



MCCI NEWS

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November-December 2018

FROM THE PRESIDENT'S DESK



Dear Members,

India steps into the New Year 2019 with many strengths and challenges. Crude oil is down, so is the current account deficit (CAD). The January 2018 update of the World Economic Outlook of the IMF gives a surprising and pleasant forecast for the Indian economy. In contrast to the present slowing trend, the Fund predicts that the country's GDP may grow at 7.4p.c. in 2018 and 7.8p.c. in 2019. The IMF also upscaled the world economic growth rate to 3.9p.c. in 2018 compared to the 3.7p.c. growth recorded in the last year.

India this year is set to break into the league of the world's top five economies. According to a report by global consultancy firm PWC, India is likely to dislodge the United Kingdom, taking the fifth spot in the world's largest economy rankings in 2019. It further said that while UK and France have regularly switched places due to almost similar levels of development and more or less equal populations, India's rise in the rankings is likely to be permanent.

The country is expected to witness strong economic growth in 2019, after it has emerged as the fastest growing major world economy this year despite growing global vulnerabilities. The positive outlook is buttressed by strong drivers emanating from services sector and better demand conditions arising out of poll spend, with the general elections slated this year.

On the back of cooling food and fuel prices, wholesale and retail inflation eased further in December, raising the prospects of a reversal of policy stance at the next central bank meeting, or even that of rate cut to stimulate growth. Based on the consumer price index (combined), India's headline inflation rate eased to an 18-month low of 2.19 p.c. in December. Wholesale inflation softened to an eight-month low of 3.8 p.c. in December from 4.64 p.c. in November. Retail inflation has stayed below the RBI's medium-term target of 4 p.c. for the fifth straight month raising prospects of a change in the reserve Bank of India's monetary stance. RBI had kept policy rates unchanged in December review of the monetary policy but had changed its stance to "calibrated tightening". However, factory output growth slumped to a 17-month low of 0.5 p.c. in November 2018, plunging from 8.5 p.c. in the same month last year.

The West Bengal Government is all geared to organize Bengal Global Business Summit, the annual flagship event to showcase the business readiness and investment potential of West Bengal in front of the global business community. BGBS 2018 attracted participation of over 4000 delegates from across India and 32 countries. Eighteen Latin American and Caribbean (LAC) countries have been invited for BGBS February 2019 as there are number of core competency areas common with the state and LAC countries. This is another sign that the event is growing worldwide. We hope some good news will follow for the state after the event.

Wish you a very happy, healthy and prosperous New Year 2019

Yours Sincerely,

(Vishal Jhajharia)

Corporate insolvency resolution process, including PFUE Transactions



(R-L) Mamta Binani, L. S. Rao, Dr. Navrang Saini, M. C. Das and A. Purohit

Chamber organized a Special Session on 'Corporate insolvency resolution process, including PFUE (Preferential, Fraudulent, Undervalued and Extortionate) Transactions.' With Dr. Navrang Saini, Wholetime Member of the Insolvency and Bankruptcy Board of India (IBBI) on 03 November 2018. Shri L.Sreekara Rao, Chief General Manager of IBBI also addressed the session and interacted with the members. The session was chaired by Smt. Mamta Binani, Chairperson, Standing Committee on Corporate Law & Governance, MCCI.

Dr Saini said that The Insolvency and Bankruptcy Code, 2016 (IBC), is a one stop solution for resolving insolvencies where the cost and the time incurred is minimised in attaining liquidation. He hoped that the code will be able to protect the interests of small investors and make the process of doing business a less cumbersome process. He informed that 1196 cases have been processed and 50 had already been resolved. Average days taken by IBBI in resolving the cases were 287 days. Recovery rate is about 50 per cent. 209 ceases have been closed due to appeal

and similar numbers were going for liquidation. He felt that resolution is the first priority and liquidation is the last word in the process. On a query from a member on the role of the Forensic Auditors, he suggested that a comprehensive Note may be submitted for consideration.

While speaking on PUFU, Shri Rao said that under regulation 35A of the CIRP Regulations, the Insolvency Resolution Professionals shall form an opinion whether the corporate debtor has been subjected to any transaction covered under sections 43, 45, 50 or 66 on or before the 75th day of the insolvency commencement date and will act accordingly as per Regulations laid down in a time bound manner. While welcoming Dr. Saini and Shri Rao, Smt Mamta Binani said that the World Bank released its Ease of Doing Business Report for the year 2019 in October, 2018. India improved its overall ranking from 100 to 77 among 190 countries. India improved its rank in 6 out of 10 parameters over the last year. As regards RP, she felt that they do not have adequate knowledge about the PUFU and required to be trained.

FORTHCOMING EVENTS

11 JANUARY 2019

Special Session on Recent Changes in GST

29 JANUARY 2019

Special Session with Smt Tajinder Mukherjee, CMD, National Insurance Co. Ltd on 'Way Forward for Insurance Industry in India'

30 JANUARY 2019

Discussion on 'Settlement of Dispute Scheme 2019' (Settlement of Sales Tax, VAT & Entry Tax) in association with O/o the Commissioner, Commercial Taxes, GoWB

12 FEBRUARY 2019

Seminar on 'Development of Food Processing Industries & Horticulture in West Bengal-Road Ahead' with Janab Abdur Razzak Molla, Hon'ble Minister & Smt. Nandini Chakravorty, IAS, Principal Secretary, Dept of Food Processing Industries & Horticulture, Govt. of W.B.

18 FEBRUARY 2019

MCCI Bengal Agri-Business Forum on 'Driving Agri-business through e-NAM & FPO' with Naveen Prakash, IAS, Addl. Chief Secretary, Dept. of Agriculture, GoWB

9 MARCH 2019

MCCI Durgapur-Asansol-Raniganj Investment Forum at Durgapur with Moly Ghatak, Hon'ble MIC, Labour, Law & Judicial Department, Govt. of West Bengal as Chief Guest.

Doing Business with Kenya



(R-L) Pranay Poddar, Vishal Jhajharia, H. E. Mr. Willy K. Bett, Ms Mercelline Orindi & Sanjib Kothari

An Interactive Session was organized with H. E. Mr. Willy K. Bett, High Commissioner of the Republic of Kenya in India on 'Doing Business with Kenya' on 15 November 2018 at the Chamber premises. Mr. Pranay Poddar, Hony. Consul of Kenya in Kolkata and Ms Mercelline Orindi, Economic Counsellor of the Kenyan High Commission in New Delhi also addressed the session. Mr. Vishal Jhajharia, President, MCCI chaired the session.

Mr. Bett, High Commissioner of the Republic of Kenya in India said that Kenya offers excellent investment opportunities and investors should take advantage of the political stability of the country in the East African region, an area which has at times been unstable. Mr. Bett said that the Kenyan Government has decided to focus on four strategic areas for foreign investment and these are - agriculture , healthcare system, manufacturing and investments in housing. It is seeking real estate developers who have the expertise in setting up low cost homes. Kenya needs one million homes. He welcomes investments in leather and textiles. With its abundant wildlife, tourism is a premium product of the country, he added and urged Indian tourists to explore the huge tourism potential of Kenya.

India was Kenya's largest trade partner. The top position is now occupied by China. While India - Kenyan business takes place on B2B basis, China and Kenya also operate on a Government to Government basis, apart from following the B2B model. The balance of trade between the two countries is heavily tilted in India's favour. India and Kenya have discussed ways to reduce the Kenyan trade deficit to make economic relations more comprehensive. Pulses are

a high potential export item from Kenya to India.

With regard to the recent drop in trade between India and Kenya, Ms Mercelline Orindi, Economic Counsellor of the Kenyan High Commission in New Delhi said that as India shifts from exporting / importing to setting up plants in Kenya, the fluctuations will reduce. Mr. Poddar, Hony. Consul of Kenya in Kolkata noted that India and Kenya are maritime neighbours and many people of Indian origin had migrated to Kenya and some have become proud citizens of that country.

Kenya is richly endowed with wildlife and it has a lot to offer to tourists. E visas are available for Indians and hence travelling to Kenya is hassle free. Kenya is a safe country for both business and travel. The country has a stable Government and its policies are business friendly.

6th MCCI MSME Help Desk

6th MCCI MSME Help Desk was held at 4 p.m. at the Conference Hall of the Chamber which was addressed by Shri Rajkumar Middya, Joint Director (P&S), MSME, Govt. of West Bengal as Chief Mentor. Shri Sanjib Kothari, Co-Chairman, Standing Committee on Foreign Trade, MCCI and Shri Smarajit Mitra, Co-Chairman, Standing Committee on Banking & Finance, MCCI. The Knowledge Partner of the Help Desk was Suvidha Consultants. The Help Desk was attended by nine mentees across different industry verticals including Agro-Chemicals, IT & ITeS, engineering industry to trading in bulk chemicals.

Detail Analysis of the Companies (Amendment) Ordinance 2018

A Session on 'Detail Analysis of the Companies (Amendment) Ordinance 2018' was held on 17 November 2018 with Shri Ravi Varma, Company Secretary - Texmaco Rail & Engineering Limited. The session was chaired by Smt. Mamta Binani, Chairperson, Standing Committee on Corporate Law & Governance, MCCCI.

Welcoming all, Smt Mamta Binani said that Companies (Amendment) Ordinance, 2018 was promulgated on 2nd November 2018, to amend certain provisions of the Companies Act, 2013. The Ordinance has made over thirty amendments to the Companies Act with the objectives to improve compliance and corporate governance. It has also modified penalties leviable for various offences. One of the objectives is to reduce the burden of routine matters before national company law tribunals established under the Companies Act and strengthen enforcement against serious offences. Shri Ravi Varma said that the Ordinance has made several amendments intended to reduce the burden of routine matters before national company law tribunals (NCLT):

- Section 441(1)(b) (compounding of certain offences): Companies Act has been amended to increase the pecuniary jurisdiction of the Regional Director, such that he is now empowered to compound offences that are punishable with fine of up to Rs. 25,00,000/- (Rupees Twenty Five Lakh), as against the earlier limit of Rs. 5,00,000/- (Rupees Five Lakh).
- Section 2(41) (definition of "financial year"): Companies Act has been amended to vest the Central Government with the power to approve the alteration in the financial year of a company, upon an application being made in prescribed form. Previously, change in financial year could be approved only by the NCLT.
- Similarly, Section 14(1) (alteration of articles), Companies Act has also been amended, to vest the Central Government with the power to approve alteration of articles of association for conversion of public company into a private company. Previously, the NCLT had to grant any such approval.
- The Ordinance amends Section 454 (adjudication of penalties), Companies Act, to empower the adjudicating officers appointed by the Central Government to not only impose penalties for default on the company/ its officer in default/ any other person, but also issue directions for rectification of the default. This is expected to ensure better compliance.

He also mentioned some examples of change in penalties prescribed under the Companies Act pursuant to the Ordinance and these are as under:

Double penalty for repeat default

A new S. 454A (penalty for repeated default) has been



(R-L) Mamta Binani, Ravi Varma & M.C.Das

incorporated in the Companies Act, which provides for penalty in case of repeat default. The penalty for second or subsequent default by a company, its officer or any other person, committed within three years from order imposing penalty for first default, is an amount equal to twice the amount of penalty provided for such default under the Companies Act.

Only penalty instead of fine or imprisonment:

The Ordinance has amended Section 92(5) (failure to file annual returns), Section 117(2) (failure to file prescribed resolutions or agreement) and Section 137(3) of the Companies Act (failure to file financial statements) to provide for a penalty in the event of default in compliance, instead of levy of fine and/or imprisonment prescribed earlier. With respect to small companies and one person companies, consequent amendment has been made to Section 446B, Companies Act, to provide that penalty for small companies and one person companies will be half of that applicable to normal companies for breach of Sections 92(5), 117(2) or 137(3).

Fixed penalty prescribed instead of providing range

While prescribing the fines payable for different offences, the Companies Act in various sections specifies the range of fine that may be levied. The Ordinance has amended some these provisions to provide for fixed penalty that may be imposed. For example, Section 165(6) has been amended to provide that if a person accepts directorship in contravention of limit prescribed under Section 165(1), he shall be punishable with penalty of Rs. 5000/- for each day after the first during which contravention continues, while earlier fine of not less than Rs. 5000/- but which may extend to Rs. 25000/- per day was prescribed.

Reduction in penalty

Section 197, Companies Act prescribes maximum managerial remuneration, and managerial remuneration in case of absence or inadequacy of profits, and in case of breach a person could be fined between Rs. 1 to 5 lakhs. The Ordinance has amended Section 197(15) to limit the penalty for contravention of Section 197 to Rs. 1 lakh in case of a person, and Rs. 5 lakhs in case of a company contravening.

MCCI Logistics Forum 2018

Regional Integration through Transport & Trade



Vishal Jhajharia delivering welcome address. (R-L) Lavesh Poddar, Ms. Nandita Baruah, Abdul Matlub Ahmad, Toufique Hasan, N. S. Nigam, A.K. Gupta, S. Mitra & S. Banerjee

The Chamber organised “MCCI Logistics Forum 2018” - Regional Integration through Transport & Trade at The Park, Kolkata. The speakers at the Inaugural Session included Mr. Abdul Matlub Ahmad, President, India - Bangladesh Chamber of Commerce & Industry (IBCCI), Mr. Toufique Hasan, Deputy High Commissioner, People’s Republic of Bangladesh in Kolkata, Mr. Amit Kumar Gupta, Zonal Business Head, Mahindra Trucks & Buses, Mr. Sabyasachi Mitra, Deputy Country Director, Asian Development Bank, India Resident Mission, Ms. Nandita Baruah, Country Representative, The Asia Foundation and Guest of Honour: Mr. N. S. Nigam, IAS, Secretary, Department of Transport, Govt. of West Bengal and MD, WBTC. The session was presided over by Mr. Vishal Jhajharia, President, MCCI. The vote of Thanks was given by Mr. Lavesh Poddar, Chairman, Standing Committee on Logistics, Transport & Warehousing, MCCI.

Mr. N. S. Nigam, IAS, Secretary, Department of Transport, Government of West Bengal and MD, WBTC said that the Government of West Bengal is serious about developing logistic and will look into the suggestions made by the speakers at MCCI Logistics Forum 2018 to ensure faster connectivity. He pointed out that logistics cost is about 14 p.c. in India compared to only about 8 p.c. in other countries.

Mr. Abdul Matlub Ahmad pointed out that out of 300 hundred barges operating between India and Bangladesh, more than 50 p.c. are owned by Bangladesh. He invited Indian business communities to invest in this sector.

The Panel Discussion I was addressed by Guest of Honour: Mr. Vinit Kumar, I.R.S.E.E, Chairman, Kolkata Port Trust, Ms Shahanaj Akhter Ranu, Counsellor (Political), Bangladesh Deputy High Commission, Kolkata, Mr. Rameshwor Pokharel, Deputy Consul General, Consulate of Federal Democratic Republic of Nepal in Kolkata, Mr. Rajiv Agarwal, Director, Tirupati Vessels Pvt. Ltd., Mr. Jahangir Bin Alam, CEO & Secretary, India - Bangladesh Chamber of Commerce & Industry (IBCCI). The Session was Moderated by Mr. Abdul Matlub Ahmad, President, India - Bangladesh Chamber of Commerce & Industry (IBCCI). The Panel Discussion II session was addressed by Mr. Tanmay Chatterjee, General Manager (Finance), Indian Oil Corporation Ltd., Mr. Motiar Rahman, CEO, Sharothi Enterprise, Bangladesh, Mr. Sunil Agarwal, CMD, CTI Logistics Pvt. Ltd, General Secretary, CGTA & Secretary East, AITWA, Dr. Anasua Basu Ray Chaudhury, Fellow, Observer Research Foundation and Moderated by Col. Prashant Kumar Mishra, Director (Operations), Land Ports Authority of India, Ministry of Home Affairs, Govt. of India.



Vinit Kumar addressing the session. Other speakers on the dias



(L-R) S. Agarwal, M. Rahaman, Col. P.K. Mishra, T Chatterjee & Dr. Anasua Basu Ray Chaudhury

River Development & Ganga Rejuvenation

Higher Education Scenario in India



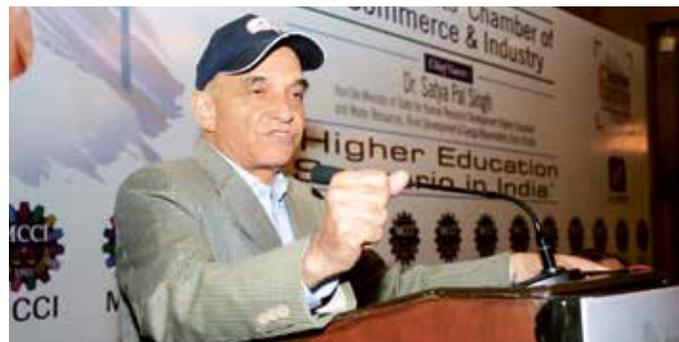
Vishal Jhajharia, President, MCCI presenting a flower bouquet to Hon'ble Minister Dr. Satya Pal Singh

Chamber organised a Special Session with Dr. Satya Pal Singh, Hon'ble Minister of State for Human Resource Development (Higher Education) and Water Resources, River Development & Ganga Rejuvenation, Government of India on 'Higher Education Scenario in India' on 6 December 2018 at the HHI, Kolkata. Prof. Pallab Dasgupta, Dean & A. K. Singh Distinguished Chair Professor, Indian Institute of Technology, Kharagpur; Rev. Fr. Dr. Dominic Savio, S. J., Principal, St. Xavier's College Kolkata and Swami Shastrajnananda, Principal, Ramakrishna Mission Vidyamandira, Belur Math also addressed the session. Shri Vishal Jhajharia, President, MCCI chaired the session.

Dr. Satya Pal Singh, Hon'ble Minister started by saying that when business takes an interest in education, it is a good thing and we are moving in the right direction. He said that a new education policy being framed under the Chairmanship of Professor Kasturi Nandan has charted five key features of higher education policy and they are Accessibility, Affordability, Accountability, Equity and Quality. We need innovation and research at Universities. It is a challenge to convert the hundreds of research papers that are being published into patents. Innovation should start from schools, which should enhance creativity of children. With this in mind, GoI has setup Atal Tinkering Laboratories in 3,000 schools across India. The quality of teachers is not always good. In order to educate teachers, GoI launched



(L-R) Rev. Fr. Dr. Dominic Savio, Dr. Satyapal Singh, Vishal Jhajharia, Dr. Pallab Dasgupta & Swami Shastrajnananda



Dr. Satya Pal Singh, Hon'ble Union MoS, Higher Education addressing the session

Massive Open Online Courses (MOOC). Over 1,600 courses are available on MOOC. He informed that the Central Government may set up a University, if land is given by Government of West Bengal. Union Cabinet has approved a programme titled Global Initiative for Academic Networks (GIAN) in Higher Education aimed at tapping the talent pool of scientists and entrepreneurs internationally to encourage their engagement with the institutes of Higher Education in India. National Institutional Ranking Framework (NIRF) is a methodology adopted by the Ministry of Human Resource Development (MHRD), Government of India to rank institutions of higher education in India. Parents can use NIRF to decide which college their children will attend. Smart India Hackathon is a nationwide initiative to provide students a platform to solve some of the pressing problems we face in our daily lives, and thus inculcate a culture of product innovation and a mindset of problem solving.

Rev. Fr. Dr. Dominic Savio informed that the Gross Enrollment Ratio (GER) is around 25 p.c. at present and the aim is to raise this to 30 p.c. in future. Tamil Nadu has a GER of 46.9 p.c., which is much higher than the national average. Prof. Pallab Dasgupta informed that by the 1980s, the gap between education and what industry was doing became large necessitating interaction between industry and academia. In the early 1990s, the semi conductor industry was growing. So, IIT Kgp. started a consortium of 15 companies and it provided a new perspective and challenge for students. IIT also started the School for Medical Sciences and Technology in collaboration with Tata Medical Centre. The translation of knowledge to patents has not happened in India. IIT collaborates with 200 companies who have approached it for knowledge and help. While IIT collaborates with many MNCs, such cooperation is less frequent with Indian companies. Swami Shastrajnananda said that Along with development of science and technology, efforts should be made to promote the social sciences, language and culture.

Indian Insurance Industry: the next Wave of Growth

MCCI Insurance Forum 2018 – ‘Indian Insurance Industry: the next Wave of Growth’ was organized on 13 December 2018 at The Lalit Great Eastern, Kolkata. Nilesh Sathe, Member-Life, Insurance Regulatory and Development Authority of India (IRDAI) was the Chief Guest who delivered the Keynote Address. Theme Address was delivered by Sidharth Pradhan, Director & GM, National Insurance Co. Ltd. and the other speakers were Smt. Jayashree Ranade,

DGM, GIC of India Ltd., Joydeep K. Roy, Partner & Leader, Insurance & Allied Businesses, PwC India, Praveen Gupta, MD & CEO, Raheja QBE General Insurance Co. Ltd., Ashish Kumar Srivastava, MD & CEO, PNB MetLife India Insurance Co. Ltd. The session was chaired by Anupam Shah, Past President, MCCI and Vote of Thanks was delivered by Subodh Kumar Agarwal, Chairman, Standing Committee on Capital Market & Insurance, MCCI.



Nilesh Sathe addressing the session. (R-L) S.K. Agarwal, Smt. Jayashree Ranade, J. K. Roy, Sidharth Pradhan, Anupam Shah, A. K. Srivastava, P. Gupta & S Banerjee

Nilesh Sathe said that although both penetration level and insurance density have increased in the country, the proportion of Sum Assured to GDP is still less than 50 p.c., compared to other developed nations, where it is 2–3 times of GDP. This means that there is a huge protection gap that needs to be bridged. He informed that 80 p.c. of insurance products fail in the market. Despite the failure of many products, insurance companies should continue to innovate and come up with new products. IRDAI is adopting a sandbox approach where by insurance companies can experiment with new products for six months or so. If the product flops in the market, it can be withdrawn by the company. Sidharth Pradhan said that the insurance industry is at the cusp of change. The penetration of insurance is low in India. The GoI has launched several flagship schemes, such as Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Fasal Bima Yojana (PMFBY) to ensure greater penetration. Ayushman Bharat aims to provide insurance cover of up to Rs. 500,000 to more than 100 million vulnerable families in India. Rural India has 70 p.c. of India’s population yet it is

largely untapped by insurance companies.

Panel Discussion I: ‘Creating Value and Capturing Opportunities in the Emerging Digital Insurance Ecosystem’ was moderated by S. V. Ramanan, CEO, CAMS Insurance Repository Services Ltd. and other speakers were Vijay Kumar, CEO & Principal Officer, Go Digit General Insurance Ltd., Sandip Chakraborty, CTO, Edelweiss General Insurance Co. Ltd, Ashish Kumar Srivastava, MD & CEO, PNB MetLife India Insurance Co. Ltd. and Abhishek Rungta, MD & CEO, Indus Net Technologies

Panel Discussion II: ‘Next gen Operations, Customer Service & New avenues for Growth’ was moderated by Amit Roy, Director, PwC India and other speakers were Subramanyam Brahmajoyula, Head-Underwriting & Reinsurance, SBI General Insurance Co. Ltd., Debasis Sanyal, National Head, Retail & Agency Business, Magma HDI General Insurance Co. Ltd., Smt. Anjum Babaiah, Head – Fraud Products, Experian and Smt. Sunita Chowdhurie, Dy. VP – Corporate, Tata Motors Insurance Broking & Advisory Services Ltd.

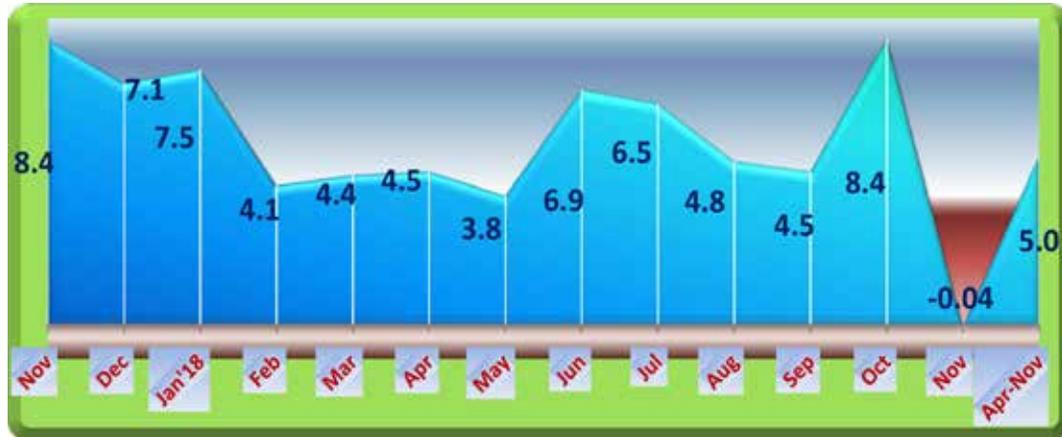


S. V. Ramanan addressing the session. Sitting (L-R) S. Chakravarty, Vijay Kumar, A. K. Srivastava & A. Rungta



(L-R) Smt. Anjum Babaiah, D.Sanyal, A.Roy, Subramanyam Brahmajoyula & Smt. Sunita Chowdhurie

Manufacturing drags Nov IIP to 17-month low



Factory output growth plummeted to a 17-month low of 0.5 p.c. in November 2018, plunging from 8.5 p.c. in the same month of the previous year. However, the good news is that overall IIP growth for April-November 2018 came in at 5 p.c., much higher than the 3.2 p.c. in the corresponding previous period. The main reason is the poor show from the manufacturing sector, which contracted 0.4 p.c. in November 2018, against the robust 10.4 p.c. growth seen in November 2017.

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