

MANAGEMENT OUTLOOK

jims Jagan Institute of Management Studies

Management Magazine

VOLUME 2, ISSUE 13

ACTION AGENDA 2009



FICCI has articulated the voice of Indian industry and business keeping in mind the three challenges we are facing. India is in an extremely hostile environment in the subcontinent. It is an oasis of stability, growth and prosperity. In our nearly two decades of reforms the poverty rate has come down, per capita income has increased, access to health and educational facilities has somewhat improved. However, a revolution in governance has not happened.

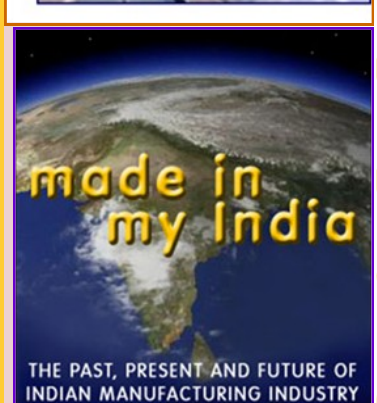
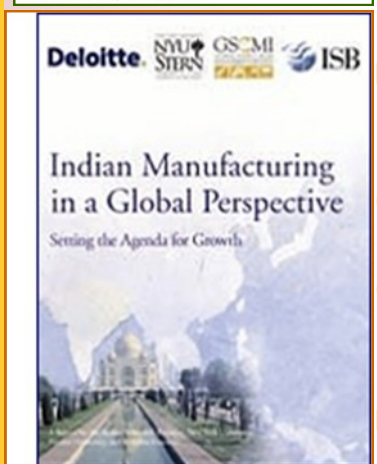
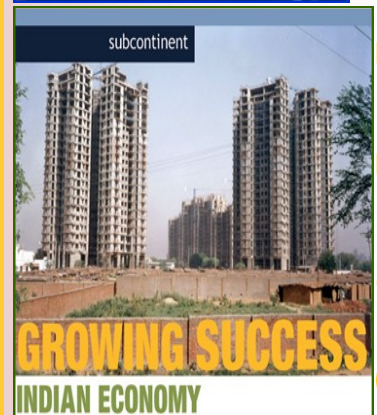
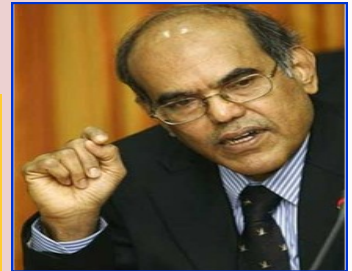
Today, it is our obligation to preserve and nurture the oasis that India is in South Asia and bring prosperity to those who are at the lowest rungs of the society. This is possible only if we grow at a fast pace, only if the fabric of governance is radically improved, only if the nation is secure and only if the fruits of development reach the weakest.

ACTION AGENDA – MANUFACTURING

- 1) Ensure that banks offer loans to industry at a rate of interest in the range of 8% to 10%.
- 2) Interest rates on packing credit should be reduced to at least 6% from the present 10% to 11%.
- 3) Bring down corporate tax rates by 5% to about 28%. 100% export tax benefit to manufacturer-exporters under Section 80 HHC should be temporarily restored.
- 4) Immediately set right anomalous duty structure arising from FTA and RTAs. Inverted duty structure is a major problem for tyres, consumer durables, ceramic tiles etc. and should be set right.

ANNOUNCEMENTS MADE

- 1) Initiate audit of all large stalled projects and hasten their completion.
- 2) Initiate implementation of NMCC's recommendations to Prime Minister (September 20, 2008) to ensure faster growth of manufacturing.
- 3) Create an empowered group of State Industry Minister's on the lines of VAT Empowered Group of Ministers to streamline and reform procedures and regulations at the state level in a time bound manner.
- 4) VAT applicable for manufactured products should be uniform @ 4% in all states.
- 5) Announce a clear-cut national policy for land acquisition strategy. The policy should clearly



mention acquisition hierarchy - barren over fertile land, single cropped land over multi cropped land etc. Further, land from farmers should be acquired at market prices, and not at 'beaten down' prices as determined by the land acquisitions department.



ACTION AGENDA – DISINVESTMENT

- 1) Consider privatization of loss making PSUs.
- 2) Disinvest in other PSUs.



ACTION AGENDA – FINANCIAL SECTOR



- 1) Take up 'PFRDA Bill', 'Insurance Bill' and 'Banking Regulation Bill' on a priority basis. a) 'Insurance Laws Amendment Bill' aims to raise the cap on FDI in insurance firms from the current 26% to

49%. Insurance being a capital-intensive industry will definitely benefit from access to global capital.

b) 'Pension Fund Regulatory and Development Authority Bill' provides for legal and statutory powers for the regulator that are essential for the smooth functioning of this sector. C) 'Banking Regulation Bill' provides for voting rights to be in line with shareholding. In addition, a review of government shareholding in banks is necessary in order to improve their capital raising capacity.



ANNOUNCEMENTS MADE

- 1) Initiate implementation of recommendations of the NCEUS and Dr. Rangarajan Committee on Finan-

cial Inclusion. 2) Launch a National Mission on Financial Inclusion and allow formation of 'Joint Liability Groups' that would cater to share croppers, oral lessees and tenant farmers who have no collateral to offer against loans.



ACTION AGENDA – DEFENCE

- 1) Include industry in the consultative mechanism for categorization of projects as 'Buy', 'Buy and Make' and 'Make' categories by its representation in bodies like SCAPCC and SCAPCHC.

ANNOUNCEMENTS MADE

- 1) Announce the identified Raksha Udyog Ratnas (RUR) as per the recommendations of Prabir Sen-gupta Committee at the earliest.

This will make private sector eligible to be engaged as platform builders and system integrators and at par with DPSUs. 2) Initiate implementation of the revised Defence Procurement Procedure to include and operationalize more and more projects of 'Make' category. This will boost indigenous research, design & development as well as promote self reliance and building of technological capabilities.



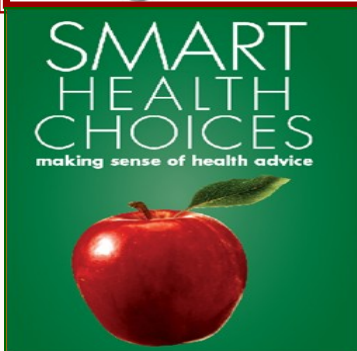
ACTION AGENDA – HEALTH

- 1) Hold stakeholder consultation before implementing 'Clinical Establishments (Registration and Regulation) Bill 2007'. Industry is opposed to many of the existing provisions such as – a) Implications of the Bill on hospitals/nursing homes/maternity homes registered with the State Registration Councils

in case States decide to adopt the Bill
 b) Inadequate representation of private sector in the National Council while 80% health-care provision is by the private sector
 c) Norms for registration as in their current format these will lead to additional burden on the healthcare provider
 2) Approve the 'Para-medical and Physiotherapy Councils Bill 2007' to regulate the standards
 3) Accord 'infrastructure status' to healthcare sector and extend the tax holiday of 10 years.
 4) Make accreditation of all new public and private health care facilities mandatory.
 5) Incentivize existing hospitals by way of automatic empanelment in government schemes, cashless insurance transactions etc. to get accredited.
 6) Change the draft 'National Health Bill 2008' with regard to medical education.
 a) Land requirement proposed in the Bill should be pan India.
 b) Bed strength and average indoor bed occupancy should be same across the country.

ANNOUNCEMENTS MADE

1) Government should join industry's initiative for deeper penetration of insurance in addition to the efforts already on for BPL category group.
 2) Initiate work on a national policy for PPP initiatives in the healthcare sector.



ACTION AGENDA – EDUCATION

1) Allow private sector to set up higher educational institutions as a Section 25 company to plough back surpluses for development and expansion.
 2) Re-introduce 'Private University Bill' after holding stakeholder consultation.
 3) Hold stakeholder consultation on Foreign Universities (Establishment and Regulation) Bill and incorporate recommendations before implementation.
 4) To promote setting up of and reduce



overall capital investment in higher educational institutions
 a) Make land specifications flexible enough to adhere to local authority at the State level.
 b) Revise the regulatory guideline and make it flexible and specify only the total floor area requirement (FAR) instead of rigidly specifying the total land requirements calculated based on old concepts and technologies.
 c) Allow sharing of common facilities like auditoriums, library, sports facility etc., between two or more public or private institutions.
 d) Allow medical colleges to tie up with established public or private hospitals to provide practical training to the medical students.
 e) Facilitate imparting multiple courses in the same campus.
 5) Allow more student intake commensurate with physical infrastructure and financial capabilities of institutions.
 6) Follow Supreme Court judgment in 'Inamdar Case' (Oct 2005) and remove Fee Regulation Committees.
 7) Implement 'Chadha Committee' recommendations such as faculty salaries to be commensurate with qualification and to



have a performance based appraisal system to make academia an attractive career option.

ANNOUNCEMENTS MADE

- 1) Initiate work on a PPP model for primary education as has been the case with ITIs.
- 2) Initiate work on a national policy for PPP initiatives in the higher education sector outlining the following
 - a) Standardized institutional arrangement across the country
 - b) Autonomy, commitment and responsibilities of both partners.
- 3) Announce setting up of an Education Promotion Finance Company along the lines of HDFC to provide educational loans at affordable rates.
- 4) Initiate work on a mechanism for direct cash transfer or issuance of coupons to parents to enable them to choose schools for their children.



ACTION AGENDA – HOUSING AND REAL ESTATE

- 1) Focus on affordable housing. Construction loans for housing for the economically weaker sections of the society should be categorized under priority sector lending.
- 2) Credit Guarantee Fund be created for EWS and LIG housing. Revise upwards the tax exemption limit on interest paid on housing loan from Rs. 1.5 lakh to Rs. 3.0 lakh per annum.
- 3) Restore section 80(IB) which provides 100% income tax benefits on profits from investments in housing projects.
- 4) Grant 'infrastructure status' to housing and construction sector. This would facilitate flow of institutional finance to the sector.
- 5) Government should engage banks on the issue of higher margin money requirement for housing loans. The margin required from consumers should be brought down failing which the nascent recovery in demand may die out.



THE ACTION AGENDA ON ENERGY SECTOR, ENVIRONMENT AND CLIMATE CHANGE, RETAIL, TELECOM, INFORMATION TECHNOLOGY, PHARMACEUTICALS, CHEMICALS, TRADE AND WTO AND PROVIDING NATIONAL SECURITY & IMPROVING GOVERNANCE SHALL BE COVERED IN THE NEXT ISSUE

