significant losses if products happen to infringe upon the rights of others. Exporters often realize the importance of protecting IP only after they have missed deadlines for applications or their product or brand has been affected.

When entering export markets, SMEs should also realize that IP rights are territorial in nature; that there are important differences in IP procedures worldwide; that most countries require the hiring of a local agent; and that there may be national, regional or international options for filing applications for IP protection. SMEs should also bear in mind that the cost of protecting IP abroad may become a financial burden. Still, a smart IP management system will assist in containing overall protection costs to affordable levels.

Q: How can SMEs protect their intellectual property abroad?

As mentioned earlier, IP rights are territorial. That means SMEs must protect IP assets in each and every country in which they operate. Certain regional IP systems - ARIPO and OAPI in Africa, EAPO in Eurasia and EPO and OHIM in Europe - provide for the filing for and granting of IP rights valid in countries that are party to that system. This helps in reducing complexity and cost.

Additional help in protecting and maintaining IP rights abroad comes via WIPO's global IP services systems. SMEs can also contact their local or national trade organizations, Chambers of Commerce and national IP offices for support.

Author JarleyHetland, Managing Director, International Trade Centre

Source Forum Issue 2014

The added value of the HR department

"People are the most important asset of a company" has become much of a cliché. However, the human resource department, in charge with "the most important asset" is not considered genuinely valuable in terms of business, but it is only seen as support department.

The main reasons for this perception are triggered by a lack of communication of HR people in process of decision making, policy making and business development. In many cases, a human resources department sometimes focuses almost exclusively on the function of recruiting and providing support to employees, with great emphasis on remuneration and staff management. This approach significantly diminishes the HR department opportunity to use the entire range of tools at its disposal in order to bring added value to the company.

Training, professional development, setting performance keys, devising an assessment and reward system must be among the main activities of a human resources department which is focused both on added value and on support.

The first step in turning the HR department into a development partner is the design of a vision which combines human resources and business. The requirement is a deep analysis and awareness of the company development strategy, the market changes – both the company market and the labor market – and how the human capital needs to progress in order to be able to adjust to future needs.

Thus, the HR department can provide a constructive input in making decisions on long-term policies, by stressing on the weakness and the strengths of the existing human capital, and the opportunities and obstacles they may involve.

By sharing a vision which is common to the business line, the HR department may make decisions on the existing gaps between the current and future needs of staff, skills and talents and the existing human capital. Starting from these gaps, strategies can be devised as to how to attract persons with skills needed immediately or of talents to cover for future needs.

As a natural next stage, training and professional development strategies will further reduce the existing lapses and will prevent the occurrence of future ones. With the necessary human capital, the next step may be the establishment of performance indicators and assessment and reward system which completes the human resources process as a whole. The nature of activities executed in a human resources department involves a duality between serving the needs of the customer who, in this particular case, is internal – namely, employees, and the active participation as a parent in the company growth, that is why both roles must be considered in order to build up a human resources department which brings added value to the company.

THE TROUBLE with TISA

Services are central to everything an economy produces, exports, and invests in. As such, an inefficient services sector represents an unwelcome burden on economic performance. The growing acceptance of this central economic reality has fuelled unprecedented autonomous liberalization in services markets around the globe in recent decades.

However, trade agreements, and especially the General Agreement on Trade in Services (GATS), have not yet proven adept at locking in autonomous policy virtue. In the case of GATS, broader negotiating dynamics in the Doha Round may well have exerted the largest inhibiting influence. The push for a plurilateral Trade in Services Agreement (TiSA) responds to genuine frustration on the part of those favoring openness in services markets.

The substantive merits of a proposed TiSA would be easy to applaud if the negotiations were being presented for what they are: potentially the largest preferential trade agreement pursued under GATS Article V to date. Based on the limited information that has filtered out of the nascent talks, a number of genuine reservations may be advanced, both procedural and substantive, that the agreement being devised could easily or anytime soon be incorporated into the World Trade Organization (WTO) architecture, let alone replace it.

Preferential Liberalization

The advent of TiSA represents a genuine opportunity to further the cause of preferential liberalization in services markets among a coalition of countries representing some two-thirds of the global market. That figure would approach three-fourths of world services trade should China succeed in joining the negotiations. While this remains significantly less than the 90%-95% ratio achieved in recent plurilateral agreements brokered at the WTO in the areas of information technology, basic telecommunications or financial services, it is far from trivial in potential market access terms.

TiSA vs The Doha Development Agenda

Yet, in pursuing TiSA, greater attention must be paid to the negotiating atmospherics and concrete steps taken to promote greater inclusiveness, including on the part of the WTO secretariat in an observer capacity, than has been the case so far. At this critical juncture for both the WTO and the Doha Development Agenda (DDA), one may legitimately ponder TiSA's systemic implications and question the incentives its completion would entail for the DDA's services talks.

Somewhat paradoxically, the more successful TiSA is, the greater the systemic threat it poses for GATS and the WTO more broadly. A concluded TiSA runs the very genuine risk of dramatically lessening the incentive to negotiate on a most favoured nation basis at the WTO in future, undermining the careful balance of benefits currently underpinning the multilateral trading system.

Moreover, with only a handful (23 to 25) of WTO members involved in the talks, questions arise regarding the political legitimacy and marginalization risks they pose for non-members. China's attempt to join the talks raises further questions, notably with regard to the position that other large developing countries or fast-growing emerging economies will take.

India and Brazil, for instance, are concerned that a successful agreement would significantly lessen the DDA negotiating leverage they exercise in areas of greater importance to them by strategically withholding engagement in the services negotiations. The prospect of China garnering preferential access to services markets in major Organisation for Economic Co-operation and Development (OECD) countries could produce a domino effect and generate an important rise in TiSA's critical mass. This would, in effect, create two parallel global regimes for services trade and undermine the WTO system's political and judicial credibility.

Corrective gestures should be taken in pursuing the agreement to ensure that the negotiating process is genuinely inclusive and transparent and does not pit developing countries against the predominantly developed country-centric group. As things currently stand, OECD member countries account for more than 90% of intra-TiSA services trade.

Looking ahead, plurilateralism and other forms of variable geometry are likely to prove important ways of keeping the WTO relevant and of sustaining the multilateral bicycle's forward journey. This should occur while acknowledging the increasing diversity of collective preferences, interests and abilities among a membership consisting overwhelmingly of developing countries whose primary export interests may not always lie in services.

Whenever possible, WTO members should explore and pursue, under a common roof, the scope that exists for flexible approaches to rule-making and market-opening commanding adequate critical mass. Creating negotiated outcomes in an open setting allowing for economies of scale and learning is not the same as negotiating behind closed doors.

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1. This article draws on the author Pierre Sauve Director, External Programs and Academic Partnerships World Trade Centre Institute (University of Bern) 'Towards a Trade in services Agreement Challenges and Prospects', forthcoming in the journal of International Commerce , Economic and Policy. Vol 5, No. 1 (2014)

Source : Forum Issue 2014

A snapshot on Policy Analysis on "Why Growth Is Getting Harder" With emphasis on the US economy

Economies across the globe undergo business cycles in the form of an expansionary phase followed by recession. The economic expansion during the decade of 2000 has come to a halt following the global recession of 2008. The study below encompasses the factors driving the business cycles with emphasis on the US economy.

Factors attributing to economic expansion:

- Labour Force Participation
- Capital accumulation (in the form of Investment and Savings)
- Innovation

Labour Force Participation

Growth in the labour force translates into growth in GDP (as more workers translates into increased output). However, to witness rising per capita income it is essential that the labour force participation increases over time.

Over the course of the 20th century, the U.S. economy witnessed rising labour force participation. Specifically, the steady movement of women out of the home and into the paid workforce led to a significant increase in the labour force participation rate. The female Labour Force Participation Rate rose from only 18.8 percent in 1900 to 59.9 percent in 2000. As a result, the overall Labour Force Participation Rate increased from 50.2 percent to 67.1 percent.

However, the US economy witnessed cyclical dip in Female Labour Force Participation Rate during the 2001 recession. Also, female labour participation never regained to its pre¬recession levels.

Secondly, Male Labour Force Participation Rate has been falling due to delayed entry into the work force because of more years spent in school, increasing life expectancy, and earlier retirement, with the latter two yielding more years spent in retirement. As a result, overall Labour Force Participation Rate which stood at 67.1 percent during 1997-2000 declined to 66.0 percent in 2007 on the eve of the Great Recession. The Great Recession and the ensuing sluggish recovery has lowered the overall Labour Force Participation Rate.

Accordingly, robust growth in labour participa¬tion is essential in order to get the US economy back on the growth track. Also, any efforts to boost labour-force participation will have to compromise with the aging of the population.

Capital accumulation (in the form of Investment and Savings)

Capital accu¬mulation and economic growth are positively correlated. Higher levels of investment in physi¬cal capital will lead to higher levels of out¬put—subject, however, to diminishing returns. Accordingly, an increase in the in¬vestment rate adds to increase in the growth rate.

In the US economy net national in¬vestment (i.e., investment net of depreciation charges) as a percentage of net national prod¬uct has been steadily declining for decades in the US economy. Also, low domestic savings rate in the US have not been able to drag down the rate of capital accumulation.

Innovation

The long-term future of economic growth depends on innovation. To sustain growth, it is necessary to devise new products or production processes that can coax additional output out of a given set of inputs. The output-enhancing effects of innovation are mea¬sured as total factor productivity (TFP) growth.

In the current situation, a surge in Total Factor Productivity can promote U.S. economic growth. Productivity slowdown of re¬cent decades reflects the progressive exhaus¬tion of the output-enhancing potential of the great technological breakthroughs of the late 19th and early 20th centuries.

The informa¬tion technology (IT) boom led the high Total Factor Productivity growth of the mid- 1990s to the mid-2000s. Since 2004, however, a drop-off in IT investment and slower productivity gains in IT produc¬tion have caused Total Factor Productivity growth to subside back to pre-1990s levels.

Thus empirical evidence points to diminishing returns in innovative activities. We may thereby conclude that innovation starts with the lowest-hanging fruit and gets progressively more difficult over time.

Conclusion

Static public policies are deteriorating the growth prospects of the US. The way forward for the US is to promote the economy through growth friendly policies. The government policies are rife with barriers to entrepreneurship, com¬petition, innovation, and growth. Growth friendly policies favouring investment, infrastructure, innovation and job growth will revert the economy to an expansionary phase of business cycle.

Progressive Economic Roadmap for India

The Indian economic situation has gone through a prolonged period of skepticism and has been saddled with uncalled for regulatory laws and judicial systems. It is a crucial necessity for the Prime Minister Shri Narendra Modi led Government to radically alter policies and introduce structural changes within the present situation. It is also very vital for the country to portray itself as an industrial and globally competitive nation and must do away with its image of a nation of deviations and anomalies, lacking transparencies, is redundant with red tapism and has a plethora of licenses.

Given this macroeconomic scenario the NDA government must on a priority address challenging issues by designing a mandate with targeted deadlines, appropriate balanced strategies and a roadmap to achieve these strategies within the next 3 years.

The mandate given is to do away with sloppiness, inaction and unfavorable attitude and it is important that the Government in its forthcoming budget outline the economic philosophy which is different than what has been overwhelmingly rejected by the people.

There has to be drastic structural change to do away with Law of criminality in any sector of Revenue Act as the main intention of the Government is to collect revenue rather than imprison the entrepreneurs. Also, the economy has to grow, provide job opportunities, sanitation, water and power to all. The budget must lead to a direction in this arena.

There is also a crucial need for total structural change in the Budget rather than going with some tradition of Budget by reducing some percentage of taxes in one area and increasing taxes another area does not mean any drastic change. The people have given a mandate for better compliance, less government, better governance, various outdated laws as well as law which are impediments to growth need to be done away with.

We do hope the NDA Government comprehends the importance of our submissions keeping in view the interest and development needs of the Indian industry and the economic growth of the country at large.

1) Tax Reforms

Goods and Services Tax:

India's indirect tax reform, a long overdue issue is expected to replace the existing state and federal levies with a uniform tax system, boosting revenue collection while reducing business transaction costs. GST, which could boost India's economy by up to two percentage points, has so far faced resistance from various states

The implementation of the Goods and Services Sales Tax (GST) will bring in transparency, rationalize and simplify the Tax Regime further assuring traders and manufacturers of a single taxation system in the entire country for all goods and servicesmaking the economy conducive to investment, manufacturing, economic growth and will create a common market across the country.

It is vital that the NDA Government address state concerns and bring on board all State Governments to arrive at a consensus along with a mandate to implement GST at the earliest and in an "appropriate timeframe".

Direct Tax Code Bill:

The NDA Governmentmust accord priority and comprehensivelyreview the DTC Bill and avoid unwanted enactments for better compliance which means rationalization and simplification of laws rather than making it cumbersome and complicated as it stands today.The prevailing DTC system does not only target manufacturers but is also a matter of great concern for international investors who have been impacted by this aggressive approach.

Retrospective tax law:

The Indian economy is at a stage where it is struggling to recover its economic growth. The retrospective taxation law following Vodafone and other such caseshas had an adverse impact on the image of the Indian economy amongst the foreign investors viewing it as an unfriendly nation to FDI and FII.

The retrospective law isexplicitly ambiguous and

degenerating to FIIs and FDIs and has led to the crowding out of foreign investments from the nation, at a time when the economy's major requirement is of foreign direct investment and financial investments.

It is imperative and strongly recommended that the NDA Government amend the law and initiate remedial changes in order to restore investor confidence and draw funds to cash sparse Indian sectors

Implement Non-Adversarial Tax Regime:

The Government should do away with the regime of criminal and raid proceedings in every case in the taxation arena i.e. Income Tax, Excise, Customs Act and the Companies Act 2013, which not only deters conduct of business but also de-motivates investors. Such system also does not exist in progressive countries.

Also the Government should amend all provisions of Criminality, Raids and Prosecution in every act/clause, which adversely impacts the growth of business since the Government's intention is to collect revenue and not to prosecute the entrepreneur. Such acts should only be imposed on willful and habitual defaulters rather than making it a general practice.

The NDA Government should make amends to move away from thisantagonistic approach and introduce a tax environment that is investor friendly, conducive and fair.

GAAR must be deferred

The Indian economy is regarded as a rapidly growing power house. However, the economy is sparse with regard to funds. International investors can make a useful contribution to help India with its capital requirements. But issues such as GAAR compliances play a major hindrance Foreign investments are a measure of confidence in a country and crucial for GDP growth. The decrease in the FDI inflows has been led by widespread opposition in the form of GAAR provisions leading to overall bleak macroeconomic prospects.

Customs and Excise Duty Act

Heavy customs duty is a major hindrance for exports and the manufacturing sector on the whole. The Government needs to readdress the Act and introduce structural changes which will simplify, streamline and generate a buoyancy within the system.

2) Autonomy of the RBI

The NDA Government must ensure autonomy of the RBI which is tasked with two goals

- Reviving growth prospects vis-à-vis controlling inflationary pressures in the economy.
- Normalizing monetary policy operations by making the repo rate the most important tool to signal interest rates and moving away from levers such as the more expensive marginal standing facility

The RBI has also proposedto form a committee responsible for monetary policy and not the RBI governor alone. This would also require considerable effort from the NDA Government as well.

3) Fiscal prudence vis-à-vis subsidy bill

The NDA Government has adopt a practical approach towards subsidies and strike a balance between fiscal prudence and the rising subsidy bill. However, pro-growth spending on infrastructure is the need of the hour. Charting a way out:

- Curb subsidies towards oil, petroleum, fuel, fertilizers
- The previous Government has provided huge subsidies under the MGNREGA and Food Security Bill. However, the subsidy bill has been heavily criticized for not being administered well along with leakage and unfair practices in these schemes. The elimination of these schemes is estimated to release over Rs. 3,00,000 Crore each year. In order to rightfully benefit the needy it is imperative that the Public distribution scheme be replaced and its provisions be reviewed from time to time.
- Increase capital allocation towards infrastructural spending. Spending on infrastructure in an economy gives a big-push to growth by generating manufacturing base, job creation and poverty elevation.
- Disinvestment:Over the past few years, divestment targets have not been met which has resulted in a shortage of investible surplus.The NDA Government must focus on selling its holdings in state-run firms that could raise the much-needed revenues to trim India's ballooning fiscal deficit and boost economic growth. The outgoing government announced plans to raise $9.62 billion through asset sales in 2014/15. This could help achieve a lower fiscal deficit target of 4.1 percent of GDP.The Government has to ensure a realistic divestment plan is in place with accurate targets.

4) Employment generation

The demographic statistics of the Indian economy estimates a huge population in the working age bracket. To promote employment generation it is important that the NDA Government sets up industrial zones and encourage the domestic industry to manufacture, innovate and be globally competitive. The Government has to:

- Reform labour laws toboost job-intensive manufacturing and create as many as 10 million jobs a year for young Indians entering the workforce.
- Promote Skill development Institutes
- Attract FDI Flows and take decisions on its merits
- For promoting employment in rural areas the Government should focus on improving basic infrastructure such as roads, power, water, educational and skill development centres which will help generate employment and eradicate poverty.
- The Government should also contemplate and offer more incentives to Women Entrepreneurs so as to promote self employment for women.

5) Better Governance

The sluggish growth prospects of the Indian economy were led by policy logjam and bureaucratic delays on the part of the previous Government. We suggest the following measures towards generating a growth conducive economic environment:

- A regulatory review committee to fast track business regulations, laws and processes
- Ensure better inter-ministry coordination to fast track projects
- Better flexibility and authority in the hands of State Governments
- Review the role of regulatory bodies under the purview of the Government
- Implement Damodaran Committee suggestions on improving doing-business parameters

MAT and SEZ:

It is strongly recommended that the Government should consider doing away with Minimum Alternate Tax (MAT) on SEZ to promote manufacturing, export and employment and also give it the required Infrastructure status.The imposition of MAT has curbed the SEZ's potential in boosting both exports and manufacturing sector besides generating jobs.

Dredging

World over dredging is done by Sovereign Funds. It is important to give impetus to the port sector. Government should either give 100 % grant or funds through special allocation for dredging in the ports to improve its economic viability and making it competitive in the market. Service Tax is also levied on dredging which need to be amended.

6) Companies Act 2013

The Act takes significant step in introducing Corporate Governance with introduction of key provisions around duties and liabilities of Directors / Independent directors, Auditor rotation, Establishment of (SFIO), constitution of National Financial Reporting Authority (NFRA), Class action suit, Corporate Social Responsibility (CSR) etc.

However, the intention of the Companies Act 2013 was simplification and better compliance of the Law. But, the rules framed under the Act are complicated than the earlier Act. There is a need for provision of criminality only in the case of habitual defaulter than in a case of errors.

7) Infrastructure development

A strong infrastructure sector is vital to the development of a country's economy. A boost to the infrastructural status of an economy generates manufacturing capabilities, employment opportunities, poverty elevation and overall growth of the economy. A thrust to the infrastructural sector by the NDA Government requires:

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:

95 percent of the country's external trade by volume and 70 percent by value is done through marine transport. The Government should consider building

new ports and ports like Mundra, should be replicated for the development of modern container terminals andequipment 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.

DMIC/NMIZ:

There is a need to expedite the Delhi Mumbai Industrial Corridor (DMIC) from Delhi to Dighidistrict of Raigad, Maharashtra and the National Manufacturing Investment Zone (NMIZ) to boost manufacturing, employment and exports by enhancing better road and rail connectivity for smooth movements of goods and reduce transaction cost.

Logistics for perishable goods:

There is an urgent need to develop a network of Freight corridor for perishable goods. Upto 40% of perishable goods in the country go waste due to lack of proper Road and Rail connectivity.

As announced by the Government it is essential to expedite the launch of the Diamond Quadrilateral Project of high speed trains and also to modernize and revamp the network of freight corridors with specialized Agri-Rail network.

Single Window Clearance :

The single window clearance model for clearances of all infrastructural projects should be implemented at the earliest which will also give the much needed impetus to the infrastructure sector

8) External sector agenda

With the advent of globalization the Indian economy has integrated financially with the globe. Foreign trade and investment form a growing part of the GDP of India. However, the recent years has witnessed issues such as sluggish export prospects and rising import bill leading to a large current account deficit, lower foreign fund inflows, an unstable Indian Rupee, etc. Measures for recovery of the External sector are as under:

- Achieve trade diversification by tapping neighbouring markets of Asia and Australia besides the traditional US and European countries
- Build an undersea energy corridor connecting oil terminals in western India to oil sources in Iran, Qatar
- Finance India's Current Account Deficit through foreign investments - FDI, FII, ECB
- Tab on exchange rate movement (for eg. Re/US$) through forex reserves and encouraging FDI, FII and portfolio investments

External Affairs and Foreign Relations

- Impetus to engagement at multilateral forums such as WTO, G-20, BRICS, etc
- Partner with states for economic diplomacy initiatives abroad
- Indian diplomats to position India as a key Investment, Business and Tourist destination abroad
- Evaluation of the FTA framework of India with other nations. Ensure that the FTA regime gives effective market access for Indian companies in lines with access of provided to foreign investors in India
- Prioritize FDI driven towards environmental friendly green energy and export oriented FDI

9) Thrust to the agrarian sector

Self-sufficiency in agriculture enables economic independence while saving forex reserves of an economy. The NDA Government has to work towards attaining this self-sufficiency to divert forex funds to cash-starved areas:

- Agriculture is the source of livelihood for a majority of our people, the government should introduce agro technology, crop insurance and crop management.
- Emphasis on agricultural education to ensure access and quality of agri production
- Competitive interest rates for farmers to enable access to extension services and agriculture inputs like seeds, water and fertilizers
- Increase coverage of crop insurance schemes
- Promote agricultural practices like integrated farming, organic farming
- Develop wastelands for dry land farming

10) Impetus to Industrial Production

The Indian economy has been witnessing a dwindling share of manufacturing in India's GDP. The rapidly progressing Chinese economy has set an example of manufacturing led growth story. The NDA Government needs to bring about the development of manufacturing sector of India through:

- Implementation of the National Manufacturing Policy to enhance the share of manufacturing in GDP to 25% by 2022
- Incentivize domestic manufacturing and exports by providing minimum tariff protection
- Accelerate the Industrial Corridor projects
- The Cabinet Committee on Investment and the Project Monitoring Group to hasten the clearing of stalled investment proposals
- Sustaining an investment climate that supports Foreign Direct Investment in Indian manufacturing

Rejuvenate the Electronic Industry

The electronics industry has been characterized by an acute disparity between supply and demand. Despite the continuous increase in electronics consumption in the country indigenous electronics manufacturing has not reached desired levels. Inspite of India being very competent in the electronics manufacturing sector we import electronics from overseas countries like China. Locally manufactured electronics contribute to less than 1 per cent of the global electronics industrysignaling acute limitations in efforts. Electronics manufacturing in the country currently accounts for less than 50% of the consumption. At present bulk of the electronics demand is met through imports.

The NDA government needs to focus on India's electronic hardware manufacturing. We need to develop a strong indigenous capacity in a planned manner. Providing adequate and appropriate incentives to boost this sector. The immediate task of the government is to implement the setting up of a National Electronics Mission and an Electronics Development Fund to stimulate growth in the sector and address the growth concerns of the electronics industry.

MSME sector

The NDA Government must rejuvenate the MSME sector by enhancing technology, marketing and investment support as the potential of the MSME sector towards impetus of manufacturing and export sector is vast. The roadmap suggested is as under:

- Ensure small and medium enterprises access technology at affordable cost
- Encouraging alternative financing regimes such as BSE SME platform, IPOs, etc
- Listing on exchanges to enable market visibility which may ensure Marketing and Branding
- Unskilled labourers to be imparted vocational training to be absorbed by the MSME sector
- Enable single window electronic clearance platform

11) Environment sustainability

- Energy: In the wake of the continuing power shortage in the country, we hope for some positive reforms towards promoting energy efficiency – demand side management and renewable energy. Priority lending to Renewable Energy projects and tax reduction on solar power equipment should be considered. Independent power producers are facing issues with fuel shortages for which policies have to be tweaked and the process simplified. Also the terms and conditions from the Government have to be changed in order not to be so one sided that power producers cannot get the support of funding institutions.
- Energy Efficient products: Minimum energy efficiency norms have to be made compulsory. Customs duty / excise duty relaxation/lowering should be allowed to units manufacturing energy efficient products. This will promote manufacturing of energy efficient products in the country.
- Water: Water efficiency like energy efficiency is very important - perhaps more than energy as the country faces the imminent danger of being water starved. Products that are water efficient – example cisterns that use only 2 or3 litres of water and equipment that help recycling grey water or sewage should also have a lower tax and duties.
- Going green: At present the government does not have specific tax benefits or policies for mitigating the higher costs incurred in green buildings like higher levels of depreciation and tax breaks. Understanding the fact that going green is the need of the hour, we expect the government to extend subsidies and tax benefits for eco-friendly projects. Such steps would not only inspire more developers to build green projects but also help in lowering the carbon emissions. This will reduce the life cycle costs.
- Addressing climate change: India has set the target to lower the carbon emission by 24% per cent over 2005 levels by 2020. Union government must set apart a budgetary allocation for all the above initiatives which will help in marching towards this goal.

Memorandum to the 4th Finance Commission of Maharashtra

Mr. Vijay Kalantri, President, All India Association of Industries, Mr. J. P. Dange, IAS, Chairman, Maharashtra Finance Commission (4th), Government of Maharashtra, Mr. Y. R. Warerkar, Executive Director, World Trade Centre Mumbai at a meeting organized by the All India Association of Industries and World Trade Centre Mumbai to discuss the all round fiscal management by the Government in Maharashtra.

Fourteenth Finance Commission will be, as per normal practice, be concerned mainly with the aspects such as Sharing of Revenues i.e Resources between Central and State Governments, Pricing of Public Utilities, Taxation, Subsidies, Infrastructure and other related matters. However, it should also concern itself with other relevant issues in terms of Services, Administration, Environment/Pollution, Corporate Social Responsibility, etc. that directly and indirectly affect the Quality of Life of Indian citizens. In other words the Commission should broaden its horizon and make an attempt to provide a long term Vision or Mission to India for Sustainable Development of one and all.

The FFC's terms of reference this time reveal an intriguing concern. While making its recommendations, the FFC has been asked to keep in mind "the need for insulating the pricing of public utility services like drinking water, irrigation, power and public transport from policy fluctuations, through statutory provisions". Definitely there is a move to insulate public finance from political economy considerations, "It's a positive more."

The development is important because of the reach of the FFC. Its recommendations will apply to state governments too, making this a move that might well herald the transition to a more rules-based regime in pricing public utility services. Today, this depends on the whim of governments, thereby destabilizing public finances. A Finance Commission is arguably the most important constitutionally mandated economic body.

There are two important reasons for the constitution of finance commissions. Taxation rights favour the Centre over States even though the latter provide most of the services used by people. Then, poorer states require additional help for rapid economic growth. Finance commissions are seen as institutional mechanism for transferring resources from the Centre to states.

Terms of Reference

- *Terms of reference of the fourteenth finance Commission Estimate the quantum of subsidies needed to keep growth both sustainable and inclusive.*
- *Insulate pricing of power, irrigation, drinking water and public transport from politics.*
- *Make public sector enterprises competitive and market oriented, consider disinvestment prospects and exit non-priority enterprises.*

Maharashtra State Profile

The State of Maharashtra is a major contributor to India's economy accounting for nearly 21% of the industrial output, 13% of the national GDP, 13.7% of total factory employment. Mumbai, the capital of Maharashtra is regarded as the hub for financial land business activities of the country. The city is the headquarters of many large business establishments and financial institutions.

The city contributes about 60% of customs duty collections and around 40% of income tax to the national exchequer.

The gross state domestic product (GSDP) at current prices for 2011-12 is estimated at 11,99,548 crores. The GSDP has been growing at a rapid pace over the last few years. Presently industrial and services sector both together contribute about 87.1 per cent of the State's income. The agriculture & allied activities sector contributes 12.9 per cent to the State's income.

Maharashtra is the second largest state in India both in terms of population and geographical area (3.08 lakh sq. km.). The State has a population of 11.24 crore (Census 2011) which is 9.3 per cent of the total population of India. The State is highly urbanized with 45.2 per cent people residing in urban area.

Maharashtra has been the leader on industrial front of India. It has always been the endeavour to develop sustaining industrial growth, facilitate speedier flow of investment by creating conductive industrial climate in the State.

Ease of Doing Business in Maharashtra

The State of Maharashtra has maintained leadership position in the industrial sector in India. Presence of strong industrial sector remained backbone of the State's economic development. In order to address the challenges of globalization, liberalization and privatization, the State adopte4d first Industrial Policy in 1993, which was revisited in 1995, 2001 & 2006 and the new Industrial Policy has been announced in 2013. Sectors which were exclusively in the public domain were opened to private sector, relaxation of norms for foreign Direct Investment (FDI), favourable policies related to IT, BT, SEZ and Mega Projects, grape processing, etc. resulted in further development of the industrial sector in the State.

However, the State which enjoyed prominence as the industrial capital of the country has witnessed dwindling investment proposals. In recent times investors have gone to the adjoining regions of like Gujarat, Andhra Pradesh, Madhya Pradesh, Chhattisgarh and Karnataka. The study below enumerates the reasons for flight of capital from Maharashtra to other regions of the nation due to high cost of labour, energy and lack of infrastructure such as roads, ports, railways, etc.

Infrastructural Status of Maharashtra

Infrastructure plays a pivotal role in overall productivity resulting in the development of the economy as well as improving the quality of life. The physical infrastructure viz. energy, transport, irrigation, finance, communication and social infrastructure (viz. education & health) contributes significantly in fostering the pace of economic development. The process of creation of infrastructural facilities generates employment and simultaneously accelerates the economic growth, while the shortages in its availability act as limiting factor in enhancement of economy.

Keeping in view the above perspective, an attempt has been made below to give important suggestions/ recommendations for consideration of the 14th Finance Commission. We hope the Commission will find these useful and beneficial.

1. Sharing of Revenues / Resources between Centre and States

This is the most important aspect of the mandate or terms of reference of any Finance Commission. No doubt 14th Finance Commission will focus its close attention to this aspect and bring out the best approach to deal with this complex and tricky issue. It is observed that most of the States have already submitted their demands to the finance Commission. Equal sharing between the Centre and States i.e 50 per cent formula seems to be favourite with most of the States. It is understood that presently this is in the region of 2/3rd for the Centre and 1/3rd for the States.

Suggestion/Remedy:

The Commission may consider adopting the State's growth and development as a principal criteria for allocation of resources. If the State is better developed then the allocation (i.e. percentage sharing) may be less vis-à-vis the other States that are less developed. For example, the following kind of basis may be considered :

Level of Development	Sharing Proportion (for State)
Developed State	40 – 45%
Developing State	45 - 50%
Least Developed State	50 - 55 %

Whereas it will, indeed, be difficult to satisfy demands of each and every State, the guideline or criteria as above or similar should go a long way in evolving a balanced approach.

2. Pricing and Subsidies of Public Services and Utilities

This is an important and noteworthy addition to the terms of reference of 14th Finance Commission and it is, indeed, the right step or move in the direction of delinking politics from the economy. In fact this becomes crucially significant given the present scenario of pricing and subsidies based more on political whims rather than economic considerations. Electricity, Water, Health, Education and many more are examples of such services or amenities.

As is evident from the present election fever in the country, every party is offering the moon to the voter without giving the economic sense and logic of how to do it. 14th Finance Commission must evolve a proper scientific and human approach to deal with this crucial dilemma and apply such framework of pricing and subsidy that would be acceptable to all the stakeholders.

Suggestion / Remedy :

The Commission should consider basing its subsidy and pricing criteria on three basic principles namely:

a) Principle of Natural Justice

b) Principle of Social Justice (Cross-Subsidisation) and

c) Principle of Ability to Pay

Such an approach will be desirable and in a sense,

it will prove acceptable to all those concerned. Given the large population of the country, it is suggested that the following basis or similar could be considered in this context.

Population Category	Base Cost Price Charge (BCP of the Utility)
-Below Poverty Line (BPL)	25% of BCP
Above (BPL)	
-Lower Middle Class	75% of BCP
-Higher Middle Class	150% of BCP
-Higher Income Group	300% of BCP

It is felt that categorization of population and pricing and subsidy thereof, as above (or similar) would prove useful and beneficial for determining pricing and subsidies to be provided for public services/ utilities.

3. Agriculture

All of us know that agriculture is one of the most important sectors of the Indian economy on which nearly 70 per cent of population depends upon. This proportion has remained same since Independence. India is basically an agriculture country and the characteristics of this sector mainly include large scale employment and under-employment, low productivity levels, lack of modern technology and innovations, unstructured markets, low prices, high level of subsidies (fertilizer, electricity, employment, etc) and so on.

Problems and prospects of this sector have remained more or less constant all these years. Need is therefore felt on urgent basis to achieve break-through in dealing with this sector. One of the recent problems in agriculture is that of acquisition of land for development projects. The Government has recently passed the Land Acquisition Bill raising the land cost significantly. This is likely to impact most of the forthcoming development projects whether infrastructure like power, roads or industry, Special Economic Zone (SEZ), etc. Finance Commission should also evolve the ways as to how to minimize the impact of Land Acquisition Bill.

Suggestions / Remedy :

Finance Commission should evolve a different approach towards Indian agriculture especially in terms of subsidies, employment and technology. It is suggested that Finance Commission may duly consider subsidizing employment, raw material as well as technology/innovation aspects of agriculture which would be compliant with the World Trade Organisation (WTO). Although there is a large under-employment in this sector proper channeling of the subsidies can certainly generate gainful employment. Similarly, the Fourteenth Finance Commission can also consider charging Income Tax on rich farmers who are hitherto not taxed.

4. Infrastructure

Infrastructure is the backbone of any economy and India is not exceptional. Road transport, railways, shipping and ports, electricity/power, other infrastructure these are some of the examples of physical infrastructure whereas health, education are the examples of social infrastructure. One important estimate of investment required for India's infrastructure demands places it at US $ 1 trillion. Government has adopted the approach of Public Private Partnership (PPP) to deal with infrastructure scenario of the country. Government is also inviting substantial foreign direct investments in this sector besides private investments and is providing the necessary incentives to attract such investments. It is however observed that still India has to go a long way in creating the infrastructure that will serve the needs of the country in years to come.

In case of Maharashtra, one important infrastructure project that has long term significance for the State happens to be Delhi Mumbai Industrial Corridor (DMIC). Yet another important aspect of infrastructure in the State of Maharashtra relates to electricity generating and distribution. These two cases have been highlighted below and also suggestions for remedial measures are indicated..

Delhi – Mumbai Industrial Corridor

Delhi – Mumbai Industrial Corridor (DMIC) is India's most ambitious Infrastructure programme aiming to develop new industrial cities as "Smart Cities" and converging next generation technologies across infrastructure sectors. The objective is to expand India's manufacturing and services base and develop DMIC as a "Global Manufacturing and Trading Hub". The programme will provide a major impetus to planned urbanization in India with manufacturing as the key driver. In addition to new Industrial Cities, the programme envisages development of infrastructure linkages like pioneer plants, assured water supply, high capacity transportation and logistics facilities as well as softer interventions like skill development programme for employment of the local populace. In the first phase seven new industrial cities are being developed. The programme has been conceptualized in partnership and collaboration with government of Japan. Also, the development of the Delhi-Mumbai Industrial Corridor shall give impetus to the development of the Raigad region and the Dighi

Port.

The implementation of the ambitious Delhi-Mumbai Industrial Corridor (DMIC) is facing delays due to stay in land acquisition for the project as a large parcel of 75,000 acres land has been acquired for other projects.

The state-run Maharashtra Industrial Development Corporation, which is the nodal agency for the Delhi-Mumbai Industrial Corridor project passing through the state, has already communicated to the government that acquisition of 75,000 acres of land looks impractical. Even though the project can be scaled down, it needs contiguous land.

Suggestions/ Remedy :

Recommendations for fast tracking Infrastructural development of the state

- Periodic review of the progress of infrastructural projects to be made.
- Bureaucratic delays to be penalized.
- PPP model addresses the issue of financing and enables productive efficiency. Greater emphasis on the model should be stressed.
- Long term debt-financing provision in infrastructural projects
- Long term Foreign Direct Investment should be encouraged in the infrastructural sector.
- Domestic investments in infrastructural sector to be aided with tax incentives etc.
- Energy efficient economy to be build by harnessing wind, water and solar energy to reduce dependency on foreign countries.
- The National Highways Authority of India decision allowing staggered payment of premium to all struggling highway projects is a welcome move.
- Need for coordinated efforts from the government: The Central Government, State Government and local authorities need to comply with each other towards building better transportation networks. It has been found that many State roads

Suffer from low investment, inadequate width of carriageway to meet traffic demand, weak pavement and bridges, congested stretches passing through cities/towns, poor safety features and road geometrics, and inadequate formation width in hilly and mountainous regions, missing links and bridges and several railway level crossings requiring urgent replacement with ROB/road under bridge (RUB) to improve safety and faster traffic movement.

Electricity Scenario in Maharashtra

Maharashtra is the largest power generating state in India with installed electricity generation capacity of 26,838 MW (As on 31st August, 2012). Maharashtra constitutes 13% of the total installed electricity generation capacity in India which is mainly from fossil fuels such as coal and natural gas.

Maharashtra experienced increasing capacity addition in the last few years. In the year 2005, Maharashtra had total installed capacity of around 10,233 MW. The capacity has been increased to 26,538 MW in the year 2012 (August 12, CEA). To meet the expanding energy requirement in the state, additions to generating capacity was made both in the private as well as the state sector, expected to leading in reducing deficits. However, the state of Maharashtra has been experiencing energy deficits since 2004-05. Despite the additional installed capacity, the peak demand deficit in the state had increased from 17% in 2005-06 to 22% in 2011-12. Between 2005-06 and 2011-12, peak electricity demand grew at a compound annual growth rate (CAGR) of 5%, while peak demand met at the CAGR of 4% over the period of 8 years.

Suggestions / Remedy :

Overall, the electricity scenario is far from good and needs further investment to increase power generation. Based on the current status of fossil fuel supply to the power plants, it is difficult to rely on a single source of energy in the years ahead. Renewable energy should be the future of energy sector in Maharashtra. The state of Maharashtra has considerable wind and solar energy harnessing potential. The collective encouragement to the renewable sector can help to resolve electricity supply position in the state of Maharashtra.

5. Taxation

Direct and indirect taxation is an integral part of any Government revenue systems. Better compliance of tax rules becomes an important pre-requisite for this purpose.

In the recent year there has been a great deal of discussion on implementation of Goods and Services Tax (GST). What is proposed is full implementation of GST in next few years replacing all other State and local taxes. However, it seems this will take some more years for full implementation. Fourteenth Finance Commission has to devise new ways that will satisfy both the Centre as well as States in satisfactory implementation of the GST.

In case of Maharashtra, the cases of two important local taxes are described below namely Octroi and Toll.

Octroi

Octroi is a levy on goods entering into a local jurisdiction for sale, consumption or use. It is collected at the checkpost specially set up for this purpose. The octroi officials use some rule of thumb supported by vouchers and documents, which the transporters carry with them, to determine the tax liability. This mode of assessment and collection of tax has been a subject of controversy all along. Critics have found at least two major defects in octroi: one, it obstructs smooth flow of goods thereby causing business and production losses, and two, it breeds corruption in the absence of account-based assessment at the checkpost. It may be noted that only in Mumbai Octroi is applicable at present.

Suggestions /Remedy :

Brihanmumbai Municipal Corporation (BMC) and some other municipal bodies in Maharashtra are now preparing to scrap the octroi tax collected at various entry points in the city and instead introduce a local body tax. Local body tax is a tax that traders will have to pay on goods that they import to the city for trade. The idea behind introducing LBT is to remove the bottlenecks associated with the current method of collection of octroi duty and improving the speed of the goods movement.

However, it may be noted that the drafted LBT is complicated with cumbersome procedures in its present form thereby facing resistance from the trade and industry. It is necessary to simplify the LBT procedures.

Need to Streamline Toll collection

Providing good roads is the government's responsibility and it is the fundamental right of every citizen to free movement with the country. This public right and convenience concomitant to government's duty is being restricted due to the plethora of taxes imposed upon the people of the country as well as the road transport sector in the name of road development. Yet the Government remains indifferent to this problem. There are Cess on Diesel/Petrol, Road Tax, National Permit Fees, and other taxes in the form of Entry Tax, Escort Fees, Mechanical Tax, besides various fines for the purpose of road development and maintenance. But the proceeds are never accounted for.

The Toll roads especially under BOT regime are the bane of present times especially for the road transport sector. Toll is becoming the highest input cost surpassing that of diesel and is resulting in a lot of strain on business viability.

The ever increasing Toll charges are imposing severe burden on the transport community and the common man. A number of cases can be cited where inspite of recovering the cost of investment, the concessionaire continues to extract Toll from the vulnerable road users. The Government too has entered into contracts for 25 to 30 years while linking Toll rates to WPI. On an average the investment is recovered with 5-10 years, but allowing imposition of toll of 25-30 years points to serious irregularities. More and more roads are being covered under BOT in the name of widening or maintenance and Toll rates are being increased continuously. Beyond all logic, on many of the Toll roads the Toll concessionaire is allowed to collect Toll from the date of signing of the contract or starting of the work.

Suggestions / Remedy :

The root cause of growing unrest among the people of India against toll is the lack of transparency and biased Toll policy in favour of Toll concessionaires. There are no clear documents on the expenditure or projected toll collection for the stipulated period and no criteria used to decide the collection period.

The BOT contracts must come under CAG scrutiny and the lapses, leakages and unmindful concessions to the private players be curbed in the interest of people of the country.

6. Administration, Bureaucratic Delays and Red Tapeism

Entrepreneurs intending to invest in the state of Maharashtra have been faced with delays in permits, regulatory uncertainty, unfriendly business environment, rising interest rates and input costs. Government policy paralysis, bureaucratic delays and corruption in implementation of policies initiated by the Government officials play a crucial role low execution rates. Government institutions lack the skill land enthusiasm of private players in execution of assigned projects. The biggest drawback of delays in execution is that the costs of the project shoots up given the inflationary pressures in an economy.

Suggestions / Remedy :

It is vital that the Government initiate speedy clearance of projects, improve execution rates and be answerable for undue delays in policy appraisals. Administration must be transparent and should facilitate the proposal rather than becoming obstacle during implementation of the projects.

AIAI Views

7. Industries : High Labour Cost and Multiplicity of Unions

The labour force of the state of Maharashtra is guided by skilled and educated labour force demanding high salary packets. The growing inflationary pressure in the economy necessitates higher salary brackets compared to its counterparts in India which may play deterrent to investments in the region.

Secondly, there is strong presence of labour unions in the state for e.g. Bombay Labour Union, Maharashtra Welfare Labour Office, National Railway Labour Union, Mumbai Electric Employees Union to name a few. The strict labour laws favouring employees vis-a-vis employers' plays a crucial role in crowding out private investments from the state of Maharashtra. Also employers have to deal with multiplicity of unions along with multiple local issues in the old and new industry.

Suggestions / Remedy :

While it is necessary that the Government of Maharashtra safeguard the interest of its labourers, the investor community needs to be protected from power tactics of the labour community with investor friendly laws. FFC should provide concrete suggestions for protection of investors.

8. Industries : Pollution in Maharashtra (Industries)

The Central government calculated a Comprehensive Environmental Pollution Index (CEPI) for 88 key6 industrial clusters in India. The study, conducted by the Central Pollution Control Board and the IIT, Delhi, showed that industrial hubs like Chandrapur, Dombivli, Navi Mumbai and Tarapur in Maharashtra recorded alarming levels of pollutants in the air, water and land, exceeding a total CEPI level of 70. The Centre has named these regions as 'critically polluted industrial clusters/areas' and has recommended temporary restrictions on consideration of developmental projects in these regions.

Following the study the Maharashtra Pollution Control Board (MPCB) has launched a series of short-term plans as well as long-term plans as well as long-term surveys to curb contamination in critically polluted regions of Maharashtra, including Dombivli and Navi Mumbai.

Suggestions / Remedy :

To cleanse the air, the state should consider installation of scrubbers, a control device that uses liquid to remove unwanted pollutions and gases from industrial exhaust streams before returning it to the atmosphere. For water purification, the utilisation of the Common Effluent Treatment Plants (CETP) in proportion with the quality and quantity of water effluents being released in these areas is important.

Also, the Government should consider penalizing the polluters.

9. Corporate Social Responsibility (CSR)

The government has identified 10 major areas including education, gender equality, environment, national heritage and the Prime Minister Relief fund where India Inc can spend to claim credit for the mandatory 2% corporate Social Responsibility (CSR) expenditure.

Under the new Companies Act, mid and large companies have to spend 2% of their three-year annual average net profit on CSR activities. The government expects a significant step up in spending on CSR projects by companies.

The activities which can be included by companies in their CSR policies include: eradicating hunger, poverty, malnutrition and promoting preventive healthcare, promoting sanitation and availability of safe drinking water, promoting education, promoting gender equality, ensuring environmental sustainability, protection of national heritage.

Suggestions / Remedy :

Fourteenth Finance Commission (FFC) should consider encouraging the corporate sector for setting aside 2%of profit as CSR expenditure. All these causes are part of FFC mandate. FFC needs to ensure that the corporate sector spends as per CSR plans. Perhaps it may be desirable to create a separate CSR fund to handle financing of these causes.

10. Special Provision for Mumbai

As all of us know that Mumbai happens to be the commercial, financial and services capital for the country. Indeed Mumbai city has made the most significant contribution to the economy of India. However, still it has not received the necessary and sufficient attention both from the Central as well as State Governments. Although Mumbai city is comparable to the well known cities of the world especially in terms of productivity of the person, the quality of life is deteriorating fast. There is a definite need to urgently arrest this trend and improve the lot of Mumbai's human capital.

Suggestions / Remedy :

Fourteenth Finance Commission would do a great service if it sets aside special funds for Mumbai city and especially for its sustainable growth and development.