IMC Journal

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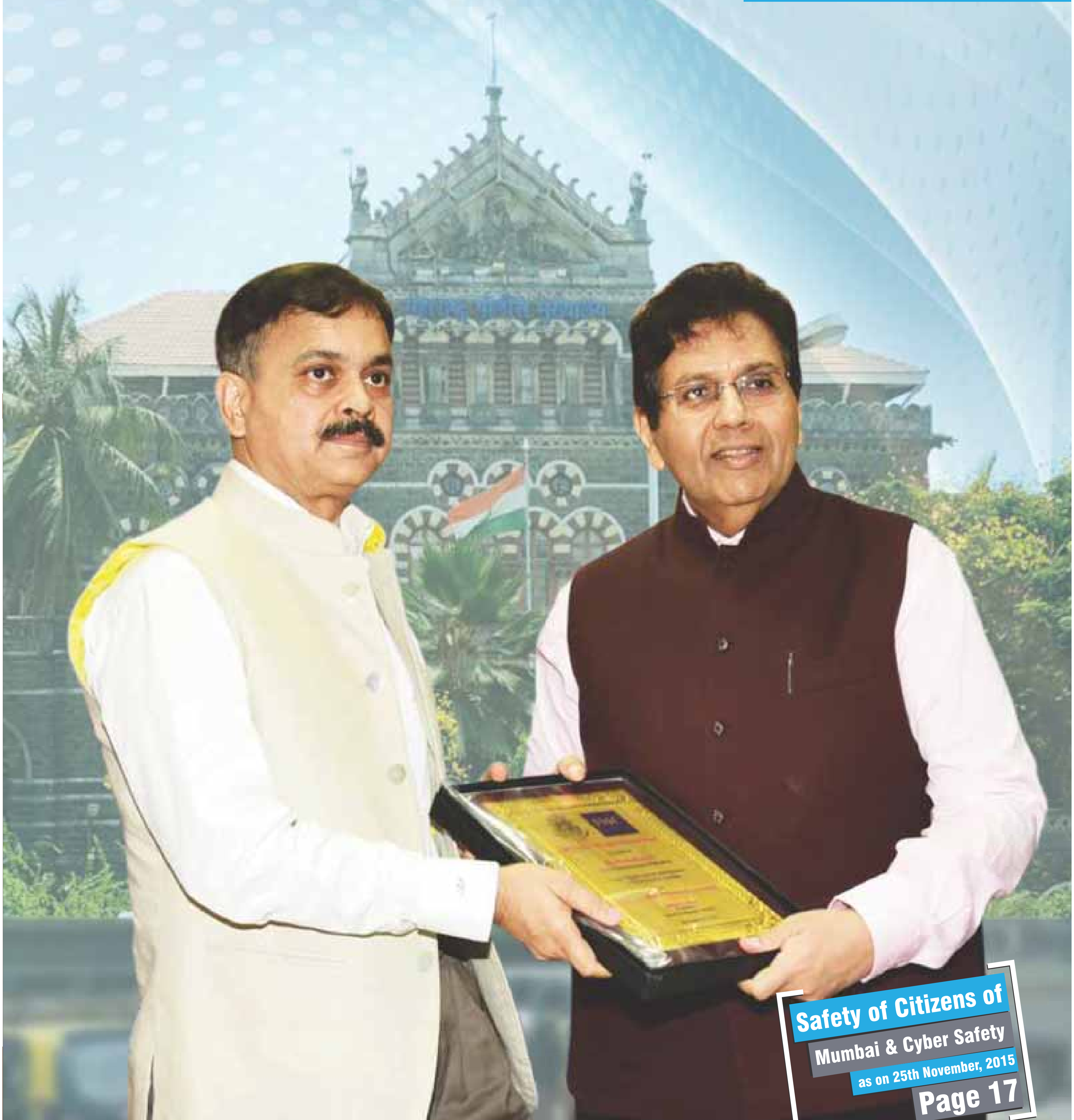

Safety of Citizens of Mumbai & Cyber Safety

as on 25th November, 2015

Page 17

Mr. Dilip Piramal, President, IMC & Mr. Ahmad Javed, Police Commissioner of Mumbai

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From the
President's Desk

Even though the global economy continues to remain anaemic, the Indian economy is expected to grow by 7.9% next fiscal driven primarily by rising domestic demand and higher capital spending by the Government. The investment demand is predicted to improve gradually, boosted by increasing Government spending on infrastructure (particularly Railways and Highways), lower interest rates, rising FDI inflows and ongoing improvements in the ease of doing business in the country. In time to come, the economy will reap the benefit of the cumulative 125 basis points reduction in interest rates by the RBI this year as well as the continued weakness in international commodity prices. The much expected Federal Reserve's announcement about raising the interest rate by 25 basis points is a discounted factor and may not have any significant impact on capital flows from India.

On the real estate front, there is positive news. The Cabinet approved 20 major amendments to the Real Estate Regulatory Bill that seeks to protect home buyers and help boost investments in the construction sector. The regulatory authorities will promote a single-window system of clearances for real estate projects. This will likely speed up construction work that now lags due to delays in getting permission. All these measures are positive steps to enhancing transparency and efficiency in an important industry. Of course, the Bill needs to be ratified at the earliest by the Parliament.

The Lok Sabha passed a Bill that will allow the state-run Nuclear Power Corporation of India Ltd. to collaborate with other PSUs in the nuclear energy field to enhance the generation of nuclear power, which is expected to become an important source of electricity and energy in the country in the coming years. The Parliament has also passed the Negotiable Instruments (Amendment) Bill which will have implications for over 18 lakh cheque-bounce cases pending in various courts all over the country. The amendment provides for filing of cheque-bounce cases at the place where the cheque is presented for clearance and not the place of issue.

Some key indicators pertaining to the national and international economy in this period include:

- India's GDP growth is estimated to grow by 7.4% in the second quarter (July-Sept) of the current financial year against 7.0% in the previous quarter. India is in line to meet fiscal deficit target for the current financial year as it stood at 74% of the budget estimate at the end of October.
- In a worrying development, CPI rose to 5.4% in November due to higher prices of food items, particularly pulses. This is puzzling given that the WPI has now been in negative territory for 13 months in a row, a 40 year record last witnessed in 1975-76. The CPI and the WPI data together seem to suggest that the threat of inflation has not yet receded. If anything, on current reckoning, less-than-satisfactory progress of Rabi crops has the potential to fan inflationary tendencies in food articles.
- On the basis of assessment of the current and evolving macroeconomic situation, RBI has decided to keep the policy repo rate unchanged at 6.75% and maintain the CRR of scheduled banks unchanged at 4.0% of net demand and time liability.
- Factors such as disappointing corporate earnings, weak rupee and poor progress on the reforms front, all contributed to the fall in the Indian markets.
- The IMF has decided to include the Chinese currency, the Yuan, in its Special Drawing Rights (SDR) basket. Effective from October 1, 2016, the Yuan will be included in the SDR basket as the fifth currency, along with the US dollar, the euro, the Japanese yen and the British pound.

The Indian economy has innate potential and we should ensure that no innovative initiative is spared in making sustainable growth and economic development along with a high quality of life a reality for future generations.

I take this opportunity to wish you all a very happy New Year!

Dilip Piramal
President

contents

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INDIAN PULSES SECTOR:
STRATEGIES FOR HOLISTIC SOLUTIONS

Indian Merchants' Chamber and its Economic & Research Training Foundation (IMC-ERTF) organized a seminar on the subject 'Indian Pulses Sector – Strategies for Holistic Solutions' on 19th November, 2015. The topic was specifically chosen in the context of rising prices of various pulses and government intervention especially as India is the world's largest producer, importer and consumer of pulses. The Guest of Honour was Dr. B. R. Barwale, Chairman, MAHYCO.

Distinguished speakers at the seminar were Ms. Joanna Kane-Potaka, Director (Marketing and Communication), ICRISAT; Mr. Ritesh Mishra, Lead–Regulatory Affairs, MAHYCO; Mr. Samir Shah, MD & CEO, NCDEX; Mr. Vivek Thoopal, Head–Business Development & Strategy, Star Agriwarehousing; Mr. Suresh Kotak, Chairman, Kotak & Co Ltd. and Mr. Ravishankar Mantha, Director, Agrisk Research Technology Private Ltd. The discussions were moderated by Mr. G. Chandrashekhar, IMC's Economic Advisor and Director IMC-ERTF.

In his welcome speech, IMC President Mr. Dilip Piramal referred to the 'dal shock' the country was currently facing and asserted that India needs to explore lasting solutions to become self-sufficient in protein-rich pulses to benefit growers and consumers alike.

Dr. Barwale stated that the primary focus should be on removing the bottlenecks in pulses production. He stressed that consistency in Government actions and continuous efforts in R&D, including technology infusion would help not only eliminate pulses shortage in India but also open up the possibility of export.

Mr. Chandrashekhar shared relevant statistics of the pulses sector and emphasised that the entire sector including growers and consumes deserved a better deal

(L-R): Mr. G. Chandrashekhar, Mr. Dilip Piramal, Dr. B. R. Barwale and Mr. Arvind Pradhan

in India. He pinpointed the opportunities and threats to future growth prospects and shared a few mantras that can make the Indian pulses sector globally competitive.

Ms. Kane-Potaka spoke about how 'Smart Food' - a new initiative that ICRISAT - is driving market development. Talking about demand pull for millets & legumes, she argued for creating awareness about their value, use and preparation, with a view to improving people's nutritional status.

According to Mr. Mishra, productivity of pulses in India is amongst the world's lowest for which more genetic variability should be obtained for making rapid progress in raising production and productivity. Efforts to be made to breed for early-maturing, disease and pest resistant cultivars and for development of cultural practices for obtaining high stable yields of pulses.

Mr. Shah called for solutions through Primary Market Development i.e. mandi modernization and remarked that market access has improved for farmers in recent years making them more resilient with there being more scope for improvement.

Mr. Thoopal highlighted the need for logistic solutions including investment in warehousing across ports, initiation of small silos in proximity of processing centre, finance against commodities through collateral managers and so on.

Mr. Mantha explained the nature of demand and supply of pulses crops and yield comparison with other countries. He highlighted how production and prices of commodities exert an impact on food inflation, food security, political sensitivity and policy intervention.

(L-R): Mr. G. Chandrashekhar, Mr. A .R. Subbarao, Ms. Joanna Kane Potaka, Mr. Samir Shah, Mr. Vivek Thoopal and Mr. Ritesh Mishra

IS THE GIANT PANDA

IMC President Mr. Dilip Piramal welcomed Mr. Raj Nair, Chairman, Avalon Consulting, and touched upon his wide and diverse talent as a leading strategy consultant. He thanked Mr. Nair for taking time to address members of the Managing Committee on the topic 'Is the Giant Panda Moulting or Melting?'

Mr. Nair stated that global economic growth is declining and the pertinent question to ask is whether China (the Giant Panda) is going downhill as China is facing many challenges – internal and external. China started bold economic reforms in 1979, which gave a decades edge over India. Today, China is the largest economy in PPP terms, having overtaken the USA. It is predicted to become the world's largest economy in absolute terms as well but first needs to tackle problems on many fronts.

Key points made by Mr. Nair include:

- China's biggest external problems pertain to the global economic slowdown, trust issues due to lack of transparency and issues arising out of its foreign policy.
- China's internal issues can be outlined as follows:
  - ✓ Corruption and infighting within the party
  - ✓ Shadow banking and the potential collapse of some local financial institutions
  - ✓ Economic scams engulfing the country
  - ✓ Making State owned enterprises more productive
  - ✓ Coming down heavily on industry to combat pollution
  - ✓ A demographic situation working to its disadvantage
- Indicators, like fall in imports & Purchasing Managers' Indices, collapse of stock prices and sustained real estate downturn suggest a problem. In this context, further devaluation of the Yuan seems likely.
- China's construction sector is a monumental Ponzi. and may do to China's economy what it did to the USA.
- In the long run, debt markets tell a more reliable story than equity markets.
- Like collateralized real estate in the US, China's Local Government Financing Vehicles (LGFVs) can impact their economy as many LGFVs (disguised as rational businesses) owe local financing institutions far more than they can ever repay.
- Most local Governments in debt trap. Many are facing bad investments with low returns on capital employed and high repayment schedules with low incomes.
- Despite all of the above, China is not quite melting
- Since the Party and decision-makers want their reign to continue as long as possible, they cannot afford to let the populace think that China is not on top of the world
- China knew that investment-led economic growth is unsustainable. But 1st phase of their growth strategy had to be investment-led. Thus, when it ran its course, they developed their 12th Five Year Plan (FYP).
- The 12th FYP contains three broad focal areas:
  - ✓ Economic restructuring
  - ✓ Promoting greater social equality
  - ✓ Protecting the environment

(L-R): Mr. Raj Nair, Mr. Dilip Piramal, Mr. Arvind Pradhan, Mr. Jitendra Sanghvi and Dr. Dhananjay Samant

MOULTING OR MELTING?

- 12th FYP envisaged much of what we are seeing now:
  - ✓ Achieving an average real GDP growth rate of 7% and ensuring that incomes rise by at least that much
  - ✓ Promoting services industry with aim of expanding service sector GDP to account for 47% of total GDP
  - ✓ Welcoming foreign investment aggressively in modern agriculture and hi-tech industry
  - ✓ Turning the coastal regions from 'world's factories' to hubs of R&D and high end manufacturing & services
  - ✓ Growing high-speed rail & road networks across China
  - ✓ Increasing minimum wage by at least 13% on average per year
  - ✓ Expanding non-fossil fuel to account for 11.4% of primary energy consumption.
- Strong Chinese economy can fight global slowdown:
  - ✓ Despite its size, it is amongst the fastest growing economies in the world
  - ✓ Steadily growing share of global exports
  - ✓ Expanding services sector & rising private consumption
  - ✓ Highest forex reserves in the world
  - ✓ Healthy CAB due to a strongly positive trade balance
- Share of manufacturing in China's GDP reduced to promote growth of services sector. Their 12th FYP wanted the share of services to go up at the cost of manufacturing as it will enable the transition to a consumption driven economy.
- In 2015, private consumption is expected to have a greater share of GDP than Gross Fixed Investment. From 2005-14, China registered a large average private consumption growth, higher than other BRIC countries and Western nations.
- China is now the world's largest economy (PPP), largest manufacturer, largest merchandise trader and the country with largest foreign exchange reserves
- In terms of head count, it has a growing military and is now a net exporter of arms and ammunition
- China's growing soft power is reflected in the following:
  - ✓ BRICS created $100 billion, "New Development Bank", headquartered in Shanghai, China
  - ✓ In October 2014, China launched the creation of a new $ 100 billion Asian Infrastructure Development Bank (AIDB), reportedly to be headquartered in Beijing, aimed at funding infrastructure projects in Asia. Fifty-seven nations joined as founding members.
  - ✓ In April 2015, China announced that it will invest $46 billion in infrastructure development in Pakistan
- Given all these indicators, China is likely to be back in the forefront of growth in a couple of years from now.

PREPARING FOR GST

Inauguration

(L-R): Mr. Arvind Pradhan, Mr. Dilip Piramal presenting mememto to Ms. Bhavna Doshi

Session 1

(L-R): Mr. Parind Mehta, Mr. Bharat Raichandani, Mr. Bakul Mody, Mr. L. Badri Narayan and Mr. Arvind Bhansali

Session 2

(L-R): Mr. Udayan Choksi, Mr. Prasad Paranjpe, Mr. Bakul Mody, Mr. Dinesh Agarwal, Ms. Shilpa Sharma, Mr. Amitabh Khemka and Ms. Leena Doshi

IMC's Indirect Taxation Committee organized a Seminar on "Preparing for GST" on 30th October, 2015.

IMC President Mr. Dilip Piramal welcomed the participants & stated that GST is the biggest tax reform in India post-independence, which if implemented in the true spirit, could boost India's GDP anywhere between 0.9% to 1.7%. He complimented the IDTC for organizing the well-structured Seminar.

Mrs. Bhavna Doshi, Past President, IMC and Sr. Advisor, KPMG emphasized the following aspects in regard to GST:

- Extensive deliberations over GST have been going on for a long period of time and it is time to shift our mindset from thought process to action.
- IGST Mechanism under GST in regard to taxation of inter–state transactions, is very innovative, considering the GST systems prevalent worldwide.
- Finalizing rate of tax would be a challenge under GST regime.

1st Technical Session was on "Analysis of Critical aspects arising for GST (Constitutional Amendment) Bill, 2014" [GST (CA) Bill]. It was chaired by Mr. Bakul Mody, Co-Chairman, IDTC. He emphasized that before GST becomes a reality, it would have to satisfy the complex legislative approvals by the Centre & the States also the challenges due to absence of an independent redressal

Panel Discussion

Mr. Prashant Deshpande

Mr. Dilip Save

Mr.Jayraj Sheth

Mr.Vinod Mandlik

mechanism to resolve disputes between Centre & States, inter–states and between States & local bodies. Speakers included Mr. Bharat Raichandani, Advocate – UBR Legal; Mr. L Badrinarayan, Advocate – Lakshikumara & Sridharan and Mr. Parind Mehta, CA – Advisor, BSR & Co. They analysed the provisions of GST (CA) Bill and deliberated on various critical issues arising therefrom & probable solutions as well. Mr Arvind Bhansali, Ex Sr. VP, RIL and IDTC Member, proposed a vote of thanks.

2nd session was on "Broad Based GST Impact Analysis on some Key Sectors." It was chaired by Mrs. Shilpa Sharma, Member, IDTC. Sectors were analyzed and discussed by Mr. Amitabh Khemka, Sthir Advisor – Logistics & Transportation Sector; Mr. Prasad Paranjape, PDS Legal – Outsourced Manufacturing (Job Work) Sector; Mr. Dinesh Agrawal, Khaitan & Co. - E Commerce Sector and Mr. Udayan Choksi, Dhruva Vox - SME Sector. Mrs. Leena Doshi, Member, IDTC proposed a vote of thanks

The sessions were followed by a panel discussion on "Transitional Issues & Preparatory Steps to be undertaken by Trade & Industry prior to introduction of GST" chaired by Mr. Parind Mehta, Member, IDTC. The panel included Mr. Dilip Save, former. Sr. Executive, Unilever; Mr. Jayraj Sheth, E&Y; Mr. Vinod Mandlik, TCS Ltd. and was moderated by Mr. Prashant Deshpande, Sr. Director, Deloitte. Mr. Udayan Choksi, Member, IDTC proposed a vote of thanks.

$ DOLLAR RUPEE ₹

The Indian rupee is trading weak against the dollar, as investors remained risk averse ahead of an almost-certain Federal Reserve rate increase this week and a deepening global oil price rout. Emerging currencies are again under pressure as the crucial FOMC meet to decide on monetary tightening starts in the next couple of days.

The USD is poised to remain in demand over the medium term, although it could weaken marginally post the initial rate hike in response to the subdued forward guidance that the Federal Reserve is expected to provide. We look at the continued uptrend in US real income levels that make us believe that private demand should remain strong even as the industrial sector remains weak.

Even though the USD has rallied substantially since early-2014, we doubt that there will be a reversal in the trend with gains likely to be more concentrated against the EM currencies. A reduction in capital flows on the back of a tighter US monetary regime and apprehensions about EM growth prospects are likely to leave the INR vulnerable to depreciation pressures.

Divergence in monetary policies will likely remain the dominant theme that will result in a downtrend in the Euro in the initial part of 2016. However, we feel a rebound is possible in the EURO in the medium term. The pricing in of improving growth prospects is likely to result in a renewed inflow of capital that will likely emerge as the focal point for a reversal in the EURO that could kick-in the latter part of 2016 and continue into 2017.

We see continued depreciation in EM currencies driven by a variety of factors.

(a) Growth is likely to remain lower.

(b) Concerns about China and risks of further moderate CNY weakness remains in place. However, we still expect an improvement in services and consumer spending, as China has been pro-actively cutting interest rates to prop up the economy.

(c) Most EMs particularly the private corporate sector are saddled with a high quantum of USD debt that is likely to pressure the currencies further.

The story for the INR is likely to remain unchanged especially as a lower quantum of capital inflows is likely to result in more depreciation ahead. The INR is likely to remain a victim of the continued rotation of funds from Emerging markets to Developed markets.

However, there are risks especially if inflationary pressures pick-up on the back of the hikes in the salaries of public sector employees. But, crude oil prices have been a major consolation for the economy and that continues to support the economy, as the current account deficit burden is very light. Higher inflation differentials between the Indian economy and the US economy is likely to emerge as an important depreciation driver. Therefore, we see a possibility of INR strengthening initially, but subsequently raise our USD/INR forecasts higher.

Technicals

The bigger picture still hints at further deprecation in the Rupee. As mentioned in our earlier update, we felt price structures are looking like it could once again make an attempt towards 66-66.50 levels, while 64.70 remains undisturbed. The pair moved exactly as per

expectations. Presently, there is scope for further depreciation, but in a phased manner towards 68.95-69.00 levels.

Technical indicators are neutral to bullish and an unexpected fall below 66.70 will be the first sign that this trend could be losing momentum. A close below 66.50 could further push the currency lower to 65.85 followed by 65.50 levels being the long-term trend line support level as seen in the chart above. This is a crucial level to keep the uptrend intact. While this level holds, we can see a possible range of 65.60-68.50 in the coming months and the bias skewed more towards the Rupee appreciating side before continuing higher again.

Mr. Gnanasekar Thiagarajan

Disclaimer

Mr. Gnanasekar Thiagarajan can be reached at gnanasekar.t@gmail.com, and on his cell phone no. +919820548092/9943148092

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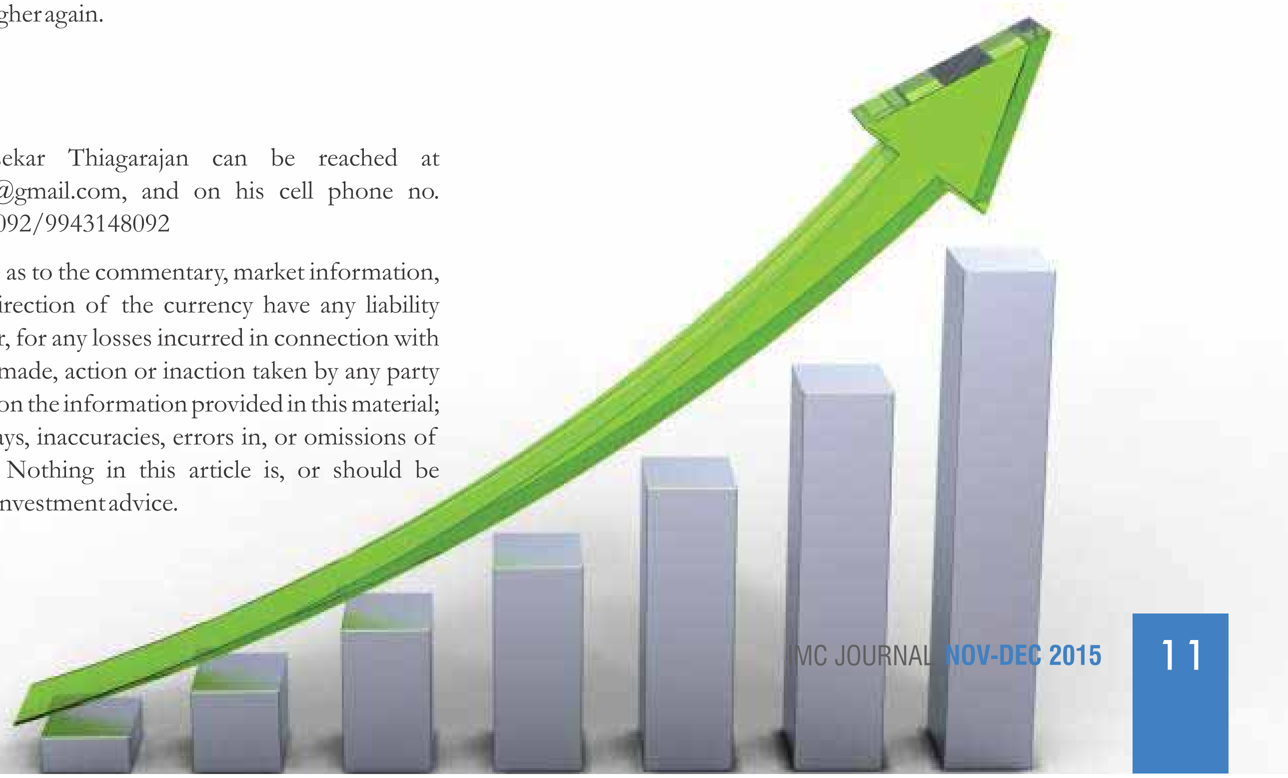

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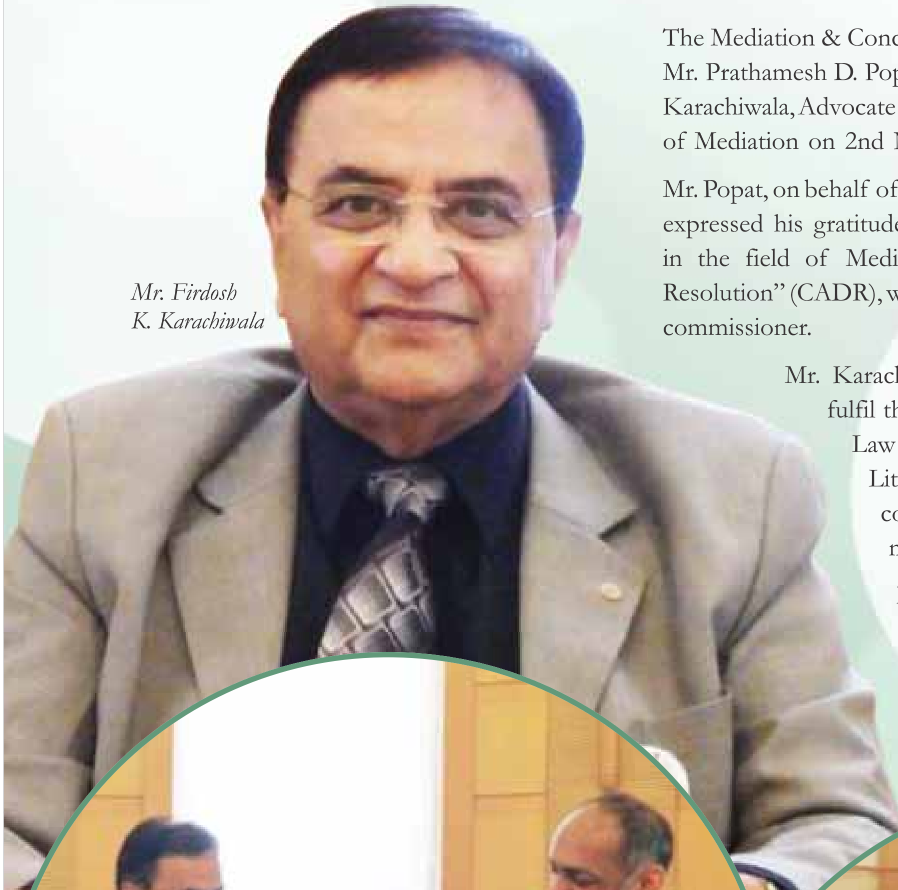
FELICITATING MR. FIRDOSH KARACHIWALA



Mr. Firdosh K. Karachiwala

The Mediation & Conciliation Committee of IMC under the Chairmanship of Mr. Prathamesh D. Popat conducted a felicitation function for Mr. Firdosh K. Karachiwala, Advocate & Solicitor, one of the pioneering contributors in the field of Mediation on 2nd November, 2015.

Mr. Popat, on behalf of Mediation Committee and Indian Merchants' Chamber, expressed his gratitude to Mr. Firdosh K. Karachiwala for his contribution in the field of Mediation in Mumbai's "Centre for Alternative Dispute Resolution" (CADR), which is a public charitable trust registered with the charity commissioner.

Mr. Karachiwala spoke about CADR Trust which is set up to fulfil the need to provide ADR education to Lawyers, Judges, Law and Justice Administrators, Organisations, Industry, Litigants and the general public and about providing continuous training while also providing facilities and mechanisms for Alternative Dispute Resolution.

Mr. Karachiwala thanked IMC and the Mediation Committee and expressed his complete support for all future events conducted by the Mediation Committee.

Mr. Firdosh K. Karachiwala and Mr. Prathamesh D. Popat

(L-R): Ms. Renu Parekh, Ms. Tanu Mehta and Mr. Firdosh K. Karachiwala

CO-MEDIATION: MERITS & DEMERITS

The IMC's Mediation & Conciliation Committee organised an Interactive Session on 'Co-Mediation: Merits & Demerits' on 18th November, 2015 under the Chairmanship of Mr. Prathamesh D. Popat.

The session was Chaired by Mr. Prathesh D. Popat. Ms. Tanu Mehta, Counsel & Mediator, High Court of Bombay, and City Civil Court, was the main speaker at the session along with Mr. Prathamesh D. Popat, Chairman, Mediation and Conciliation Committee of IMC. IMC had an honour to felicitate Mr. M. P. Rao, Advocate & practicing Lawyer, specially in Mediation.

Mr. Prathamesh D. Popat felicitating Mr. M. P. Rao.

The concept of "Co-Mediation: Merits & Demerits", as the term indicates includes an involvement of more than one Mediator while resolving the disputes between the parties which was lucidly explained by Ms. Mehta. Topics like Mediator's approach towards handling the matter / subject, Mediator's perspective to understand the disputants were covered in the session.

Ms. Mehta said that in the near future Mediation shall be the most preferred method of dispute resolution. She explained how Mediation can help resolve various disputes between the parties *viz* issues like Gender Disputes, Family Disputes, Labour Disputes, Commercial Disputes, Political / National Disputes and Social Disputes. She also stated that there is a need to focus and create wider awareness of the benefits of Mediation amongst people for opting collaborative processes for resolving disputes.

Mr. Rao appreciated the efforts being made by the Chairman of the Mediation committee to promote Mediation in society and also offered his complete co-operation and support towards expansion of Mediation process with the help of IMC. Mr. Rao explained his views about Mediation and Co-Mediation and shared his own experiences with everyone. The participants were also delighted at having a direct interaction with Mr. Rao.

Mr. M. P. Rao, Advocate and Mediator, addressing the participants

EASE OF BUSINESS – NEW AUTOMATION INITIATIVES

Mr. Rajiv Jalota and Mr. Dilip Piramal

IMC's Indirect Taxation Committee organized an interactive meeting with Mr. Rajiv Jalota, Commissioner of Sales Tax, Maharashtra on the topic "Ease of Business - New Automation Initiatives" on 18th December, 2015.

Welcoming the Sales Tax Commissioner, IMC President Mr. Dilip Piramal said that simplification of the tax system was the need of the hour and GST is expected to achieve the goal. He added that the Sales Tax Department has taken many initiatives - especially that of computerization - which will help the State adapt to the new GST system at the earliest.

In his address, Mr. Jalota stated that the department is currently working on a new tax automation project that is gearing up to take off on April 1, 2016, and which will align with the proposed GST as and when introduced.

Explaining the four basic features of tax administration namely Registration, Payment, Filing of Return and Refund, Mr. Jalota said automation would bring in both efficiency and transparency. A new system called 'Computerized Desk Audit' has recently been introduced with a view that dealers need not visit Sales Tax offices, he added. While nearly 1.28 lakh dealers are registered, only a fifth of them use the computerized desk audit facility. He urged dealers to make use of the new system.

Mr. Vikram Nankani, Chairman, Indirect Tax Committee, IMC, thanked the Commissioner and his team for their efforts on the automation of the department and efforts to align with GSTN.

The Sales Tax Officials made a presentation on the salient features of the automation software, covering topics of Registration, Returns, Audit, Assessment & Refunds and e-CST. On the issue of taking input tax credit, the department said verification of the authenticity of claim will also be automated. The hardware capability will allow 2000 users to login at one time.

In his concluding remarks, Mr. Bakul Mody, Co-chairman, Indirect Tax Committee, IMC, mentioned that the new automation initiative should promote and encourage good tax administration practices and establish cordial relationship between the Department and taxpayers so as to encourage higher levels of compliance.

(L-R): Mr. Vikram Nankani, Mr. Rajiv Jalota, Mr. Dilip Piramal, Mr. Arvind Pradhan, Mr. Bakul Mody, Mr. Govind Goyal and Mr. Parind Mehta

Mumbai City Development: Issues & Opportunities

(L-R): Mr. Arvind Pradhan, Mr. Sanjay Nirupam, Mr. Dilip Piramal, Mrs. Meera Sanyal and Mr. Nanik Rupani

The IMC organized an interactive meeting with Mr. Sanjay Nirupam, President, Mumbai Congress, on 'Mumbai City Development: Issues & Opportunities' on 8th December, 2015. Ms. Meera Sanyal, Chairman, Urban Development Committee of IMC was also present to speak on urban development.

In his welcome address, IMC President Mr. Dilip Piramal said that the development of Mumbai city has always been one of the topmost priorities of the Chamber and it would like civic society to work collectively to restore it to its former glory. He stated that there was a prevailing sense that Mumbai city was neglected by policymakers and administrators. He strongly argued in favour of rapid infrastructure development to improve the living conditions in the city.

Mr. Nanik Rupani, Chairman, Mumbai Development Committee, said IMC is a pressure group to address issues of the city's infrastructure and acts as a catalytic agent to bring about progressive developments. He addressed the common man's anguish of being cheated of proper facilities even though the city pays the highest national revenue to the country.

Ms. Sanyal pointed out that contrary to assurances, port lands are still being misused for dumping millions of tons of coal which pollutes the atmosphere and creates health hazard for Mumbai residents. She requested for Mr. Sanjay Nirupam's assistance in addressing the same in the Parliament.

Mumbai has all it takes to become a Smart City and self-reliant in every respect; but for advancing citizen welfare, it is essential to grapple with and streamline basic civic amenities such as water supply, garbage disposal and road maintenance on a priority basis, asserted Mr. Nirupam.

Conceding candidly that for long Mumbai city was not getting the focus it deserved despite its sizeable contribution to the national revenue, Mr. Nirupam argued with facts and figures that Mumbai does not need any external assistance as its finances are in fine fettle with adequate reserves and large budgetary outlay.

He stated that Mumbai is self-sufficient as it has enough funds – over ` 35,000 crore reserves and nearly ` 40,000 crores budgetary outlay – but these are not properly applied. It is well known that the city's municipal corporation is among Asia's top cities in terms of annual budget.

Mr. Nirupam reiterated the need to focus on improving the enervated city governance, and listed a few critical issues that deserved the full attention of the administrators. These included improving water supply and water quality, garbage disposal including management of solid waste, desilting of rivers and water bodies, strengthening primary schools for better education as well as municipal hospitals for better healthcare.

SAFETY OF CITIZENS OF MUMBAI & CYBER SAFETY

The Indian Merchants' Chamber organized an interactive meeting with Mr. Ahmad Javed, Police Commissioner of Mumbai, on Safety of Citizens of Mumbai & Cyber Safety on 25th November, 2015. Also present to speak on cyber-crime at the event was Mr. Vijay Mukhi, Cybercrime expert and MD of Vijay Mukhi Computer Institute.

In his welcome address, IMC President Mr. Dilip Piramal stated that Mumbai is one of the most populated cities in the world with a population density of around 29,650 persons per sq. km., 2.8 million households and 2.5 million vehicles. At the same time, the city is also the lifeline of Indian economy and home to the country's major ports and airports, important financial institutions like RBI, BSE & NSE, headquarters of most of India's banks and insurance companies, corporate companies, multi-nationals and media and entertainment industries. Thus, policing such a dense city spread linearly is not just difficult but a herculean task. With increasing threats of terror attacks, the Mumbai Police always remains on the edge. Mr. Piramal complimented Mumbai Police for keeping Mumbai relatively safe despite challenges and inadequate force.

Mr. Mukhi, gave an overview on cybercrime, saying that financial frauds such as phishing, hacking, tempering source code, corporate cyber-crime, infecting system, defacement, etc. have gone up. Unfortunately, most cases don't get reported. When debit or credit card frauds are reported, banks repay the loss to the customers, but refrain from filing a criminal complaint. Agreeing with Mr. Mukhi, Mr. Javed said that instances of cybercrime are higher than those registered with the police because of lack of awareness among the public. He alerted the audience as to what the cyber world is doing and what can be done. He cited instances which could happen to both educated and uneducated people and cautioned people to discourage criminals from their fraudulent ways by way of keeping a vigilant update on their finances.

Mr. Ahmad Javed stated that the efforts of the police force are now focused on making people aware and sensitizing them to the situation. The team is educating people with traffic and civic sense, and alerting them of the ways a criminal mind works. A traffic police helpline was also shared – 8454999999 to provide assistance to citizens. And, to further enhance security in the city, installation of CCTV cameras would be complete by next month in South Mumbai and in the suburbs by May 2016. Mr. Javed stated that identity theft and cyber blackmails are modern dangers that are growing due to ease of access to others' photographs - easily available via various social media platforms.

Mr. Javed's concluding thoughts were to have a strong security system in place to safeguard one's personal and business life.

(L-R): Mr. Arvind Pradhan, Mr. Deepak Premnarayen, Mr. Ahmad Javed, Mr. Dilip Piramal, Mr. Nanik Rupani and Mr. Vijay Mukhi

The Indian Merchants' Chamber was witness to an interaction with Mr. Nirj Deva and Mr. Daniel Hannan, Conservative Members of the European Parliament, on the topic, "Britain and India: A Partnership for Prosperity" on 3rd November, 2015.

In his welcome address, IMC President Mr. Dilip Piramal mentioned that in 1999 Mr. Deva broke the mould of European politics by being the first Asian to be elected as a Member of the European Parliament. He added that Mr. Deva spent over 25 years in British public life and was a well-known and well respected politician in the UK. Mr. Hannan led the campaign for a referendum on the European Constitution in the European Parliament.

Former IMC President, Mr. Nanik Rupani introduced the speakers and said that there is a plan to hold lectures across India on the potential economic implications on India of the UK leaving the EU. In this context, this is an important historic visit of these leaders to India.

Mr. Deva stated that the need of the hour is to switch loyalties to real friends, rather than only those in geographic proximity. He gave a broad overview of the EU and its characteristics and said that with UK joining the common market, the question is whether UK wants to remain in the EU in the long run. He stated that the UK's future as a country clearly lies in closer ties with India and they need to come together and discuss possibilities which will further their synergetic energies.

Mr. Hannan said that modern India has shown the world an amazing pace of change. He expounded that regional trade-blocs have been made redundant by technology. Today, you can conduct business online across continents. In this scenario, the UK and India need to double their efforts to reinforce their economic relationship.

Given that India is the third largest investor in the UK, the political leadership must realize that both India and the UK have a wonderful joint future which they need to harness together.

Mr. Deepak Premnarayen, Vice-President, IMC, delivered the vote of thanks and said that India must leverage its strengths to its advantage.

BRITAIN AND INDIA:
A PARTNERSHIP FOR PROSPERITY

Mr. Dilip Piramal

Mr. Nanik Rupani

Mr. Nirj Deva

Mr. Deepak Premnarayen

Mr. Daniel Hannan

FLANDERS INVEST ROADSHOW 2015

Indian Merchants Chamber (IMC) had organised a "Road Show" – Flanders Invest Roadshow 2015 on Monday, November 30, 2015. H. E. Mr. Peter Huyghebaert, Consul General of Belgium; and other officials from Flanders and Embassy of Belgium made a presentation.

They discussed tax structures, custom procedures and other import export related policies in Flanders. The major highlights are mentioned below:

Geographical Distribution: Flanders has a unique feature where it has two ports, an airport, and five research centres coupled with skilled workforce that have facilitated improved connectivity for trade & industry and research & development for industries.

Trade and Economy: Flanders contributes 57% of total Belgium GDP and has a very impressive economic rate. Indian industry groups and banks have also set up their base at Flanders. 160 Belgium companies have invested in India especially in Maharashtra and Gujarat. There are better prospects for Indian Companies to explore their business opportunities in Flanders.

Flanders is the fastest link to European Markets. Belgium being India's second largest trading partner in the European Union it has a huge market with a consumer base of 500 million people.

Taxes: Among the EU Member States there exists no customs duties and internal trade barriers. India and Belgium have entered into double tax agreement and cost effective tax regime which is applicable on corporate tax, individual tax, customs, VAT, etc.

Import & Distribution: Belgium charges an import duty of 4.5% on imports originating from non-EU countries (i.e. third country duty). The classification and the rate of duty per country of export can be found on the following webpage http://ec.europa.eu/taxation_customs/index_en.htm.

Belgium charges Value Added Tax (VAT) of 21% which may be paid by the final consumer and there is no levy of service taxes and luxury taxes on goods and services.

The meeting ended with a question and answer session and a vote of thanks proposed by Mr. Mark S. Fernandes, Member, International Business Committee.

(L-R): Mr. Marc Demil, Mr. Jurgen Maerschand, Mr. Mark S. Fernandes, Mr. Peter Huyghebaert, Ms. Sunita Ramnathkar, Ms. Babette Desfossez, Ms. Cindy De Volder, Mr. Arvind Pradhan, Mr. Sanjay Mehta and Mr. Vishwanathan. K.

MAKE IN INDIA
VS.
MANUFACTURE IN INDIA

The PM has crafted an ambitious vision of *Make in India* for the revival of the domestic manufacturing sector. There is no doubt that it is today an important item on the nation's economic agenda. However, a fundamental distinction needs to be clearly understood at the outset. For a steadily rising number of industries, *Make in India* and *Manufacture in India* do not mean the same things any more. They may have been synonymous – and still are, for many traditional industries – but to become globally competitive we must realize that the manufacturing process in most of today's industries contributes just a small percentage of the total value addition in the production of any goods. This is a fact we can ignore only at our peril.

To give an example, when Apple started selling its smartphones for $300, China's share from the actual manufacturing process was just $7. Apple got $150 of the value through innovation, marketing and profits. The remaining value was split among component suppliers, transporters and other minor partners. Thus, one can convincingly argue that Apple phones are actually made in the USA and only manufactured in China. In many modern industries all over the world, this trend is now the rule rather than the exception. In today's world, value capture (mainly through the booming services sector) matters increasingly more, and the contribution of "pure" manufacturing increasingly less.

Of course, this is not to belittle the importance of the manufacturing sector. It is evident that at this stage of our economic development we need to incentivize the growth of manufacturing to the extent possible. Despite the boom in the services sector, the vast majority of India's population is not yet equipped to benefit adequately from the knowledge economy. It is only the labour intensive manufacturing sector that has the capability to generate employment in sufficient numbers to ensure that our unique demographic dividend does not morph into a demographic disaster.

The economic benefits of focusing on manufacturing are obvious. If India is to reach and maintain an annual double digit growth rate, it is essential that both manufacturing and the services sector grow in a sustained manner at double digit rates. With our agriculture continuing to remain at the mercy of global warming and climate change, it is the manufacturing sector that needs to be aggressively endorsed.

India is currently in a sweet spot of the economic cycle and to capitalize on its manufacturing has to become a key policy priority of the Government. At the same time we must realize that for *Make in India* to truly succeed, there is much beyond the development of hard-core manufacturing that needs to be systematically factored into the nation's long-term economic strategy.

Until we substantially improve our regulatory structures and genuinely enhance the ease of doing business in the country, the *Make in India* initiative is going to run into one roadblock after another. In India at least, structural transformation of the economy necessitates the manufacturing sector to be the engine of growth. At the same time, we will be doing the *Make in India* vision a disservice if we focus too narrowly on promoting manufacturing within the country, ignoring the forward and backward linkages on the larger economy, especially the services sector.

It is clear that traditional manufacturing in the country is not on its way out any time soon...and neither should it be. It will continue to grow in its volume and employment generating potential for the foreseeable future. Concomitantly, we have to prepare for a future where globalization ensures that *Manufacture in India* will become a progressively diminishing part of *Make in India*. That is no calamity … it is the only way economic development proceeds all over the world. It may take some time – and effort – to get used to it, but there is no option apart from facing it.

Dr. Dhananjay Samant
Director and Chief-Economist, IMC

"YOUTH TURN: SKILLING FOR INDUSTRY READINESS"

(L-R): Dr. Kiron Jathar, Prof. Mohan Rao, Mr. Arvind Pradhan, Mr. Deodutta Kurane, Dr. Rupa Shah, Dr. Neha Jagtiani, Mr. Subodh Kulkarni, Mr. Anil Ambo, Mr. Shourya Chakravarty, Mr. Shantiswarup Panda and Dr. Poornachandra Sarang

The Indian Merchants' Chamber, in association with RD & SH National College & SWH Science College, organized a one day workshop "YOUth TURN: Skilling for Industry Readiness" for students on 11th December, 2015, with the aim to groom them to acquire soft skills.

IMC Education Committee plans to groom fresh talent to bridge the gap between student skills required and industry expectations. The workshop encouraged academia-industry interaction and also gave a birds eye view of the industry perspective.

Dr. Neha Jagtiani, Vice Principal, National College, gave the welcome address. Dr. Rupa Shah, Chairperson, IMC Education Committee spoke about IMC's mission to impact students and get them industry ready so that member companies of IMC can employ them. She urged students to take full advantage of industry professionals present, interact with them and qualify for the IMC fellow scheme.

Mr. Arvind Pradhan, Director General, IMC, spoke about IMC's objectives and the importance of youth and students. The Chief Guest, Mr. Deodutta Kurane, Group President, Human Capital Management, YES Bank Ltd., dwelt in detail on how students must make themselves industry ready and provided them various guidelines. The inaugural session concluded with a vote of thanks by Prof. Mohan Rao, Member, IMC Education Committee.

The next session saw a talk by Mr. Shourya Chakravarty on "How to be Job Ready". This was followed by various interactive sessions between students and experts from various streams like Media, Banking, Finance, IT & Marketing. he experts included Mr. Vijay Hariharan, Director & Chief Financial Officer, Siemens Financial Services Private Limited, Mr. Anil Ambo, Director, ASM Marketing & ASM Services, Mr. Stephen Fernandes, Director, Crosslinks Ltd. and Dr Prashant Deshpande, Head – HR Strategy, Planning & Policy, Reliance Jio Infocomm Limited. The workshop was attended by 450 students.

UK LEGAL DELEGATION AT IIAC

A UK Legal delegation comprising Mr. Satinder Hunjan, QC, Head, Clinical Negligence Group & International Group, No. 5 Chambers; Mr. John Hinchliffe, Director (Cambridge), WT Partnerships; Mr. Chris Else, Founding Partner, Else Solicitors; Mr. Simon Rose, Director, Morgan Rose and Mr. Ecky Tiwana, Barrister, accompanied by Mr. Sooraj Dhawan, Director, Falcon Capital Advisors, visited IMC's ADR centre (IIAC) on 27th November, 2015.

Representing IMC International ADR Centre (IIAC) were Mr. Suresh Kotak, Founder, IMC Suresh Kotak International ADR Centre; Mr. Shailesh Vaidya, Chairman, IIAC; Mr. Shaunak Thacker, Member, Operational Committee, IIAC & Chairman, Law Review & Rationalization Committee, IMC; Mr. D. C. Tanna, IIAC; Mr. Arvind Pradhan, Director General, IMC; Mr. Jitendra Sanghvi, Deputy Director General, IMC; Mr. Raj Panchmatia & Ms. Renu, Members, Law Review & Rationalization Committee, IMC.

The delegation discussed how to promote IIAC as a regional centre for Dispute Resolution in Mumbai. It was proposed that the delegation work together with IIAC, with the help of IMC to facilitate a good business partnership in India in the field of Arbitration and Mediation for resolving disputes within India as well as for parties located out of India.

With the promotion of IIAC as a prime Regional Dispute Resolution Centre in Mumbai, parties need not go to Singapore or any other place outside India to resolve their disputes at an international level. To compete with international arbitration centers like SIAC, it was decided that such international disputes that will be conducted at the IIAC by giving them a seat of Arbitration / Mediation within Mumbai.

The delegation was looking forward to sign an MOU with IMC further proposing to organise various legal programmes, conferences, workshops and arbitration

(L-R): Ms. Surekha Dhamapurkar, Mr. Abhinavv Chopra, Mr. D. C. Tanna, Mr. Shaunak Thacker, Mr. Ecky Tiwana, Mr. Sooraj Dhawan, Ms. Renu Parekh, Mr. Satinder Hunjan, Mr. Suresh Kotak, Mr. Shailesh Vaidya, Mr. John Hinchliffe, Mr. Simon Rose, Mr. Chris Else, Mr. Arvind Pradhan and Mr. Jitendra Sanghvi

No. 5 Chambers is the largest Chamber in the UK with branch offices across the UK. The delegation explained the set-up of No. 5 Chambers and its functioning at their various branches. The process of Arbitration and Mediation in the UK were also explained.

Speaking on behalf of IIAC, Mr. Kotak shared his experiences as an independent arbitrator and mediator in the areas of import-export and business of international companies in India and in various countries like UK, China, Singapore, Malaysia, etc.

On the subject of international disputes, mention was made about international arbitrations being conducted in Singapore at the Singapore International Arbitration Centre (SIAC). Therefore, the need for a centre like IIAC in Mumbai, India was stressed upon to conduct international matters of arbitration and mediation.

seminars to be conducted at the ADR Centre with joint collaboration of IMC and IIAC. It was decided to move ahead systematically by first increasing awareness about the existence of the ADR Centre to the general public, conducting legal workshops and seminars in Mumbai jointly. It was also decided to move fast since a lot of international issues are emerging in Mumbai and the faster the ADR Centre –IIAC start working on resolving them, the better to capture the market.

Finally, it was suggested that an MoU be signed with certain terms and further delegation can step in by associating with 7 Days Arbitration Course whereby introduction of UK Delegation and Centre will be provided to all the participants.

INDIA STARING AT FOOD INFLATION AS RABI CROPS FACE MOISTURE STRESS

After a general respite in 2015, food inflation may rear its ugly head again early 2016 as Rabi crops face the threat of a decline in production. Wheat, pulses and oilseeds are the major crops harvested in the Rabi season, planting for which takes place between October and December and harvest during March-April.

Rainfall across the country (except southern region) has been lower than the long period average in the last two months. Out of the 36 meteorological sub-divisions, 25 sub-divisions that account for three-fourth of the total planted area have received deficient to scanty rains as of early December. Soil moisture conditions have left much to be desired in northwest and central parts of the country, essentially the country's 'breadbasket'.

Unless soil moisture conditions improve with winter rains, yields run the risk of reduction.

The progress of planting is a cause for concern. Rabi planting of major crops is lagging as of December 4, the status is .

Wheat: At 15.3 million hectares this season, wheat plantings are way below 20.1 million hectares planted by early December last year. Wheat is generally planted in an area of 28-29 million hectares which means there is still a long way to go.

Delayed planting would mean delayed harvest which in turn can expose the crop to adverse weather during the growing period. It is known that Indian wheat is already at the limit of heat tolerance.

Pulses: After humungous hue and cry over spiraling prices in the last three months, pulses have attracted attention. Currently, planted acreage for pulses is estimated at 10.0 million hectares versus 10.7 million hectares this time last year. Normal area in the Rabi season is 13 million hectares.

Chana (gram or desi chickpea) is the largest pulse crop generally accounting for close to 50 percent of the aggregate annual pulses production. Chana planting stands at an estimated 6.9 million hectares unchanged from last year. The crop's normal planted area is 9.0 million hectares.

Oilseeds: Oilseeds planting is also lagging as compared with last year. As of early December, the area planted is an estimated 6.2 million hectares versus 6.9 million hectares this time last year. Planting of rapeseed /mustard which is the principal Rabi oilseeds crop is lagging sharply at 5.4 million hectares versus 6.1 million hectares last year.

It must of course be conceded that the aforesaid acreage numbers are by no means the final planted area for the Rabi season. Acreage data will be updated as and when more information flows in from different parts of the country. But the pattern is clear – there is a clear lag in area planted for major Rabi season crops; and if the lagging pattern persists the harvest size will be impacted.

A lower Rabi crop would be potentially explosive from price and inflation perspective. We are already reeling under tightening market conditions following a tepid kharif season performance. The country's kharif crops (mainly rice, coarse cereals, oilseeds and cotton) suffered production decline because of prolonged dryness in July, August and September triggered by *El Nino* conditions, after a fabulous onset of southwest monsoon in June.

Another threat that cannot be overlooked is the possibility of unseasonal rains and hailstorm during Rabi harvest in March and April. Both in 2014 and 2015, Rabi crops – especially wheat and pulses – faced significant damage due to adverse weather. There is nothing to suggest that such freak weather will not recur early next year.

The policymakers, industry and trade, indeed all stakeholders must take cognizance of the emerging situation. As the Indian market is largely integrated with the global market, global cues will also impact the domestic market.

Although 2015-16 global wheat supplies are comfortable, a reduction production is expected in the Black Sea region. There is also the risk of winterkill. India is the world's second largest producer of wheat and the world market is aware of concerns within India regarding wheat prospects. Rise in global wheat price can potentially rub-off on Indian market price.

As for oilseeds and vegetable oils, although international market prices are somewhat subdued because of heavy stocks of palm oil, El Nino in Southeast Asia will impact future yields and production of palm oil. Already palm production has entered the lean season which will last until April next year as a result of which prices are expected to firm up significantly. Additional demand for palm oil comes from implementation of biodiesel mandate in Indonesia. South American soybean crop deserves to be monitored.

Sugar prices also face some upside risk, not from global factors, but because of lower production (at least one million tons less) expected in 2015-16 in India, the world's second largest producer. Government's ethanol policy and mandated sugar exports are also likely exert upward price pressure.

Pulses have been in short supply for over three decades. India is the world's largest producer, consumer and importer of pulses. With Rabi crop prospects still in doubt, one can expect market prices to continue to stay at elevated levels and indeed spike if prospects were to deteriorate.

In sum, essential commodities of mass consumption such as wheat, edible oil, pulses and sugar – all with high weightage in consumer price index – run the risk of price escalation in the coming months driven by domestic and global factors.

Currency plays an important role in inflation. A weaker rupee can potentially make edible oil and pulses import so much more expensive even while supporting sugar export. In recent days, the rupee has shown signs of weakening. This can add to price pressure.

A potent combination of less-than-satisfactory Rabi crop prospects, weather risks and weakening currency is at play. The take home message is clear: Caution over food inflation in the coming months. Policymakers as well as business houses have to remain alert. Food inflation or food price risk can potentially translate to policy risk which in turn can morph into business risk.

G. Chandrashekhar
IMC's Economic Advisor & Director IMC-ERTF

YLF MEETS MR. SASHA MIRCHANDANI

YLF members with Mr. Sasha Mirchandani

Indian Merchants' Chamber's Young Leaders' Forum (YLF) had organised an interactive meeting with Mr. Sasha Mirchandani, Founder Director, KAE Capital and Founder, Mumbai Angels on 29th October, 2015.

The leadership series begun by YLF helps in promoting and giving a platform for all young and aspiring entrepreneurs to share their ideas, network and gain insights on doing business by interacting with young and dynamic leaders. Ms. Pooja Dutta, Co-Chairperson, YLF, introduced Mr. Sasha Mirchandani to the YLF members.

Mr. Mirchandani shared his professional journey with everyone and stated that one must constantly try to compete with oneself and should possess an optimistic attitude. Questions relating to startups, capital ventures and their criteria for investing in new startups were answered by him.

He explained that in order to conceptualize an idea for a startup, an individual needed to identify the personal pain point areas and ways in which he can contribute by making a difference in that area for the benefit of society. Further, he mentioned that the key factor important for startup is the timing which may determine success of the business model.

Mr. Viren Merchant, Chairman, YLF, gave the vote of thanks at the end of the session.

BUSINESS & INVESTMENT OPPORTUNITIES IN MONGOLIA

Indian Merchants' Chamber organised an interactive meeting with H.E. Mr. Gonchig Ganbold, Ambassador of Mongolia on 30th October, 2015. He addressed the members on 'Business and Investment Opportunities in the Emerging Market of Mongolia', laying emphasis on growth aspects of sectors such as infrastructure, mining, agriculture, raw material processing and tourism in Mongolia.

IMC President Mr. Dilip Piramal mentioned that India accords great importance to the relationship with Mongolia. It is a mineral rich country, which represents over 80% of Mongolia's exports. This is a good opportunity for Indian companies to explore the business prospects in Mongolia.

Mr. Dilip Dandekar, Honourary Consul of Republic of Mongolia in Mumbai, enumerated that although Mongolia is a small country, its GDP is fast growing. According to IMF, Mongolia's GDP growth rate topped the worlds list in 2011 and was 3rd highest in 2012.

It was highlighted that during Prime Minister Narendra Modi's recent visit to Mongolia, Government of India offered them US$ 1 billion line of credit for infrastructure development. Various agreements on economic relations, development partnerships and security were signed during his visit. Since India and Mongolia are members of WTO, there is a huge scope for both nations opening new chapters in leading successful corporations in future.

Hon. Mr. Gonchig Ganbold and Mr. Dilip Piramal

Hon. Mr. Gonchig Ganbold and Mr. Dilip Piramal

(L-R): Mr. Dilip Dandekar, Hon. Mr. Gonchig Ganbold, Mr. Dilip Piramal, Mr. Arvind Pradhan, Mr. Jitendra Sanghvi and Mr. Sanjay Mehta

A Macro Perspective

The TPP Agreement – What It Portends For Indian Economy & Industry

Implications of the impending Trans Pacific Partnership (TPP) Agreement, a regional trade pact encompassing 12 Pacific Rim countries, including the USA, have been widely reported. India has so far not taken any firm stand on the TPP. The Transatlantic Trade and Investment Partnership (TTIP) between the US and the EU seems to have no direct relevance because of the geographical area it relates to. The TPP, a mega free trade agreement, is one of the world's most ambitious trade agreements aimed at setting rules for flows of investments from one nation to another. However, the implications of the TPP, when in full operation, for the Indian economy & Industry can be significant.

The TPP agreement comprises 29 Chapters. One among these on services is of great significance for India. The provisions that may cause concerns are the intellectual property rights and agriculture. The full agreement aims at comprehensive market access as tariffs & barriers would get eliminated among the member countries for trade in goods & services. It also aims at protecting investments.

As regards the WTO prospects in the context of the TPP in operation, with the US-led TPP, the Doha Round principle of differentiated liberalisation would cease to hold. The WTO would come under pressure to go the TPP way, with the 12 TPP member countries accounting for 40% of world GDP. The TPP is also being viewed as a threat to those out of it, except some blocks currently under consideration. The 10th ministerial at Nairobi has already achieved to a major extent: taking the "world" out of the WTO. By effectively consigning the Doha Development Round to history over protests from India and the Group of 33 developing countries, the Nairobi Ministerial Declaration has probably pushed the WTO one big step towards obsolescence and irrelevance in matters of global trade. The climate of global geo-political flux is becoming complex and can work in India's favour only if India acts fast on its pending economic reforms.

Indian economy though enjoys the potential of attaining high, sustainable and inclusive growth but, somehow, has not been able to show the coveted results. Most important reason being poor execution of important policy announcements, which has resulted in wide gap between what had been intended and what is seen on the ground. This gap needs to be bridged fast.

Some Comments

The United States-led Trans-Pacific Partnership Agreement is likely to set the bar for future global trade agreements, a bar much higher than the WTO rules. — Biswajit Dhar

The proposed agreement could act as a trigger for the setting of a "new normal" in economic integration between countries, whose terms would be significantly tougher as compared to those existing under the multilaterally negotiated rules of the WTO.

PM Narendra Modi has been dwelling on the vast opportunities in low cost manufacturing in a number of sectors. As in case of the textile industry, India -once considered the king of cotton exporters – has now fallen to eighth in world rankings. Such examples may now increase with the impending TPP Agreement. India can fall further behind in some segments thereby losing its market share to some members of the TPP. Indian exports are most likely to take a hit as the TPP provides special concessions to some of its key partners to purchase from other TPP member countries. According to an estimate, India's nominal GDP may trim by more than 1% by not joining TPP.

It is also likely that America's agenda in Asia may not prove effective without the participation of two Asian giants – China and India. India's interest in the agreement can bring in dynamism to the TPP. India might also gain in areas such as textile products, leather, light and heavy manufacturing, fish, dairy, meat/livestock etc., as India's output will increase if it decides to join the TPP. These sectors are crucial as these carry employment generation potential.

In the present age of fierce competitiveness, the rules of the TPP are expected to get embedded in all other such Free Trade Agreements over a period of time. The TPP will be covering more issues than is the case with other free trade agreements. India can ignore such stipulations only at its own peril. India needs to fast set its economic cum political house in order by replacing preoccupation with engaging in politics with consensus over sorely needed pragmatic economic reforms and implementing the same to the last point of delivery.

What would be best course for India to follow?

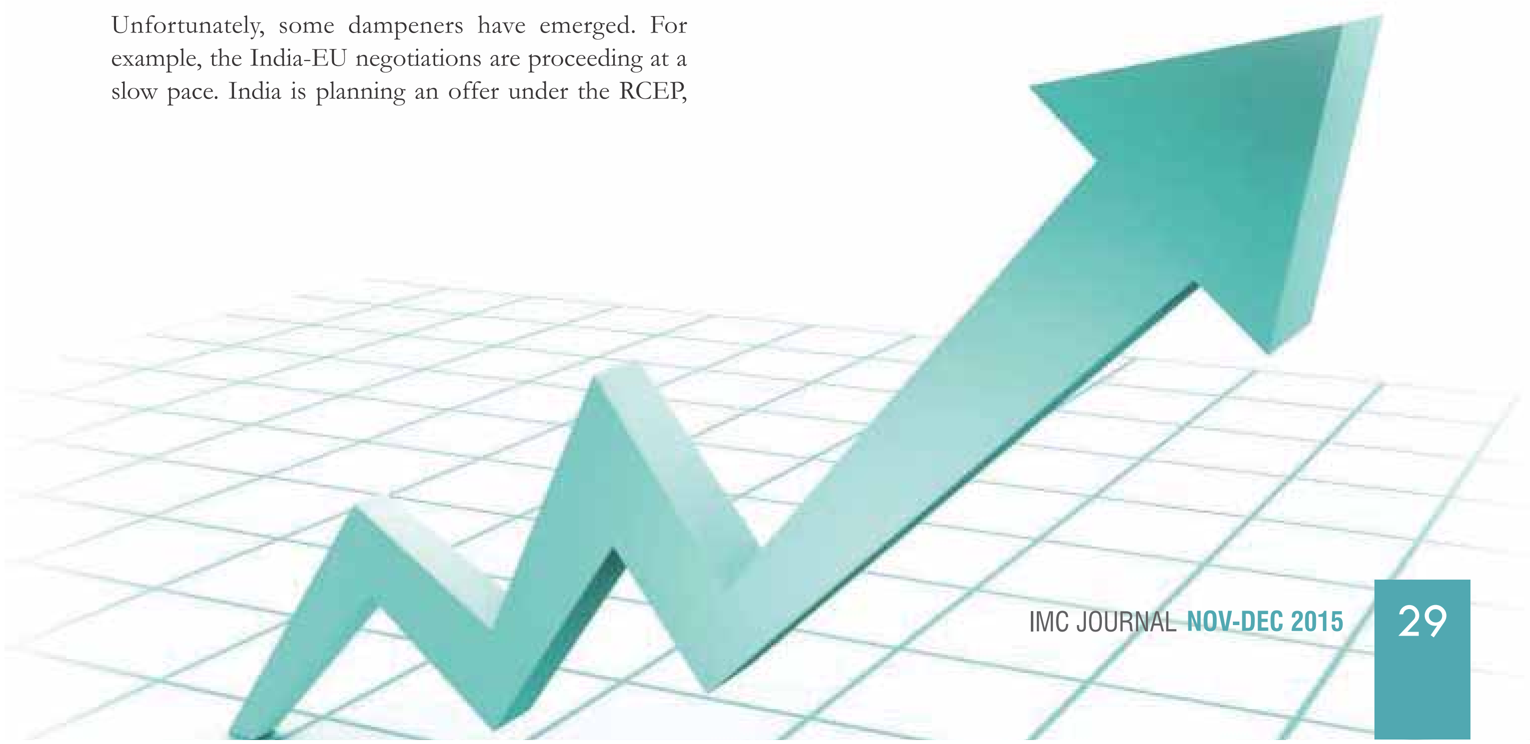
The Regional Comprehensive Economic Partnership (RCEP), when concluded, would give India more leg room for negotiating its entry into mega regional pacts like the TPP. It is worth recalling that of the 16 RCEP countries, 7 are also members of the far more ambitious TPP. In addition to concluding the RCEP negotiations, India could also accelerate its on-going negotiations (FTA) with the EU, which if concluded would give it some comfort when the TTIP comes into force.

Unfortunately, some dampeners have emerged. For example, the India-EU negotiations are proceeding at a slow pace. India is planning an offer under the RCEP, which can complicate its complex import regime, thereby probably encourage rent-seeking by customs officials.

The Department of Commerce reportedly commissioned a study, which seems to have concluded that free trade agreements signed by India so far have an overall negative impact on India and should therefore be carefully reviewed. All this amounts to a defensive stance. Unfortunately, a large segment of Indian industry continues to remain globally uncompetitive, as reflected in persistent decline in our exports for the last 12 months notwithstanding the prevalence of global sluggishness. A protectionist policy stance on the part of India cannot be an optimal solution, especially when India is aiming at maximizing employment generation for its 12 million new entrants to the workforce every year. India has to expand its exports of both goods & services aggressively to generate employment opportunities. Export sector is mostly employment intensive. Authorities need to focus more on such measures that make Indian industry globally competitive. All these require focused attention on improving physical infrastructure, especially for medium and small industries that contribute nearly 60% to India's exports. Also, further simplification of processes and procedures and revamping of the export promotion regime have become critical.

In short, India must decide fast on an interim strategy of a well-studied long term course to cope with the post TPP era.

Kiran Nanda
Economist



INITIATIVES BY NMMC TO MAKE NAVI MUMBAI A SMART CITY

(L-R): Col. Bhandari, Mr. Prakash Praharaj, Mr. Bighna Nayak, Hon'ble Ms. Shubhangi Patil, Corporator, Mr. R. K. Jain & Mr. Ganeshan Pillai

IMC Navi Mumbai organized an interactive meeting with Hon'ble Ms. Shubhangi Patil, Corporator, Turbhe, Navi Mumbai Municipal Corporation on "Various Initiatives taken by NMMC to make Navi Mumbai a Smart City" on 24th November, 2015.

Ms. Patil highlighted some of the significant achievements in the development of infrastructure of Navi Mumbai like securitization of water sources for next 30 years, upgrading total water supply system to 24 X 7 (including urban poor) with 100% RF metering and complete SCADA, 100% waste water treatment facility, deploying mechanized road sweepers for roads with high intensity traffic, scientific closure of landfill and old dumping ground, development of 10 hectare wonder park – a district entertainment and activity park for entire Navi Mumbai, beautification & upgradation of 102 gardens across Navi Mumbai, rejuvenation of 17 lakes including lakefront developments, GIS enabled property/asset management and planning. Currently, installed a city security system on pilot basis with 262 CCTV cameras and an integrated control room. NMMC has recently inaugurated an IGBC LEED – Gold Rated NMMC Headquarters Building.

Smart City is defined as one which is equipped with basic infrastructure to give a decent quality of life, a clean and sustainable environment via smart technological solutions. Total Cost of Smart City Proposals is ` 2315 crores (proposals to be executed in 1st phase from year 2016 to 2018) and will be financed through Govt. of India ` 500 crores, Govt. of Maharashtra ` 500 each, PPP ` 715 crores, through other Govt. schemes ` 321 crores and NMMC own contribution will be ` 279 crores. NMMC will also explore other funding mechanisms such as betterment of levy, incremental tax financing, municipal bonds & loans from multilateral & bilateral agencies.

Challenges are to strengthen public transport system with feeder network, without impacting the environment, improve last mile connectivity, adequate public parking facility, maintaining high growth trajectory for all round development, upgrade to next level of city services after provision of basic infrastructure services, ensure citizen safety within the city and meet aspirations of citizens.

Ms. Patil also stated that she is putting her best efforts to rename road next to IMC office as "IMC Marg."

Mr. R. K. Jain, Chairman, IMC Navi Mumbai thanked her and informed her that the IMC Committee included some very learned, experienced people with great deal of expertise in various fields, and IMC will be happy to help and share their thoughts and experience for making Navi Mumbai a Smart City. He requested her to nominate a few members from IMC to the Smart City Committee.

(L-R): Dr. N. G. Laghate, Mr. Ganeshan Pillai, Hon'ble Mr. Ganesh Naik and Mr. R. K. Jain

NOW LADIES' WING

29th November, 2015 – Yoga by the Bay

Yoga by the Bay

IMC Ladies' Wing along with Mr. Nana Chudasama & Ms. Shaina NC's NGO - I Love Mu joined hands to spread the message of Yoga and fitness.

The yoga session was held on Sunday morning at Marine Drive with an aim 'healthy min healthy body'.

2nd December, 2015 – Screening of the movie "Girl Rising" followed by a panel discussion

Committee Members with the Guest

Ms. Aparna Piramal Raje

Ms. Martha Adams

The Ladies' Wing of Indian Merchants' Chamber along wit Consulate General in Mumbai organised the screening c award-winning film "Girl Rising" which was followed by a discussion.

The film which promotes girls' education as a means to empowerment; was well perceived by the audience. The scre was followed by a panel discussion on how businesses c encouraged to invest in girls' education as part of their Corp Social Responsibility.

The Panellist for the discussion was:

Ms. Aparna Piramal Raje, famous author and columnist.

Ms. Smarinita Shetty, Director of Dasra and head of the Alliance programme.

Ms. Martha Adams, Producer of the movie, Chief Creative C of the Center of the Girl Rising Campaign, and a Film Expe the U.S. Departmentof State's diplomacy program American Showcase.

8nd December, 2015 – Get fit with Zaheer Khan

Zaheer Khan with the Committee Members

Mr. Zaheer Khan, famous Indian cricketer and founde chairman of ProSport Fitness Centre addressed the members importance of Healthy Living, Fitness, and special empha Injury Management.

It was a hand on training session as the fitness trainers from Pro Centre taught few exercise to the members to enhance their f levels and help in "Healthy Living".

ctober, 2015 – Smile

Mr. R. Madhavan and Ms. Ujjwala Raut

Dr. Sandesh Mayekar, the famous dentist addressed the members about the basic oral health care and made members understand how a good, beautiful healthy smile raises the face value and the confidence of a person.

He spoke about the various latest technologies and treatments that one can avail to cure dental problems.

Renowned actor Mr. R. Madhavan and famous supermodel Ms. Ujjwala Raut were the Guests of Honour for the event and shared their secrets behind his beautiful smile.

Guest with the Programme Committee Members

Dr. Sandesh Mayekar addressing the members

tober, 2015 - Inauguration of the Nagpada Police Canteen Hospital

ad Javed along with the committee members of IMC ladies' wing

For the Welfare of the Police Staff and their family members, the Ladies' Wing initiated the project of renovating the canteen at the Nagpada Police Hospital which was in non- functional and in a dilapidated condition. The inauguration was done by Mr. Ahmad Javed, Commissioner of Police, Mumbai and Mr. Anup Kumar Sing Joint. C.P. (Adm).

ovember, 2015 – Diwali Get Together

Felicitatin of Exhibition Committee

Indian Merchants' Chamber and its Ladies' Wing jointly organized Diwali get together for the members of the wing.

The evening livened up with soulful songs and special dinner.

The highlight of the evening was the raffle draw where many members won exciting prizes.

Babubhai Chinai Committee Room (2nd Floor)

Ashok Birla Board Room (3rd Floor)

H T Parekh Conference Room (4th Floor)

Pravinchandra Gandhi Board Room (4th Floor)

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Walchand Centre for Business Training (3rd Floor)

Walchand Hirachand Hall (4th Floor)

Jolly Conference Room (4th Floor)

Jamshed Guzdar Terrace

IMC Library Lounge
(Resham Bhavan, 3rd floor)

Ramona Taru Lalwani Board Room
(Resham Bhavan, 3rd floor)

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