MCCI NEWS

Vol. V | No. 6

July-Aug 2017

FROM THE PRESIDENT'S DESK

Dear Members,

Although global economic activity has strengthened further and become broad-based, the Paris-based think tank, Organisation for Economic Cooperation and Development (OECD) has projected lower than expected growth rate of 6.7 p.c. for the Indian economy this fiscal due to the "transitory effects" of demonetisation and the Goods and Services Tax implementation. It has also revised downwards its estimate for the country's growth in next financial year to 7.2 p.c. Earlier it was pegged at 7.7 p.c. in June.

Over the last three years, we have seen a series of structural reforms. To list but a few, we have the introduction of the goods and services tax, dismantling of the price control regime for petroleum products, reordering of the bankruptcy ecosystem, electricity for all, attempt to universalize the use of cooking gas, the campaign for Swachh Bharat, push for use of Aadhaar, demonetisation of high-value currencies and last but not the least the series of actions targeting corruption and black money. Being structural in nature these change will not be tangible immediately and at times may seem to be disruptive in nature. Even critics can't deny that in the long term these changes are preconditions of a modern economy based on transparent rules and the metric of efficiency.

As you are aware, government is concerned at the stuttering growth despite a benign macroeconomic environment with easy money flowing in, global growth reviving, government revenues looking solid, deep foreign exchange reserves, reasonable oil prices and a decent monsoon keeping food prices in check. Besides a falling GDP growth rate, exports are facing strong headwinds and the industrial growth is the lowest in five years. The current account deficit rose to 2.4 p.c. of GDP in April-June. We hope, the coming festive seasons will give a boost to consumption coupled with the proposed increase in infrastructural spending.

MCCI and leading Chambers of Commerce based in Kolkata have come together to create a special forum to present to the world the cutting edge developments in West Bengal. We are jointly organising "Bengal – Accelerating Growth" Business Meet on 24th October 2017 at "Uttirna" in Alipore and I request you all to participate in this Mission to build up Brand Bengal.

I wish you all a very happy Dussera and Dipawali

Yours sincerely,

(Hemant Bangur)

MCCI Diplomats' Forum on "Bengal as an Investment Destination"

MCCI organized MCCI Diplomats' Forum on "Bengal as an Investment Destination" on 14th July, 2017 at The Park, Kolkata. Mr. Rajiva Sinha, IAS, Additional Chief Secretary, Department of Industry, Commerce & Enterprises, Government of West Bengal as the Chief Guest. The Forum was also addressed by Mr. Damiano Francovigh, Consul General of Italy in Kolkata, Mr. Mohan Niraula, Trade Consul, Consulate General of Nepal in Kolkata, Mr. Leki Tenzin, Trade Consul, Royal Bhutanese Consulate in Kolkata and, Mr. Jonathan Ward, Principal Commercial Officer, US Consulate General in Kolkata.

Rajiva Sinha interacting with members Hemant Bangur is next to him

Addressing the Forum, Mr. Rajiva Sinha spoke about the upcoming MSME industrial township in Howrah in which all infrastructural and power facilities would be provided within a radius of 50 kms. It was expected that the land, nearly 20,000 acre in area, could garner investments to the tune Rs, 45,000 cr. He further pointed out that there were proposals for Foundry Park, Plastic Park, Chemicals Park and others in the township. The hub would cover places like Amta, Jagadishpur, Jagatballavpur and the government would be spending nearly Rs. 20,000 cr. in setting the requisite infrastructure, he added.

He urged the business community to set up units in clusters, where all the facilities were given. He also said that it would be difficult for the state government to provide facilities if industries were set up at the backward regions.

Mohan Niraula, Souvik Banerjee, Vishal Jhajharia, Rajiva Sinha, Damiano Francovigh, Hemant Bangur, Jonathan Ward, Ramesh Kumar Agarwal & Leki Tenzin

Referring to Bengal Global Business Summit (BGBS), Mr. Sinha pointed out that 40 – 50 p.c. of business proposals worth Rs. 5 lakh cr. had been put into action for BGBS 2015 & 2016. For BGBS 2017, no review had been done yet. He requested the business community to declare business proposals at BGBS, as then it would receive more importance and would be put into fast track.

Regarding a regional alliance between the neighbouring countries, including Nepal, Bhutan, Bangladesh for tourism and other sectors, he felt that this would be mutually beneficial to all the partners.

- Mr. Damiano Francovigh spoke highly of Indo–Italian business cooperation for the last 15–20 years and expressed happiness over the Consulate's close and cordial relationship with the Government of West Bengal.
- He focused on potential role of West Bengal to emerge as a regional hub as also a great transit place for goods coming from other states and the adjoining neighbouring countries. West Bengal had also been considered as a place for manufacturing of consumption goods.
- Referring to strong SME base of Italy, he said that the SME backbone of West Bengal could create a critical mass for attracting investments from Italy.
- Mr. Leki Tenzin said that there existed a huge potential for enhancing trade with West Bengal. Bhutan had a trade deficit of USD 14 billion and West Bengal could play a major source for exports to Bhutan.
- He felt that priority should be accorded to food safety and chemical–free food processing. Food exports to Bhutan from West Bengal could also if food safety norms are adhered to.
- He emphasized on a Regional Alliance for tourism with India, Nepal, Bhutan and other countries for collective and mutual benefits.
- He pointed out that India in spite of having all resources in abundance ranked 130 out of 189 countries in Ease of Doing Business, in which China ranked 11th and Bhutan 73rd. This should be rectified, he felt.
- He spoke of shifting focus to Manufacturing from Trading for sustainable benefits and focused on simplification of investment channels through a one–window service.
- Mr. Mohan Niraula highlighted on Indo-Nepal mutual trust and cooperation. He pointed out that India had been the biggest trade partner, the only transit country and the 1st major country for FDI for Nepal.
- He felt that top priority should be given to communication, railways, road network and airlink. Private sector should take the lead, in this respect. Federation of Nepal Chambers of Commerce & Industry (FNCCI) could work closely with MCCI towards this, he proposed.
- Mr. Jonathan Ward said that West Bengal had been a place where business could be done. Referring to the presence and good business done by US MNC giants here like CTS, IBM, he mentioned that over 100 US companies had been operating in the state either through direct representation or franchisee.
- He also invited the business community from West Bengal for partnering with US and invest in his country for mutual benefits.

Earlier, in his Welcome Address, Mr. Hemant Bangur, President MCCI, said that the objective of MCCI Diplomats' Forum was to provide a platform for discussion towards convergence, with the diplomatic corps of different countries. This Forum was the first one in the series with such interactive Sessions will be organized periodically.

The Forum ended with a hearty Vote of Thanks by Mr. Ramesh Kumar Agarwal, Chairman, Standing Committee on Foreign Trade, MCCI.

'Retail Industry : Prospects & Challenges'

Ramesh Agarwal, Sr. VP, MCCI welcoming Sadhan Pande with welcome bouquet

(L-R) Sandip Nowlakha, Vidyut Saraf, Pulkit Baid, Sadhan Pande, Ramesh Agarwal, Shitanshu Jhunjhunwalla

A Seminar on July 20, 2017 : 'Retail Industry : Prospects & Challenges' was organised with Sadhan Pande, Hon'ble Minister–in–Charge, Department of Consumer Affairs and Department of Self Help Group & Self Employment, Government of West Bengal as the Chief Guest. The Seminar was also addressed by Vidyut Saraf, Deputy Managing Director, Forum Projects Pvt. Ltd., Shitanshu Jhunjhunwalla, Director, Turtle Limited, Sandip Nowlakha, Chairman, Chairman, Shri Shristi Advisory Services LLP & Entrepreneur, Garden Cafe, Fillers, Club Bites and Ved Vyas Chhabra, Director, Touristor Shoes Pvt. Ltd.

- Addressing the Seminar,Sadhan Pande said that "E-Commerce platforms should be careful about delivery of goods, as promised on their sites". He mentioned that the Department of Consumer Affairs, Government of West Bengal would look into the matter to stop such wrong doing. While online shopping had been the new trend, mostly for the younger generation, wrong products should not be provided to the consumers online. He further said that the products should not be charged more than the MRP and essential items like drinking water should not be over charged.

- He was of the opinion that a lot of untapped potential existed in the Retail sector in Kolkata. People from North East, UP, Bihar would come to the city for retail, which should be leveraged. He spoke about the changing face of retail and encouraging trend of innovations brought in by the 2nd & 3rd generation entrepreneurs.

- Referring to the initiatives of the Government of West Bengal, he said that plans were on to set up Biswa Bangla retail hubs in Dubai and other places abroad, for showcasing local products and local talent. He also mentioned about the initiatives taken by the Government to enter into partnerships with companies like Raymond Ltd. and Berger Paints Ltd. for skill development among unemployed youth. The Government had shortlisted 70 candidates to undergo tailoring training to be imparted by Raymond, he added.

- Vidyut Saraf spoke about the recent trend of scalability of shopping malls by rationalizing rentals and cost cutting. He felt that increased competition had necessitated the use of right technology. He also mentioned that manpower planning and right mix of leveraging technology had been extremely important to enhance profitability of malls.

- He referred to omnichannel approach to provide the customer with a seamless shopping experience for online shopping or a bricks and mortar store.

- Shitanshu Jhunjhunwalla mentioned that in spite of influx of foreign brands into Indian market, there had been no dip in sales by Indian brands. Right now, there were 80–90 men's brand with around 30 international brands coexisting with 50 national brands.

- He pointed out that Indian products had a huge market, which could be accomplished by reaching out to Tier II

& Tier III cities with a cluster centric approach.

- He was of the view that introduction of GST would leverage the Retail market tremendously increasing it by 5–6 times. Everybody would be put in the same playing field. He also spoke of enhancing competency and manpower planning.
- Sandip Nowlakha dwelt upon the changing scenario of the food retail vertical, driven by technology and social media. He felt that there existed a huge, completely virgin market with lots of opportunities for food retail. He also mentioned about the encouraging trend of start-up funding for food entrepreneurs.
- He highlighted on imparting training to skilled professionals to handle café/ restaurant business. He felt that there was no dearth of talent in Bengal, what was lacking was adequate training facilities for restaurant industry.
- Ved Vyas Chhabra spoke about the importance of an effective marketing strategy in footwear retail in a market, where consumer preferences would change every couple of months. Designing had become the most important parameter, he felt.
- A lot of growth potential existed in the footwear industry, as the per capita consumption of footwear was still very low
- Footwear was the only retail industry, where replacement would have to be given even after 100 days, he added.

Earlier, in his Welcome Address, Ramesh Agarwal, Senior Vice President MCCI, said retail had been the true game changer for Indian economy, which was expected to nearly double to US$ 1 trillion by 2020 from US$ 600 billion in 2015, driven by income growth, increased urbanisation and attitudinal shifts.

In his Theme presentation,Pulkit Baid, Chairman, Retail Trade & eCommerce Standing Committee, MCCI put forward a request to set up a Retail Hub in West Bengal. He also discussed issues like scaling up & creating value for the respective organizations, how to fight competition and creation of an ecosystem beneficial for manufacturers & consumers.

The Seminar ended with a hearty Vote of Thanks by Tushar Basu, Chairman, Standing Committee on HRD & Entrepreneurship, MCCI.

‘Emerging India in the GST Era’

Hemant Bangur, President MCCI welcoming Arjun Ram Meghwal, Ramesh Agarwal, Sr. VP on his right

Chamber organized an Special Session with Arjun Ram Meghwal, Hon’ble Minister of State for Finance & Corporate Affairs, Government of India on ‘Emerging India in the GST Era’ at MCCI Conference Hall on August 12, 2017. Hon’ble Minister also had a special meeting with the senior members of the chamber and had interaction before the Special Session. “GST was needed for India’s development as there was an urgent need to raise the tax base & tax net for funding rural health and education projects”, said Meghwal. The Honb’le Minister was hopeful that GST would take India onto the next level of development.

He mentioned that there had been 56,000 new Registrations in Bengal, which was the highest in the country. 30 Ministers and 180 IAS officers were engaged countrywide in assessing the implementation of GST, he informed the House.

Focusing on the priority sector of logistics, the Hon’ble Minister was emphatic that introduction of GST would bring down the logistic charges from the existing 13.5 % to a level of 7%, as prevailing in certain countries.

Dwelling on the amendments in Companies Act, he said that the intentions were to enhance Ease of Doing Business, promote Corporate Governance and ease out procedural difficulties. Under Corporate Governance,

1,78,000 companies were brought under scrutiny by SEBI and 162 companies were asked to restrict their operations.

The Hon'ble Minister spoke to the members on a one on one basis to address their problems. He requested the Chamber to collate all the issues of the members relating to GST and Companies Act, 2013 and send a Memorandum to him in the Finance Ministry for redressal. Earlier, in his Welcome Address, Hemant Bangur, President of the Chamber enquired about the steps taken by the GST Council to facilitate smooth implementation of GST. He also referred to the recent amendments brought in the Companies (Amendment) Bill, 2017.

The Session ended with a hearty Vote of Thanks by Ramesh Agarwal, Senior Vice President of the Chamber.

'GST – Implementation Challenges and Road ahead'

An Interactive Session on 'GST – Implementation Challenges and Road ahead' on August 23, 2017 was organised with Abhishek Mishra, Associate Director – Indirect Tax, KPMG-leading Consulting firm and Aditya Hans, Practising CA and Partner BSR & Co. LLB.Sanjib Kothari, Co-Chairman, Standing Committee on GST and State Taxes chaired the session and M. C. Das, Dy. Director General introduced the speakers to the audience.

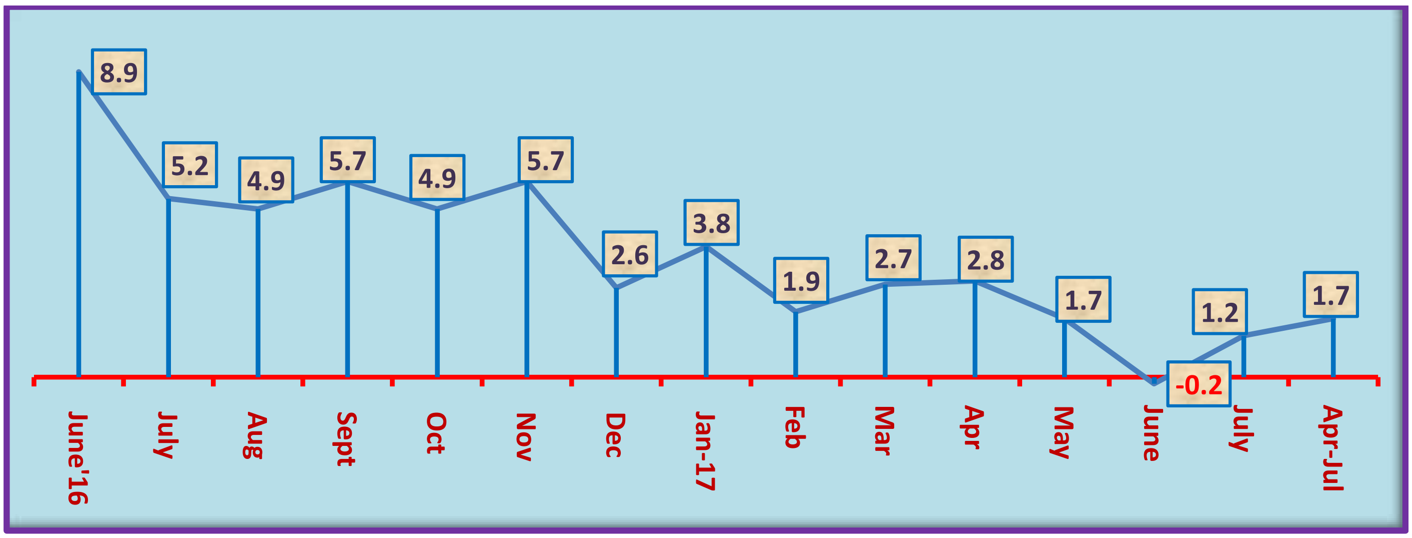
Aditya Hans gave a brief introduction of GST and Indirect Taxes and Cess those are being subsumed in GST. It is only the registration, payment of tax and uploading of returns have started but when it would come to refund it would send a jittery to all in processing their refund cases which the Finance Ministry has to ensure for seamless supply of credit.

Abhishek Mishra explained in detail about the concept of 'Supply' in the GST frame-work which plays a central role in determining the taxes. However, he pointed out that there are a number of grey areas in regard to the supply like mixed supply, composite supply. He also felt that gift has not been properly defined in GST and the concept of bundled-goods has lot of subjectivity in interpreting it as naturally bundled goods are not defined in GST. Similarly, the Petty expenses would also creating confusion about their treatment.

Lots to worry, little cheer on Indian economy

A slew of data released in September second week sent out worrying signals about the economy. Nearly six months down the fiscal year 2017-18, economic indicators continue to point to a muted recovery, watering down the government's expectations of returning to a high growth trajectory .Official data revealed a rising trend in retail inflation even as factory output remained subdued. The index of industrial production (IIP) grew by a mere 1.2 p.c. in July as against 4.5 p.c. growth in July last year.On a cumulative basis, factory output grew by just 1.7 p.c. in the first four months of this fiscal.IIP growth for June has also been revised downwards to a negative of 0.2 p.c. from a dip of 0.1 p.c..The low expansion in July this year seems to be due to negligible growth of 0.1 p.c. in the manufacturing sector that had seen low demand due to the roll out of the goods and services tax. However, electricity generation grew by a robust 6.8 p.c. in July while mining expanded by 4.8 p.c..

Industry Growth rates as per Index of Industrial Production (IIP)



Meanwhile, retail inflation in August climbed up to 3.36 p.c. from 2.36 p.c. in July as many food items such as vegetables saw a spike in prices.The consumer food price index climbed up to 1.52 p.c. in August from a decline of 0.36 p.c. in July. While prices are still under control and much below the central bank's target of four p.c., analysts believe that it may harden over the next few months. According to a recent study by industry chamber Assocham and consultancy EY, the manufacturing sector needs to grow steadily at 14 p.c. to 15 p.c. annually over the next three decades for a sustained GDP growth of nine p.c. to 10 p.c..Compare this, with the first quarter GDP data that revealed that the economy grew at a three-year low of 5.7 p.c. with manufacturing sector expansion pegged at 1.2 p.c..The second volume of the Economic Survey has also warned of downward risks to its earlier forecast of 6.75 to 7.5 p.c. GDP growth for 2017-18.

GDP to hit USD 6 trn by 2027 on digital leap: Morgan Stanley

India's gross domestic product (GDP) is expected to reach US$ 6 trillion by FY27 and achieve upper-middle income status on the back of digitisation, globalisation, favourable demographics, and reforms, as per a report by Morgan Stanley.

Govt's FY19 Budget size: Around Rs 23.4 lakh crore

The total projected expenditure of Union Budget 2018-19 is Rs 23.4 lakh crore (US$ 371.81 billion), 9 per cent higher than previous year's budget, as laid out in the Medium Term Expenditure Framework (MTEF).

FORTHCOMING EVENTS

116TH AGM

23.09.2017

116th Annual General Meeting of MCCI

12.09.2017

Interactive Session with Kishor Kharat, Managing Director & CEO, Indian Bank on 'Banks in India & Business Partnerships: Challenges & Opportunities'

13.10.2017

Special Session with N. S. Vishwanathan, Dy. Governor, Reserve Bank of India at The Oberot Grand on 'Regulation & Financial Stability'

MCCI ECONOMIC FORUM 2017

15.09.2017

The MCCI Economic Form 2017 at the Taj Bengal, Kolkata. A day-long programme on 'Transforming India, Fostering Growth' with leading Economists & Policy Makers and Dr. Shankar Acharya, Hony. Professor, ICRIER & former Chief Economic Advisor, Ministry of Finance as Chief Guest

BENGAL -ACCEL-ERAT-ING GROWTH

24.10.2017

'Bengal – Accelerating Growth' Business Meet MCCI with leading Chambers of Commerce based in Kolkata to bring to board the sectoral achievements, the positive experiences of the private sector, the untold and unsung stories of successful businesses operating in the State in "Uttirna' at Alipore.

Published by Shri M. C. Das Dy. Director General, Merchants' Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, Kolkata - 700 001
Tel.: 91 33 2248 1502/6329/3123/2262 5070-74, Fax: 91 33 2248 8657, Email: mcciorg@gmail.com, mcciorg@mcciorg.com, Website: mcciorg.com
Editor : M. C. Das, Dy. Director General. Contact Person : S Roy, Dy. Director General
Printed & Designed at : CDC Printers Pvt. Ltd., Tangra Industrial Estate-II, (Bengal Pottery) 45, Radhanath Chowdhury Road, Kolkata - 700 015
For Private Circulation only.