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COVER STORY

INTERESTING TIMES AHEAD FOR INDIAN AGRI-TECH, ADAPTABILITY THE KEY FOR COMPANIES

19pg

FTCCI *Review*

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Inside

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Dear Members

The fears of recession is staring at world economy and with high inflation rates in most of the countries, the Central Banks are resorting to hikes in interest rates, including India, which in turn may affect the growth momentum.

Several agencies, along with World Bank, are cutting the India's GDP growth forecast to 7 percent and lower, industry is apprehensive of further tightening of Monetary Policy. It may not be suitable for India's conditions and a different strategy to boost employment and investment is needed.

We welcome government's notification of Crefit Guarantee Scheme for Start-Ups to provide them collateral free loans up to a specified limits. This will provide much needed collateral free debt funding to start-ups and further boosts the start-ups ecosystem in the country.

The RBI announcement of pilot launch of e-rupee for specific use cases soon may help broaden the scope of business operations but creating widespread awareness is needed. E-rupee saves operational costs of printing, distributing and storing currency notes for RBI with a portion of the cash in circulation likely being replaced with online legal tender.

The programs conducted by Federarion in last one month showcase our commitment to provide more and more business opportunities to industry fraternity, more particularly to MSMEs. Webinar on "Generating global opportunities for a future ready India", and "Emerging business and financial opportunities for exporters" have received good response from members and non-members. Fulfilling our commitment to reach out to industry and traders in tier-II cities in the state and extend the benefits of training programs, certificate course on export-import management was conducted at Warangal for 6 days and one day training program on Exploring business opportunities with Amazon was conducted at Nizamabad. Training team of Amazon have given hands-on experience on how to register on e-commerce portal and the documents required etc. The programs are highly successful at both places that gave us encouragement to reach out to other tier II cities too.

The certificate course on GST was concluded with more than 50 participants gaining the benefit. The program on 'Arrests under the Companies Act 2013' provided insights into various clauses that attracts penalties and arrests, creating awareness among the stakeholders.

I am pleased to inform that the issues addressed by Federation - such as appeal to Union Government to rebook into the decision of imposing 20 percent duty on non-basmati rice exports and to revive direct flights to Lufthansa Cargo (to Frankfurt) and Cathay Pacific Cargo (to Hong Kong) have received applause from media sections and stakeholders. I assure that the efforts will continue for the bright future.

Webinar on "Achieving Self Reliance in Defence through Technology Development Fund (TDF) Scheme" conducted by DRDO with the aim to create awareness of the scheme among Defence Equipment manufacturing units was well attended by entrepreneurs. It was informed that the limit under the scheme was increased from 10 crore to Rs 50 crore for technology upgradation and expansion of the units.

My best wishes and greetings to all on the auspicious festivals of Dasara and Deewali.

Anil Agarwal
President

Power demand will be higher next year, challenges ahead:

Minister RK Singh

Synopsis

"We are bringing gas-based capacity to play. I am going to come out with a separate market for gas-based plants, where the price will be high, but at least power will be available. People are willing to take that (electricity at that price). The market will take not more than two months to be set up. The gas-based capacity will have to import gas, which will take another month."

The govt will direct the regulator to retain Rs 12 per unit ceiling on power exchanges and will launch a high-price market specifically for gas-fired and battery storage plants in 3 months, power and renewable energy minister RK Singh said. Blending of imported coal will continue when required to avoid blackouts, he told Sarita Singh & Vinay Pandey (The Economic Times) in an interview. Edited excerpts:

Post monsoon power demand has set in. How is the coal stock situation at power stations now?

Despite blending, the domestic coal stocks have come down from 24 million tonnes (MT) to 21 MT this month. Every day decline is happening. If you look at only domestic coal, the gap between arrivals and consumption is 2.5 lakh tonne (LT) to 3 LT tonnes per day. We had directed all companies to blend when stocks went down to 7 MT, but when coal stocks went up, we removed legal binding to import and blend. Central gencos came back to us 15-20 days back, saying 5% blending is not sufficient, so they may be allowed to blend at 10%. Again, a few days back, they came and said we have to blend more to which we agreed. The coal situation is something dynamic and we have to accept and live with it like we have been doing since 2005. I have asked my ministry to list out 10 items on the Coal India side, which need attention, and 10 items from the railways side. Improved logistics can increase 20 rakes per day.

Power demand is expected to be on the rise in the long run. How are we prepared?

Power demand next year will be higher. We have challenges ahead of us. We are bringing gas-based capacity to play. I am going to come out with a separate market for gas-based plants, where the price will be high, but at least power will be available. People are willing to take that (electricity at that price). The market will take not more than two months to be set up. The gas-based capacity will have to import gas, which will take another month.

Right now, spot R-LNG prices are at $50 per mmBtu but long-term agreements can be done at $16-20 per mmBtU and the electricity tariffs will be around at Rs.9-10 per unit. Even today, the cap is Rs.12 per unit in power exchange. I am not going to remove the cap. We will let it be there. The separate market for gas and battery storage will allow power to be sold even at Rs.20 per unit. But renewable energy will not be allowed to go there. If I make it free, everybody will migrate there. People whose actual cost is Rs.2 per unit, they will be getting over Rs.12. That's not fair.

The second thing is I am adding storage with renewables so that I have round-the-clock power supply. I have come out with one bid under which the levelised cost came at Rs.9.13 per kWh. If we add another Rs.2.50 per unit cost of renewable energy, it will come to Rs.12. When there is scarcity, people buy power at Rs.12 per unit, but that's a bit high. We are going to give some subsidy on that, and this will take 18 months to be set up. We will come out with a similar bid soon. The third thing done is allowing bundling of coal and renewable power.

We are also planning to aggregate power demand for 5,000-6,000 MW and bid for plants that do not have PPAs. We have also asked the ministry of coal to allocate linkage for that. That's in process.

Over the long term, what are the plans to ensure electricity availability?

In the longer term, we will have to think of adding more capacity based on hydro, wind, and solar. We have seen the world going back to coal. I have 27 GW thermal capacities under construction, of which 5-6 GW will come soon. Next year, about 10-12 GW will be added. As far as coal is concerned, I have made up my mind. I don't mind blending because blending has been happening since 2009-10. Load shedding will not happen whether blending will happen at 5%, 10%, 12%. Power costs will increase by 50 paise but there will be no blackouts.

Solar project developers are finding it difficult to get solar modules at an affordable price after demand spike and tariff and non-tariff barriers the government has announced to promote local manufacturing. How is the government looking at the situation, especially in the wake of NDC targets?

A lot of solar capacity is stuck because module prices have gone up, because of disruption. To encourage solar manufacturing, we took a few measures. We announced tariff barriers good one-and-a-half years in advance so that manufacturing capacity can come. Capacity addition of 30 GW is happening but will take a year's time. Domestic manufacturing capacity prices have gone up and developers who have taken their bids are finding it unviable. But this is a temporary phase.

However, for bids that happened before the announcement, we are considering reimbursing customs duty to such developers. That would need some arrangements that need to be figured out. Another proposal is to treat all imports for such projects as project imports. Then the applicable customs duty will be 5% instead of 40%. Then that 5% will have to be a pass-through in tariffs. We are mulling all these options. I have met both the developers and manufacturers and asked for some surveys. It's not all one-sided. A call will be taken in 7-10 days. Solar projects which have been bid out after the announcement, if they find module supplies are constrained, they can pay customs duty and import.

The Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022 allow anyone to set up renewable energy plants anywhere. What are your expectations with this framework?

In renewable energy, we have opened the doors enabling everybody to set up. If one sets up before 2025, we will give free transmission for 25 years. I have written to all major industries that you can significantly lower your power costs by setting up renewable energy captive plants and getting free transmission. Their power costs will come down from Rs.9 per unit to Rs.2.5 per unit.

Power distribution companies started paying soon after their access to short-term market was cut off under LPS rules. Are there any more steps in offing to fix the sector?

The payment security mechanism was a decisive step. Another decisive step is all the conditions we have put on our lending and disbursement and sanctions from central schemes. So that will help.

First published in:
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https://economictimes.indiatimes.com/industry/energy/power/power-demand-will-be-higher-next-year-challenges-ahead-minister-rk-singh/articleshow/94138457.cms

India's power consumption grows 13.31% in September; 11.65% in H1 FY23

India's power consumption grew by 13.31% on an annual basis to 127.39 billion units (BU) in September 2022 and 11.65% during the first six months of this financial year, reported PTI citing government data.The double-digit growth highlights recovery in economic activities following the pandemic-induced lockdown. They are also of the view that demand as well as consumption of electricity will increase due to the festive season and improvement in economic activity. Power consumption in September last year was recorded at 112.43 BU, higher than 112.24 BU in the same month of 2020, power ministry data showed. Electricity consumption during April-September 2022 grew by 11.65 per cent to 786.5 BU compared to 740.40 BU in the same period in 2021. It was 625.33 BU in April-September 2020.

The peak power demand met, which is the highest supply in a day, in September 2022 rose to 199.47 gigawatts (GW).

The peak power supply stood at 180.73 GW in September 2021 and 176.41 GW in September 2020.

The peak power demand met was 173.14 GW in September 2019 (pre-pandemic period). Electricity consumption in September 2019 stood at 107.51 BU.

Experts opined that the double-digit growth in power consumption in September ahead of festivities in October indicates considerable surge in industrial and commercial demand for electricity, which points towards economic recovery.

https://economictimes.indiatimes.com

Hydro policy may link free power with project progress

The Centre is considering a new hydro power policy that may link free power from a project to the host states to the progress of the projects, offer annuity to project-affected families on early completion and devise other measures to lower project costs and tariffs.The draft proposal circulated among states for discussion seeks to address problems that have discouraged private investment and stagnated the capacity addition, said a government official. Time and cost overruns can raise tariffs from new hydro projects up to Rs.8 per unit but with these measures the government believes a Rs. 4.5 per unit price may be possible.

Hydro power is envisaged to play a vital role in the country meeting Nationally Determined Contribution (NDC) climate commitments.

The proposed policy seeks budgetary support for enabling infrastructure around new hydro projects, and waiver of inter-state transmission fees for 18 years. "The development of hydro power and pumped storage plants assumes greater importance and significance to ensure peaking and balancing power for the grid as the country targets a renewable capacity of 500 GW," said the official, who did not wish to be identified. "Hydro power thus has a renewed thrust due to energy considerations and thrust due to energy considerations and grid stability considerations."

India currently has 48 GW hydro capacity, with a potential for total 145 GW generation. The government is targeting 70 GW capacity by 2030.

Hydro projects are usually in remote locations and at times face law and order issues, rehabilitation-resettlement difficulties and geographical surprises, resulting in time and cost overruns. Free power expectations of the host state, upfront premium and water cess also affect their viability. The objective of the policy is to make hydro power viable and competitive, said the official.

https://economictimes.indiatimes.com/

You can't predict but you can prepare

Unlike the monetary policy actions of the Federal Reserve or the European Central Bank that shook the financial markets, the one last week by Reserve Bank of India (RBI) governor Shaktikanta Das was rather sober. But it was loaded with enough warnings about what is lurking - be it inflation or financial instability. That will ensure making predictions about what is in store way less certain than calling right the London weather.

Das just delivered what the markets wanted - a half point increase in key policy interest rate and maintained that the Monetary Policy Committee is 'focused on withdrawal of accommodation,' a phrase that leaves ample room for ambiguity. RBI is reasonably convinced that Indian inflation problems are not similar to that of the West. India's excess labour and available industrial capacity could keep the price pressures moderate unlike the US where the job market is bursting at the seams.

Like most peers, RBI is behind the 4% target inflation the law mandates. For this fiscal, inflation is forecast to be 6.7% and for the fiscal first quarter next year 5%. Inflation target would be in breach for three consecutive quarters that mandates RBI to write to the government explaining how it planned to bring it down to target. Governor Das' signal that it could be two years before the target is achieved points to monetary tightening and higher rates.

When it comes to inflation all the central banks follow the textbook - tighten liquidity and raise interest rates. Going by governor Das' commentary, inflation may soon appear to be a lesser evil than financial instability. Look no further than the Bank of England. In a strange reversal, the BoE instead of selling bonds to fight inflation has begun to buy them after an unprecedented spike in UK treasury yields threatening pension funds' survival.

The confluence of these may have prompted governor Das to say, "the global economy is in the eye of a new storm." Few storms leave without leaving a trail of destruction. As Oaktree Capital Management's Howard Marks said, "You can't predict, but you can prepare." "RBI will remain vigilant, agile and nimble in its liquidity management operations and would use all instruments at its disposal to mitigate the spillovers of global financial market volatility on domestic financial markets," it said it said in its latest Monetary Policy Report.

RBI is prepared. Is the market?

https://economictimes.indiatimes.com

Core sector growth slows to 3.3 pc in August; lowest in nine months

The production growth of eight infrastructure sectors — coal, crude oil, natural gas, refinery products, fertiliser, steel, cement and electricity — was 9.8 per cent during April-August this fiscal, compared to 19.4 per cent a year ago.

The output of eight core infrastructure sectors grew 3.3 per cent in August — the lowest in nine months — as against 12.2 per cent in the year-ago period, according to official data released on Friday.

The previous low was in November 2021 at 3.2 per cent. It stood at 4.5 per cent in July.

The production growth of eight infrastructure sectors — coal, crude oil, natural gas, refinery products, fertiliser, steel, cement and electricity — was 9.8 per cent during April-August this fiscal, compared to 19.4 per cent a year ago.

Crude oil and natural gas production contracted by 3.3 per cent and 0.9 per cent, respectively, during the month under review.

In August, the fertiliser output rose by 11.9 per cent against a contraction of 3.1 per cent in the same month last year.

The growth rates for coal, refinery products, steel, cement and electricity slowed to 7.6 per cent, 7 per cent, 2.2 per cent, 1.8 per cent and 0.9 per cent, respectively.

https://www.financialexpress.com

Govt may cut 2022-23 sugar export quota by 29%

It could cap sugar exports at just eight million tonne in 2022-23, compared with estimated despatches of 11.2 million tonne in the recently concluded marketing year, he added.

The government will likely cut the sugar export quota by 29% for the new marketing year that started on October 1 to keep domestic supplies steady, a top source told FE.

It could cap sugar exports at just eight million tonne in 2022-23, compared with estimated despatches of 11.2 million tonne in the recently concluded marketing year, he added.

"The exportable surplus for 2022-23 is going to be to the tune of eight million tonne. The food ministry will soon take a call on whether to put the entire amount under the open general licence," he said.

In May, the government announced an export cap of 10 million tonne for 2021-22 to control domestic prices. Later it allowed export of another 1.2 million tonne.

The government has in recent months resorted to export curbs to keep a lid on prices of essential commodities like rice, wheat and sugar.

In a meeting with director general of foreign trade Santosh Kumar Sarangi last week, top sugar industry executives pitched to allow export of eight million tonne under the open general licence in 2022-23, said the source.

According to an estimate by the Indian Sugar Mills Association, net sugar production, after factoring in diversion of cane juice for making ethanol, would be around 35.5 million tonne. It estimates consumption to be about 27.5 million tonne. This leaves the scope for export of eight million tonne without upsetting carry-over domestic stocks of six million tonne.

India had shipped out only 0.62 million tonne of sugar in 2017-18, 3.8 million tonne in 2018-19 and 5.96 million tonne in 2019-20. In 2020-21, against the target of six million tonne, about seven million tonne of sugar was exported.

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Fiscal deficit at 32.6% of FY23 BE in Apr-Aug: August tax receipts down 8%, spending falls by 3%

The Centre has released two installments of tax devolution to state governments amounting to Rs 1.17 trillion in August, as against the normal monthly devolution of Rs 58,333 crore, to arrest a decline in their capital expenditure.

The Centre's tax receipts have slowed considerably in August with gross post-refunds collections for the month coming in at Rs 1.51 trillion, down 8% from the year-ago month, according to official data released on Friday.

In fact, net of devolution to states, the collections in August at Rs 33,882 crore were 71% lower than the year-ago level. The sharper decline in net receipts is due to a doubling of tax transfers to the states in August.

As a result, net (post-devolution) tax revenue growth fell to about 9% on year in April-August, 2022 compared with 26% in April-July, 2022.

Also, tax receipts from corporation tax, personal income tax, excise duty, customs duty and Central GST saw a year-on-year decline in collections in August 2022, as the benefit of the low base effect ended.

The government has also applied brakes on spending in recent months. Total expenditure contracted by 3% on year in August 2022 as revenue expenditure declined by 4% whereas capital expenditure displayed a marginal rise of 1% in the month.

Meanwhile, the Centre's fiscal deficit touched 32.6% of the annual target in the current financial year till August as against 31.1% recorded a year ago. In actual terms, the fiscal deficit — the difference between expenditure and revenue — was Rs 5.42 trillion during the April-August period of this financial year.

As per the data released by the Controller General of Accounts (CGA), the government's total receipts, including taxes, stood at Rs 8.48 trillion or 37.2% of the Budget Estimate (BE) for 2022-23. During the year-ago period, the collection was 40.9% of BE 2021-22. The Centre has released two installments of tax devolution to state governments amounting to Rs 1.17 trillion in August, as against the normal monthly devolution of Rs 58,333 crore, to arrest a decline in their capital expenditure.

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Inflation may fall to 5.2 pc next fiscal on normal rains, ease in supplies sans no exogenous shocks: RBI report

Persistently high inflation remains a key policy concern for the Reserve Bank, which has raised rates aggressively so far this year, but the pressure might ease next fiscal assuming normal rains and further normalisation of global supply chains without any exogenous shocks, according to an RBI report.

The Reserve Bank of India (RBI) expects retail inflation to come under control at 5.2 per cent in the next financial year beginning April, down from 6.7 per cent it has forecast for the current year.

"For 2023-24, assuming a normal monsoon, a progressive normalisation of supply chains, and no further exogenous or policy shocks, structural model estimates indicate that inflation will average 5.2 per cent," RBI said in its 'Monetary Policy Report September 2022'. The central bank is mandated to keep retail inflation in a range of 2-6 per cent.

However, inflation has been above the RBI's upper tolerance level since January 2022 mainly due to adverse supply shocks amid geopolitical tensions arising out of the Russia-Ukraine war since late February.

Both the countries are key suppliers of food grains, edible oil, fertilisers and energy resources such as crude oil and natural gas.

Even as inflation has eased from its April peak of 7.8 per cent, it remains at unacceptably high levels, the central bank said in the report.

On Friday, the Reserve Bank hiked the key repo rate by 0.50 per cent to 5.90 per cent to bring inflation under control. During the May-August period of this fiscal, it raised the policy repo rate by 140 basis points or 1.4 per cent.

https://www.financialexpress.com

Smt. Nirmala Sitharaman
Hon'ble Minister for Finance,
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Shri Piyush Goyal
Hon'ble Minister of Commerce and
Industry, Government of India, New Delhi

Shri B.V.R Subrahmanyam, IAS
Commerce Secretary, Ministry of Commerce
and Industry, Govt. of India

Sub: imposition of 20 percent duty on non-basmati rice exports - impact on exports – Reg

India is the world's biggest rice exporter and its rice exports have touched 21.5 million tonnes in 2021, more than the combined shipments of the world's next four biggest rice exporters - Thailand, Vietnam, Pakistan and the United States.

India accounts for more than 40 per cent of global rice shipments and competes with Thailand, Vietnam, Pakistan and Myanmar in the world market.

Government of India imposed a 20 per cent duty on exports of various types of rice to discourage buyers from making purchases from the country and to secure domestic supplies after reduced plantation due to lack of rains. This decision came after Food Ministry recommended the levy to ensure sufficient rice stock for Public Distribution System (PDS) and Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY).

This duty on brown and white rice other than basmati and para boiled varieties covers nearly 60 per cent of the country's total exports. "With this duty, Indian rice shipments will become uncompetitive in the world market. Buyers will shift to Thailand and Vietnam" as per informed sources.

The reasoning given by the Department of Food & Public Distribution (DFPD) is that the export price of non-basmati rice is INR 28-29 per kg, which is higher than the domestic price. **We submit that this information is misleading and the duty is based on incorrect data.**

The DFPD has assumed that all non-basmati rice variants put under single HS Code (HS-10063090) sell for INR 28-29 per kg. But in reality, there are several non-basmati premium varieties that have a huge international market selling at 3-4 times higher than the variety quoted. A blanket imposition of 20 percent duty, irrespective of their variety, quality, standard, demand and price would cripple non-basmati exports from India.

There are a several hundred varieties of non-basmati rice in India. Some of these sells for a much higher price than basmati rice. Some non-basmati variants sell for $700 up to $1,400 per metric ton. Levying a duty on these variants will prove very expensive. It will have many adverse outcomes for team India in the long term.

If the blanket duty is imposed, Indian rice exporters will not be able to capture new markets in premium non-basmati segments. Lack of price competitiveness with exporters from other countries will destroy them. Also, the farmers and exporters from the rice surplus states like Telangana will be affected severely due to losing of market for their competitors from other countries.

Alternative Solution

Since the shortage is envisaged for varieties of rice that are meant for PDS and PMGKAY, we suggest to impose duty according to the export price of rice and a blanket duty on all non-basmati rice variants must be avoided.

The goal of DFPD is understood. The target products are IR varieties which sell for $300-400 per MT. Long grain, swarna etc. are some such varieties. Levying a duty only on these selected variants is rational and reasonable.

India exports many other high-quality varieties of non-basmati rice such as Sona Masoori, Wada kolam, Jeera Sambha fragrance rice, Ponni Rice, black rice, red rice, and many others. A blanket duty will make it impossible for Indian exporters to promote these indigenous varieties overseas.

To meet the DFPD's goals, we recommend to impose duty according to the target export price. For example:

Export price between
$301-400 per MT:Duty 20%

Export price between
$401-500 per MT: Duty 10%

Export price between
$501-600 per MT: Duty 5%

Export price above
$601 per MT: Duty 0%

Summary

Non-basmati is not one variant of rice but a very big family of rice species. India's agricultural biodiversity and heritage deserves recognition and respect. The blanket duty on non-basmati rice must be reversed. Otherwise there will be a devastating impact on Indian exports. This is a time when the government is making much effort to promote Indian exports. We rely on the administration to make well-informed decisions. The exporters need their support and understanding.

Our earnest appeal to Hon'ble Minister is to look into the various aspects presented here and support the Indian rice exporters and protect the international market of India in Rice for the benefit of farmers, exporters, government and the country as a whole.

We look forward for the favourable decision

Shri Rajiv Bansal, IAS
Secretary, Ministry of Civil Aviation
Government of India
Rajiv Gandhi Bhawan, Block B
Safdarjung Airport Area, New Delhi

Sub : Restoration of Cathay Pacific & Lufthansa freighter services at Hyderabad Airport

As you are aware Telangana, specifically Hyderabad has a dominant position in the country's Pharma Sector, it ranks first in manufacturing of bulk drugs and third in formulations in the country. It accounts for 40 per cent of the total Indian bulk drug production and 50 per cent of the bulk drug exports and is considered as the 'Bulk Drug Capital of India'. Hyderabad Region also accounts for over 30% of all the vaccines produced globally. Hence, to maintain this position and be a leader not only in India but also across the world, the key to success is international connectivity (direct freighters).

Telangana being a landlocked state has high dependency on air cargo for both Exports of finished goods and Imports of raw materials as inputs to production. Prior to the pandemic, Hyderabad Airport enjoyed good freighter connectivity to major global hubs with operations by Lufthansa Cargo (to Frankfurt) and Cathay Pacific Cargo (Hong Kong). These freighter services allowed local industries to seamlessly integrate with the global supply chains at competitive rates and rapid connections.

However, we are given to understand that with the changes to rules enforced via DGCA AIC 41/2020 dated 31st December 2020, the operations of freighter airlines were removed from the ambit of Open Skies policy in vogue and cargo operations were instead brought under Bilateral Air Services Agreements (BASAs) which were designed & intended to manage the operations of passenger services on international routes.

An unintended consequence of the above change was the curtailment of two-port landings by foreign carriers flying a multi-stop circuit route within India, dropping off/picking up international cargo from multiple Indian cities before heading back to overseas base. With the change in rule, such flights were restricted from connecting more than 1 Indian city in the same journey. It is to be noted that with the cabotage restrictions already in place such flights were only carrying international cargo and no transportation of cargo between 2 Indian cities was anyway permitted on such flights.

Crucially for smaller metros such as Hyderabad, such two-port flights reduced the cost of global connectivity by 'sharing' a single flight across multiple cities (double-dipping) enabling smaller Indian cities to access global markets in a fast and economical way. Under these new rules, the Cathay Pacific flight previously operating Hong Kong – Delhi– Hyderabad – Hong Kong or the Lufthansa flight operating Frankfurt-Mumbai-Hyderabad-Frankfurt on a single journey is no longer being permitted.

As highlighted previously, these were crucial trade links for local industries in Telangana, and these two carriers combined had carried a total of around 15,000 MT of cargo in FY2019-20, accounting for around 17% of the total international air cargo volumes handled at Hyderabad Airport during the period.

The curtailment of Open Skies for Cargo is having unintended negative consequences on many industries reliant on export and import of goods by air cargo:

1. Exporters/importers using Hyderabad have suddenly lost these key connectivity options that were previously being provided by hopping/fifth freedom flights, negatively impacting their ability to meet their EXIM requirements.

2. With the curtailing of hopping flights, Hyderabad has seen reduction in freighter connectivity, as many of the aforementioned freighter services connecting the city previously were 'shared' with Delhi, Mumbai and Bangalore.

3. Given the global supply chain disruptions, capacity and pricing were already major challenges for Indian exporters who are now facing even higher charges, with freight rates to major markets such as US and EU out of India at all-time highs. The curtailment of Open Skies has further contributed to making air cargo unaffordable and making exports unviable, in particular for perishables viz. agri products, fruits & vegetables.

4. Indian carriers presently operate no wide-body freighter aircraft and even the handful of narrow-body freighters in the fleet presently lack the capacity and range to serve allimportant global markets in regions such as North America, Europe and Far East that account for the majority of India's international trade in goods.

5. Air Transport in general and air cargo in particular are important economic drivers and job generators.

6. Hon'ble Prime Minister has laid out an ambitious and progressive vision for the country's development in the PM Gati Shakti Master Plan with focus on leveraging multi-modal connectivity incl. Air Cargo to provide integrated and seamless connectivity. In particular, it aims to remove regional/sectoral imbalances in infrastructure and connectivity. Given the above facts, the move to restrict air cargo connectivity will be counter-productive to Govt.'s efforts towards broad-based economic development and employment generation.

In view of the above, we request your good offices to intervene and restore the earlier framework of Open Skies, in particular freeing cargo flights from the restrictive passenger BASAs and permitting double-dipping freighters and also permit the restoration of double-dip operations of Lufthansa and Cathay covering HYD as one of the ports. This would help maintain the competitiveness of the exporters and importers of our State.

FTCCI partnered with SAP and Yash Technologies in organizing a

Webinar on Generating Global Opportunities for a future-ready India

7th September, 2022

Mr. Anil Agarwal, President, FTCCI, mentioned that Global Bharat, a program designed to enable Indian MSMEs to become globally competitive by equipping them with digital technologies. The program further compliments Government of India's vision to empower MSME sector by providing them access to global marketplace, digital skilling for the workforce and transforming business processes.

Mr. K Mohan Raidu, Chair, Information Communications & Technology Committee, FTCCI informed that FTCCI collaboration with SAP is aimed to help our MSMEs to transform themselves digitally and empower them to take their business to the global level. Sri K. Mohan Raidu, Chair of the Committee moderated the Panel Session.

The panelists were Mr. Pankaj Diwan, Founder & CEO, Idealabs Future Tech Ventures, Mr. Sharat Chandra, VP Research & Strategy Earth ID & Co founder, India Blockchain Forum, Mr. Norman Alemao, Program Manager, SAP and Mr. Gopalchandra Vankar, Center of Excellence, Director- SAP India.

The panel examined how technology is fostering the sector's expansion and why businesses need to move quickly toward digital transformation in order to address potential business disruptions and prepare for the future. The illustrious panel also discussed the next wave of opportunity in cloud adoption.

The participants also reflected on how despite the availability of high-speed internet access and the propensity of many small business owners to switch to a digital infrastructure, challenges such as a lack of necessary expertise, a tight budget and a limited understanding of sophisticated technology and tools, continue to slow down the pace of their digital transformation. During the session, the SAP's 'Global Bharat' was also spotlighted, a program aimed at equipping MSMEs with digital technologies. The program compliments the Government of India's vision to empower Indian MSMEs by providing them access to the global marketplace, digital skilling for the workforce and transforming business processes. SAP Global Bharat program can be accessed on www.growthmattersforum.com, an exclusive community of MSME businesses.

Meeting with
Mr. KVL Narasimham, Advisor, and
Mr. M.Chandrasekhar Reddy, Technical Advisor of Indo German Vocational Education and Training Programme (IGVET) from GIZ to discuss the Collaboration of FTCCI Pokarna Skill Center with GIZ

Seminar on "Emerging Business & Financial Opportunities for Exporters"

14th September, 2022

Sri Anil Agarwal, President, FTCCI presenting Green Certificate to Sri Amit Jhingran, Chief General Manager, SBI. Smt Manju Sharma, General Manager, SBI and Sri Premchand Kankaria, Chair, Banking Finance and Insurance Committee, FTCCI also seen.

Meeting with
Mr. Prashanth, State Engagement Officer, South States, National Skill Development Corporation. Regarding Affiliation and Accreditation to the FTCCI Pokarna Skill Center.

Certificate Course on Export Import Management

15-17 & 22-24 September, 2022
Warangal

Mr. Fahad Ahmed Khan Suri

FTCCI jointly with Warangal Chamber of Commerce and Industry with the support of Ministry of Commerce and Industry, Govt. of India organised a Certificate Course on Export Import Management from 15-17 and 22-24 September, 2022 at Warangal.

Mr. Meela Jayadev, Senior Vice President, FTCCI informed that Export/Import Certificate Course is a specialized program that supports the needs of companies working with clients and suppliers worldwide. The businesses will also be able to take advantage of the many import-export business opportunities for both purchasing and marketing as well as make use of business systems that can help to achieve a maximum advantage in the international market. The program is intended to provide an understanding on how to effectively trade worldwide and manage an international business, from negotiating contracts to resolving cross-border disputes.

Mr. B. Ravinder Reddy, President, Warangal Chamber of Commerce & Industry lauded the FTCCI for taking lead in creating awareness among local industry & exporters from Warangal region on potential significant benefits that could accrue to in export/import. FTCCI being a State level Chamber of Commerce, he sought help of FTCCI in taking up issues concerning the businesses in Warangal, for amicable solution.

Mr. A. Narasimha Murthy, General Manager, District Industries Centre, Warangal, Mr. M. Hari Prasad, General Manager, District Industries Centre, Hanamkonda, Ms. Vijeeshna.V, Assistant Director, Spices Board, Warangal, participated and addressed the program. The Officials briefed on the various initiatives taken by the Govt. in enhancing export/import and asked the participants to take advantage of enormous opportunities available in global markets. They informed that Warangal region has huge potential to emerge as top exporting hub considering its strengths in sectors like Agriculture and Agro based products, Wood & Leather, Textile, Granite, Spices, Information Technology, Tobacco Products, Mineral based products, Electrical Machinery and Transport Equipment.

Mr. Fahad Ahmed Khan Suri, Under Secretary, Dept. of Commerce, Government of India said that exports are an important driver of India's economic growth. Government of India is continuously taking efforts to create an enabling ecosystem for enhancing India's exports to the world. Entering into Free Trade Agreements with partner countries with which India has strong trade complementarities is part of these efforts. As part of Government of India's whole of Government approach, sustained and concerted efforts are being made in association with all concerned stakeholders including various Industry Associations/ EPCs/ State Governments, for enhancement of Indian exports particularly from the MSME segment. Export Promotion efforts include Organization and facilitation of participation in trade fairs/exhibitions, Buyer Seller Meets, Reverse Buyer Seller Meets etc. Indian exporters are encouraged to leverage upon these efforts and enabling business environment and enhance their exports. In this context, efforts of FTCCI have been lauded as events like these contribute towards capacity building of our exporters and facilitate their enhanced participation in international trade.

The technical sessions were dealt by Mr. P. Sampath Kumar, Trainer & Consultant, International Trade & Banking, Hyderabad, Ms. Sangita Chattopadhyay, Asst. General Manager and Ms. Namita Sehgal, Manager, Foreign Exchange Dept. of Reserve Bank of India, Hyderabad, Dr. Chetan Bajaj, Dean-School of Business, S R University, Hanamkonda, Dr.E. Muralidarshan, Former Faculty, Indian Institute of Foreign Trade, Ms. Vijeeshna.V, Assistant Director, Spices Board, Warangal, Mr. O. Sivanagaraju, Asst. General Manager-SME, State Bank of India, Warangal, Mr. N. Kameswara Rao, Senior Manager, ECGC Ltd., Hyderabad, Mr. D. Vineet Suman Darda, Co-founder and Managing Partner, Darda Advisors LLP, Hyderabad, Mr. Debasish Mukherjee, Consultant, Trainer and Faculty, GITAM Hyderabad Business School, Hyderabad, CMA Mallikarjuna Gupta, Management Consultant, World Trade Center –Shamshabad & Visakhapatnam and Mr. N. Nataraj, Deputy Director & Regional Head, Indian Institute of Packaging, Hyderabad

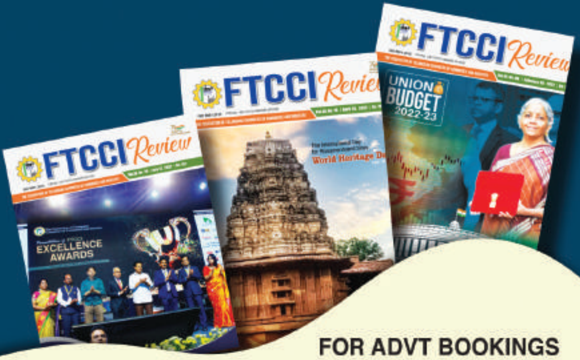
Program on Exploring Business Opportunities with Amazon

16th September, 2022

FTCCI along with Amazon has conducted a 1-day program on "Exploring new business opportunities with Amazon on 16th September 2022.

The E-commerce is growing at a rapid pace and more business owners are now taking advantage of this opportunity to grow their business online. However, not many entrepreneurs are aware of the benefits that online business can bring to their operations and improve their sales.

To create awareness of the online market and learn more about the advantage of the Amazon platform, FTCCI has invited MSMEs, Local Vendors, Weavers and traders from Nizamabad. The amazon training team guided and provided hands on training for the participants about setting up of their business online with Amazon. Approximately, 75 entrepreneurs from various business segment of Nizamabad participated and benefited from the program.



Webinar on Practical insights to Clause 44

19th September, 2022

Sri Meela Jayade, Senior Vice president- FTCCI in his welcome address said that the Tax Audit Report in Form 3CD contains 'Clause 44" which deals with reporting requirements related to GST expenditure and is a significant cause of concern among the tax auditors and the assesses. The confusion seen is related the applicability of Caluse 44 of Form 3CD for the assessment year 2022-23 or FY 2021-22.

Clause 44 of Form 3CD requires reporting of the total amount of expenditure incurred during the previous year. The heading of clause 44 requires reporting of the break-up Incurred. Further, this clause is required to be reported by all the reporting assesses whether the assessee is register under GST or not.

In view of this FTCCI is organizing a Webinar on Practical insights to Clause 44 to understand the implications.

CA Hari Govind Prasad, Chair- Direct Tax Committee- FTCCI in his introductory remarks said that one of the objectives of tax audit is to ascertain/derive/ report the requirements of Form Nos. 3CA/3CB and 3CD. Apart from reporting requirements of Form Nos. 3CA/3CB and 3CD, a proper audit for tax purpose would ensure that the books of account and other records are properly maintained, that they truly reflect the income of the taxpayer and claims for deduction are correctly made by him. It can also facilitate the administration of tax laws by a proper presentation of accounts before the tax authorities and considerably save the time of Assessing Officers in Carrying out routine verifications.

CA Nikshit Hemendra Shah, Co-Chair- Direct Tax Committee- FTCCI introduced the CA (Dr) Abhishek Murali, Partner-Victor Grace &Co, Chartered Accountants, Chennai and CA Sudir V.S, Partner- Hiregange, Chartred Accountants, Hyderabad.

Sri Abhishek Murali extensively dealt the insights on Clause 44 of Tax Audit Report in respect of Income Tax Prospective. The reporting requirement in Clause 44 requires the compilation and arrangement of huge data. Clause 44 is incorporated to ensure that the data can be used by the GST Department. Further expenses cannot be disallowed on the basis of this reporting under Income Tax Act. Under the name of ease of doing business GST Audit has been withdrawn and again by Clause 44 put additional responsibility on the Tax Audit and taxpayer to think twice before putting the details under this clause considering the availibity of the details, its reconciliation with external reports and future implications.

CA Sudhir V.S explained important consideration under the Tax Audit with reference to GST and also suggested best practices such as

1. Timely GSTR-2B reconciliations.
2. Identification of all expenses.
3. Correct disclosure in GST returns.
4. Tracking of RCM liabilities.
5. PAN level/ GSTIN level reconciliation of data.
6. Reconciliation of taxable values wherever required with 3CD.
7. Wherever understanding GAP/ change in views – give comments.

The meeting ended with vote of thanks to the Chair.

Certification of Origin & Attestation of Export Documents

The Chamber is recognized by the Government of India to issue Certificates of Origin for non-preferential countries. Export documents are also accepted as authentic by the Consular offices of various countries and international authorities.

VISA FACILITATION

The letters of recommendation are issued to Embassies and Consulates for issue of business visa to representatives of member companies for business travel.

PASSPORT UNDER TATKAL SCHEME

FTCCI is being recognized by the Govt. of India to issue Verification Certificate to the Owners, Partners Or Directors of the Companies having Membership with the FTCCI.

FOR MORE DETAILS CONTACT :
Mr. Firasath Ali Khan, e-Mail: co@ftcci.in,
Ph : 040-23395515-22

Members Attention!

Valedictory Session of Certificate Course on GST

23rd September, 2022

Sri Meela Jayadev, Senior Vice President, FTCCI in his welcome address said that as all good things have to come to an end, we have successfully come to the last session of our 8 day long certification course on GST.

The program would not have seen the light of the day without the enthusiastic participation of the audience. We thank them for their active participation. As a part of our numerous efforts to acclimatize the Trade and Industry to emerging challenges, this course was planned.

Sri Sudhir V.S, Chair-GST and Customs Committee- FTCCI in his introductory remarks said that this is the fourth batch of Certificate Course on GST is being organized by FTCCI from the introduction of GST. The GST Committee of FTCCI is grateful to all the speakers who have shared their wisdom and time for the course.

Sri S. Thirumali, Advisor- GST and Customs Committee in his address thanked the Chief Guest Sri R.S. Maheshwari, IRS, GST Commissioner, Audit-II Commissionerate-Hyderabad for his valuable presence in-spite of his busy schedule.

Sri R. S. Maheshwari, in his valedictory address congratulate the FTCCI for organizing this Course for better compliance. He said that any course two things are important one is Coverage of Subject and second one is Delivery. Coverage is good and delivery is also good because speakers are veterans in those areas. He further said that after implementation of GST the share of unorganized sector percentage has been come down from 58% to 18%. He suggested FTCCI to organize more GST Courses in frequent intervals.

We are glad to inform that 48 delegates registered for the GST Certificate Course across the industries like IT Solution Provider, Engineering, polymers, Solar panel, manufacturer of aero plane wheels, Pesticides, Electronics, Metals and Jewellers apart from co-operative bank, education institution and Cost Accountant.

At the end of the sessions we have conducted examination and distributed Certificates to the participants by Commissioner along with Office Bearers and Chair, Co-Chairmen and Advisor of GST and Customs Committee- FTCCI.

Interesting times ahead for Indian agri-tech, adaptability the key for companies

If utilized correctly, agri-tech innovations can drive sustainable and equitable growth, ensuring better yields, higher profitability, and improved livelihoods for farmers.

*Rishi Agarwal **

Various challenges – the Ukraine war, climate change, low attractiveness of farming as a career means that the world is going to face a food shortage challenge soon. Though relatively nascent, agri-tech innovations have the potential to address some of these challenges. If utilized correctly, these innovations can drive sustainable and equitable growth, ensuring better yields, higher profitability, and improved livelihoods for farmers.

In India, some of these challenges are magnified due to intensive cultivation and improper nutrient replenishment leading to stagnating or declining yields of most crops. Rising input prices and production costs add to the problems, as does the unavailability of key inputs during peak seasons. This was most recently seen in the severe shortage of di-ammonium phosphate during the 2021 sowing season which led to adverse law and order situations in some states.

Tech-tonic shifts in India's agricultural landscape

Over the years, there have been major changes in India's agricultural landscape, primarily led by technology-first start-ups that bring a new package of practices to an otherwise traditional industry. These next-generation companies are making better information and technology available to farmers, providing opportunities to improve their incomes, better their livelihoods, and engage in more sustainable food production. Here are some of the trends we have observed taking place in this space:

- A surge in the Indian agri-tech start-up funding with a six-fold growth in capital flows (from $44 million in 2016-17 to $323 million in 2020-21), primarily aimed at start-ups focused on

disintermediation through direct provision either at the input or the output stage

- This influx has created 5-7 late-stage start-ups, each valued between $300m and $800m
- Some large, late-stage start-ups have now begun transitioning to a 'full-stack' platform approach to increase their share of the farmer's spend and earn higher margins through value-added services
- Investments in in-farm innovations like artificial intelligence (AI) and Internet of Things (IoT) solutions, robotics/drones, and farm management software are the next horizon of investment, with funding growing four-fold from $10 million (2018-19) to $39 million (2020-21)

However, most of these innovations are in their early stages. Traceability, for example, is a use case for AI- and IoT-enabled technologies that cut across pre- and post-harvest stages and improve farmers' ability to improve realizations. However, there are very few at-scale solution providers in India. CropIn, the oldest start-up in this category, was among the first to introduce seed-to-shelf traceability using QR code stickers, but only in 2018-19. The field is seeing new solutions emerging though with companies such as TraceX entering the field.

Challenges remain

Recognising the potential of innovative farming systems, traditional players are also initiating strategic investments in this area. However, challenges remain.

Traditional agriculture companies, which have been lagging behind start-ups in most categories, need to embrace technology to succeed. They also need to provide specialised solutions. For example, players with strong R&D and technical expertise and capital investments may choose to double down on their strengths to become 'specialised solution providers.' They can also expand into adjacencies, or provide 'end-to-end' solutions. For example, players with solid on-ground networks may choose to expand into adjacencies, gradually moving toward 'end-to-end solution providers.' However, these companies will need to be innovative in staying in touch with and expanding their farmer networks through a mix of digital and in-person interactions.

For either of these paths, however, these companies need to embrace not just technologies such as data analytics and digital networks but relook internally at their decision-making and capabilities to ensure that they are actually able to leverage these investments. Based on their growth ambitions, these players can opt for capital investments, strategic partnerships, or corporate venturing to succeed across the agri-tech value chain.

Diversity in start-ups

There is significant diversity in start-ups ranging from SaaS (software-as-a-service) platforms to AI- and IoT-integrated hardware for sensing, monitoring, and farm automation. Farm automation solutions address the growing labour shortages. Solutions such as remote sensing and monitoring and technology-integrated farm management software improve farmers' ability to make data-driven decisions.

Although not a clear trend, it is worth noting that to achieve scale and profitability at a faster pace, a few in-farm solution providers are moving towards disintermediation as agri-commerce has a shorter pathway to scale compared to in-farm technology solutions.

Seeding ideas for the future

The agri-tech sector is poised for breakout growth and to improve farmers' livelihoods. This next wave is expected to and dependent on the adoption of technological solutions, sustainable farming practices, and the carbon economy.

The trend of agri-tech mainstreaming will continue, with the government playing a key role as a facilitator for private sector participation. This was visible in the budget announcement for 2022-23 when the central government revealed its plans to set up a dedicated fund for agri-tech start-ups and promote the use of drones for crop assessment, digitisation of land records, and spraying of nutrients and insecticides. States are also doing their bit and positive developments can be seen in most states with a focus on data, public-private partnerships, and knowledge exchange with academic and research institutions.

However, now is the time when start-ups need a renewed focus on profitability. The first wave of India's agri-tech start-ups entered the space of market linkages with little competition but are now competing not only for farmers' attention but amongst themselves and with the recent entrants. As agri-tech becomes mainstream and investors tighten their purse strings in the medium term amidst an overall slowdown in global investment activity, only start-ups with a focus on profitability and sustainable growth will survive.

This slow-down also gives an opportunity to traditional players to either build or buy such capabilities, with the use case already proven by start-ups. Irrespective of the type of player, however, interesting times are ahead for the sector and adaptability and innovation will differentiate winners from also-rans.

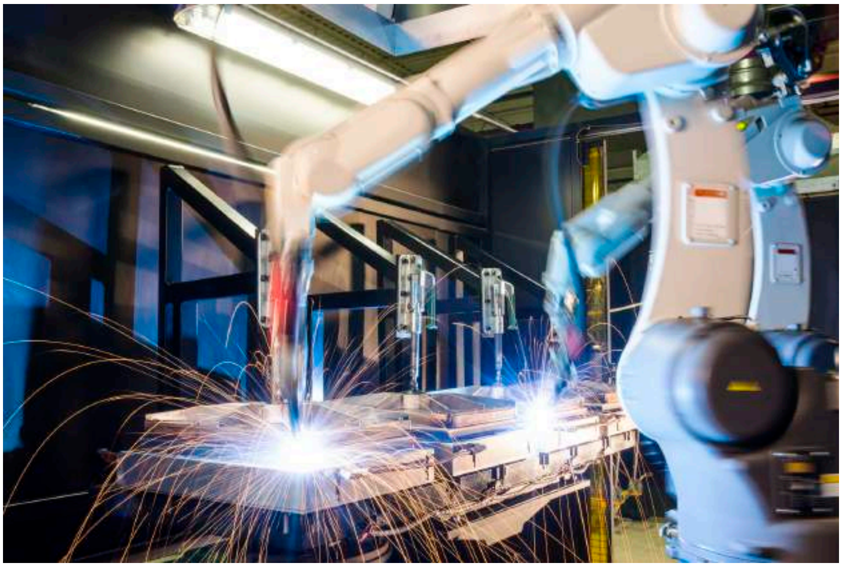
**Rishi Agarwal, Managing Director and Head – Asia, for FSG.*
(Views expressed are the Author's own.)

First published in:
Financial Express, October 2, 2022

Rewind:
Invoking Hanuman to spur manufacturing

*B.Yerram Raju **

2015 was the year of hope for the revival of manufacturing when the government of India came up with initiatives such as Make in India, symbolising a ferocious tiger, Startup India, Stand-up India, Digital India and Skill India. 2020 was another landmark year with the announcement of Atma Nirbhar Bharat to remain resilient at the start of the pandemic. These were followed up by PM Gati Shakti, Production Linked Incentive Schemes (PLI), several initiatives targeting the growth of MSMEs and other district-focused programmes as accelerated efforts.



Yet, disappointments did not distance and the Finance Minister recently had to kindle the strength of India Inc by invoking Lord Hanuman – whose strength had to be reminded both to cross the seas to reach the kingdom of Ravana and fetch Sanjivani (the life-giving herb) to bring Laxman back to life – for the revival of manufacturing growth.

Despite crowding in the private sector into a friendly investment regime, enactment of Labour Code, Insolvency and Bankruptcy Code, and India becoming the fifth largest economy in the world, manufacturing not reaching even the 12th Five Year plan goal of 25% of the GDP is baffling. Almost a decade closing in, and we are still searching for the right solutions. What's worse, notwithstanding the rosy-looking GDP, India has widespread unemployment. At the average level, incomes haven't grown fast enough to sustain a consumption drive.

> *During the last four decades (1980-2020), the average profit of industries grew nearly 50 times, number of factories too doubled during the last decade compared with the rest of the decades. And yet, manufacturing reaching its potential fifth position in the world as predicted by BCG in 2013 remains distant*

The RBI data on Investment as ratio of GDP indicates that the best happened in the initial euphoria of change, that is, 2014-15 when it was 30% and thereafter, 'not all the perfumes could sweeten the little hand' and till

2020 it remained at least 2% below that level.

Contrastingly, the UPA regime saw the best investment at 30.7% – incidentally in its very first year. During the decade of UPA rule, investments in the economy grew 4.4%. The NDA regime during the last eight years could not see a consistent rise in the investment-GDP ratio beyond 29%, despite some occasional positive trends, thanks to 'Make in India' triggering on average two lakh factories per annum in the last decade.

> *The RBI data on Investment as ratio of GDP indicates that the best happened in the initial euphoria of change, that is, 2014-15 when it was 30% and thereafter, 'not all the perfumes could sweeten the little hand'*

Alok Sheel, former Secretary of the PM's Economic Advisory Council, in a commentary in the EPW (August 20, 2022), estimates an output loss of 6.7% of the GDP up to the financial year 2022-23 and 4.9% up to 2023-24 using the pre-covid-19 growth level as the base. Even the World Bank estimates an output loss.

Lacking Ecosystem

It has been widely acknowledged that India lacks a complete manufacturing ecosystem and is not in the league of manufacturing nations of the world on a par with the developed nations although its global ranking among the developed nations is at five.

The manufacturing ecosystem is different from the business ecosystem and both should complement each other. The manufacturing ecosystem consists of the interaction between the factors of production and the facilitation that the governments choose to provide in the midst of competing demands from all the other sectors of the economy. We have shown leadership success in apparel and accessories, auto components, textiles, drugs and pharmaceuticals, petroleum products and motor vehicles. Sustainable growth of these sectors across the country did not happen.

In a Forbes India article, India's growth story has been blunted notwithstanding the red carpet rolled out to foreign companies. Several major multinational companies —Cairn Energy, Hutchison, DoCoMo, Lafarge, Carrefour, Daiichi Sankyo, Henkel — have exited the country citing an unfriendly business environment among other reasons. Between 2014 and November 2021, over 2,700 foreign companies and their subsidiaries shut shop in India. States like Tamil Nadu, viewed as the Detroit of India, are no longer on the same level of growth.

The key to manufacturing growth rests on land — cost and transfer mechanisms; power — availability and cost; water — for industrial purposes at the assured level of minimum 10%; logistics and transport facilitation to get quick and easy access to the markets.

Land

Land costs have been touching unaffordable levels for the industry — whether it is allotment by the government or acquisition privately. The average cost of land per hectare in industrial estates ranges from Rs 10-50 crore. Several States offer land on a platter as a major incentive, and this has also proved a competitive advantage for engaging foreign firms that bring with them new technologies and markets. Down the line, the sufferers are the micro and small enterprises that actually front-end the supply chains of the medium and large firms.

Making available land on lease with alienable rights in favour of the financial institutions would have accelerated the growth of manufacturing micro and small enterprises. Since many in the past migrated from the committed manufacturing sector to other sectors, state-level infrastructure investment companies hesitate to roll out such a model. The solution lies in MSEs in manufacturing aggregating into clusters or industrial parks with collective ownership and appropriate legal mandates to acquire guaranteed lease-hold rights alienable in favour of the lenders.

> *Between 2014 and November 2021, over 2,700 foreign companies and their subsidiaries shut shop in India. Tamil Nadu, viewed as the Detroit of India, is no longer on the same level of growth.*

Third-Party Effects

Externalities defined as third-party (or spill-over) effects arising from the production and/or consumption of goods and services for which no appropriate compensation is paid play a vital role. These externalities range from land acquisition to price fixation

to market penetration. Externalities can cause market failure if the price mechanism does not consider the full social costs and social benefits of production and consumption. The cushion provided through the compulsive CSR funding of 2% of the revenue of every corporate hardly meets the requirements. This is not considered a voluntary responsibility that would enhance their comparative advantage.

Power

Although electricity supply and distribution have improved over the years, there is still an annual power gap of more than 10%, and we have the lowest per capita power consumption in the world. Power-intensive industries like rubber, metals and electronics, complain of low quality of power supply and high costs that make them highly uncompetitive globally.

Productivity and HR

Unemployment and unmatched wages seem to elbow out the manufacturing sector. Attraction of talent, retention strategies, and diversification of talent across the sizes in the manufacturing sector are challenges that seem to defy the strategies of Skill India, scaling up the capacities of technical education institutions as a part of the effort, starting incubation centres in technical and management education institutions.

A survey of placement committees across the top domestic educational institutes pointed out to poor job offerings, lack of glamour quotient and awareness concerning the potential of manufacturing jobs as reasons behind students taking little interest in manufacturing companies. Numerically speaking, universities and technical institutions have increased. New National Education Policy has been put in place. Yet, civil, mechanical, and electrical engineers are in short supply by around 50%. Research institutions are still not preferred goalposts for many science graduates.

> *Attraction of talent, retention strategies and diversification of talent are challenges that seem to defy the strategies of Skill India.*

Balancing Export, Home Fronts

The maximum possible growth for the manufacturing sector under 'Make in India' can only be realised if the country strikes a balance between export-led and domestic-demand-led growth, said credit rating agency Crisil (November, 2020). India has a vast domestic market and the demographics indicate a growing middle class on the threshold of 400 million. Poverty levels are also shrinking. The rise of rural demand seen recently and increasing preferences for branded and packaged products in those areas are good portends for sustained manufacturing growth.

The rising middle class has two tiers — upper middle class and lower middle class. Both these tiers have moved to the digital map of India catching up with new products and online markets. Cost of marketing has been moving to affordable zones into dependable logistics, fast and prompt deliveries through e-marketing. Is this not the right time for manufacturing to meet the domestic demand at a global scale rather than eyeing the global markets at domestic prices?

As Chinese manufacturing is looking southwards, this is the time for India to look at low-end export markets like Thailand, Indonesia, and countries that are willing to trade in rupee rather than in dollar.

> *The Reserve Bank of India by opening the gateway for rupee trade de-bonded the nation from the US dollar. Italy, Middle East, and Russia entered the rupee trade. It may take a long time for the rupee to pare with the dollar and correct the trade imbalance.* This could give a boost to manufacturing but seem to be taking an unduly long time even to overtake economies like Vietnam and Bangladesh.

The 2021 Budget programme for infrastructure at $5 trillion in the next five years under public-private partnership through PM Gati Shakti and the recently released National Logistics Policy would take at least another 3-5 years to show results.

Tax Reforms

While the direct tax reforms, particularly the Income Tax Act, showed significant improvement, GST still has gaps notwithstanding the phenomenal rise in collection. Fuel is yet to enter the list of GST. Over Rs 58,521 crore in taxes is the reported loss due to illicit trade in FMCG, mobile phones, tobacco, and oil industry, according to the latest study by FICCI. The highly regulated industries — tobacco and alcohol — account for 49% of their overall tax loss. The report also says that 7.94 lakh jobs were lost due to illicit trade in FMCG.

Then there is the issue of certification and consistency in the quality of goods produced. Corporates around the world still prefer ISO and BSI certification for the goods they import. The CE and FDA certifications in India are yet to meet some of the basic inspection standards. Aligning with several global voluntary initiatives like Worldwide Responsible Apparel Production (WRAP) certification, energy management sustainability, green buildings/products, eco-friendly chemicals, and Social Accountability (SA 8000) is important.

Micro, Small and Medium

MSMEs are spread in every sphere of manufacturing activity as they frontend the supply chains of medium and large firms. Inefficiencies in production processes, quality and buttressed certifications, low productivity, poor access to debt and equity, and lags in compliance with regulations of almost 7,000 products manufactured by them have a cascading effect on the growth of the manufacturing sector at least to the extent of 30%. Several committees both at the Union government and the RBI pointed out the much-required corrections.

Equity-driven funding to the manufacturing MSEs, cash-flow-based working capital loans, providing incentives to field level officials for responsible lending, well-monitored industry association partnerships, enforcing quality standards, quick certification processes, branding, replacing financial incentives with fiscal, encouraging innovation and incubation and exports hold the key to sustainable manufacturing growth.

The National Business Facilitation Grid with a regulatory governance catalogue and ordaining disclosures in accordance with the principles outlined in the 'National Voluntary Guidelines on Social, Environmental, and Economic Responsibilities on Business' is the strategic intervention programmed to ensure manufacturing growth with environmental sustainability and Intellectual Property Right protection.

However, Indian industries are probably coming under great stress mainly due to domestic weaknesses rather than global causes. There is large-scale discontent among the States over the Union government ignoring the law of proportionality in the distribution of resources through various schemes.

At the moment, there appears to be more substance than noise on this issue, measured in terms of the withdrawal of a few schemes from the public dispensation to a private regime – food distribution, for example, taking exception to the States' independence in the liberal distribution of resources to the poor, energy pricing and energy distribution.

The overall climate for manufacturing growth depends on eliminating sovereign risks, enhancing investors' confidence and cutting costs of regulation. The $5 trillion goal by 2025 is possible only when manufacturing improves its share at a sustainable 25% and agriculture at 12-15%. But for that, inflation must remain under control. The Boston Consulting Group estimates India's average annual consumption to grow at 10% in the next decade. If the PMI also crosses 56 from the current level of 53 correspondingly, Hanuman may give new life to the manufacturing sector by 2027.

**Economist and Risk Management Specialist. (Views are personal)*

First published in TELANGANA TODAY

Capacity Building Outreach program on Opportunities for Exports & Outlook on the Plastic Industry held on 28th September 2022 at Federation House, Hyderabad.

Sri Suresh Kumar Agarwal, Vice President addressing the program.

With Sri Singireddy Niranjan Reddy, Minister of Agriculture, Co-operation and Marketing of Telangana attended : 15th September, 2022 at Federation House, Hyderabad

Batukamma Celebrations at Federation House.

Sri Chandrakanth Agarwal
President of Thalassemia and Sickle Cell Society

Excerpts of Interview:

Sri Chandrakanth Agarwal, president of Thalassemia and Sickle Cell Society for more than a decade is constantly striving to develop the society to serve the thalassemia and sickle cell anaemia affected children with all facilities under one roof. He is extremely passionate towards eradication of Thalassemia. His vision is to achieve 'Thalassemia Free Telangana' and Thalassemia Free India' by spreading extensive awareness and propagating prevention programs.

Chandrakanth Agarwal is a businessman by profession and the Chairman of Navadurga Group of Industries. His family migrated to Hyderabad from Singhana, Rajasthan, about a century ago. He had to discontinue his MBBS due to family problems and join family business. Having reached successful heights in his professional career, he is now working towards serving the thalassemia affected children.

FTCCI spoke to Mr. Agarwal about his passion for elimination of Thalassemia, an inherited blood disorder that causes body to have less haemoglobin affecting capacity to carry oxygen by Red Blood Cells (RBCs), activities of Thalassemia and Sickle Cell Society (TSCS) and future plans.

Can you give a brief note on formation of Society?

Thalassaemia and Sickle Cell Society (TSCS) is a registered (Reg No. 5359) non-profit, non-governmental organization founded in 1998 represented mainly by a small group of patient's parents, doctors, well-wishers and philanthropists to provide the best treatment and management to patients suffering from Thalassemia and Sickle Cell Anemia. Thalassemia patients require good quality BLOOD every 15-20 days for survival LIFE LONG. In those days neither the blood was freely available nor any kind of awareness was there for Thalassemia. Since day one, our priority has always been to improve the services provided to patients in accordance with the latest developments in treatment, management, and prevention to this genetic disorder.

What is the support you get to run this society?

Support from TELANGANA Govt under Aarogyashree & AP under YSR Aarogyashree, Many philanthropists come forward in setting up the society, like: Sri Shyam Sunder Loya ji given 1000 sq yrds of land on long lease in Shivrampalli, TSCS has constructed a most modern building in memory of Late Kamala Hospital and Research Center, Vuppala Venkaiah – Blood Bank, Vuppala Krishna Rao & Chandrakala Diagnostic Services, Mrs. Kamala Bai (Duke's) supported for setting up of Advanced Diagnostic Laboratory, Vasudha Foundation supported for Blood Transfusion Centre, Prema Bai Dakotiya Charitable and Memorial Society Supported for Research Centre and Mani Ram Ramratan Rathi ji supported for Well equipped Modern Auditorium and Kanhaiaya lal ji Lohiya supported for Mini auditorium.

What are the services provided at TSCS ?

TSCS provides all the services FREE OF COST to all the patients. Starting with counselling, consultation by doctors, required blood test and other ALL investigations including MRI, and BLOOD transfusion by well trained staff, all required medicines, periodic medical check-up by Haomatologists, cardiologist, Endocrinologist, dentist, ophthalmologist, orthopaedition, etc 16 different specialists, HLA typing with siblings & parents, and Ultimately the only permanent cure for Thalassemia "Bone Marrow Transplantation" ALL AT FREE OF COST for all OUR Thalassemia and Sickle Cell Anemia patients, with the help of Govt. Of TELANGANA, Andhra Pradesh (under Aarogyashree), many associates, organisations, donors etc...

WE ARE THE BIGGEST SOCIETY IN THE WORLD, serving Thalassemia & Sickle cell patients with treatment and management under one roof. Every day we provide FREE blood transfusions to about 60/70 patients FREE OF COST and also Lunch for patients & parents. We regularly conduct blood donation camps.

How many patients are registered with your society ?

TSCS has more than 3300 registered patients from Telangana, Andhra Pradesh and other states.

What are the other activities conducted by you ?

TSCS is striving hard to eradicate thalassemia and has initiated several programmes related to awareness, prevention and cure. In 2021 we started ONE MORE centre at Khammam, to provide our services around Khammam districts. Future plan is to start centres in Andhra Pradesh as well.

What regular support you are getting from Govt & others ??

Special thanks to Government of Telangana and Government of Andhra Pradesh for supporting our children under Aarogyasri Health Care services by empanelling our society. Also we thank Electronics Mart India Limited (Bajaj Electronics) for their full financial support for the patients who are undergoing Bone Marrow Transplantation(BMT) at our partner Sankalp India Foundation, Bangalore under their CSR activity. So far 30 children underwent BMT and they are Thalassemia Free.

What are the awareness and prevention activities taken up by TSCS ?

TSCS conducts regular awareness meetings and blood donation camps organised by our society. Our Board also visits Colleges, MNC's, Industries, Organisations to bring more awareness about this blood disorder. Also regularly posts/updates on Social Media and website.

As part of prevention programme TSCS initiated an antenatal screening program for thalassemia and sickle cell anemia at government maternity hospitals in Hyderabad and Mahbubnagar to screen for carriers among antenatal women who are in the 1st trimester of pregnancy. The pregnant woman is tested for HbA2 test (A very simple blood test, costing just Rs.300/-) in case of carrier women, husbands will also screened. If both the couple are found to be carriers they will be counselled to go for prenatal diagnosis and if the foetus is found to be affected then the parents are advised to follow the protocol. This would help in preventing the birth of affected children which would reduce the incidence of the condition in the population. Thus TSCS was successful in avoiding birth of dozens of Thalassemia major children.

Are you collaborating with National level NGO's and societies to bring awareness and prevention about Thalassemia and Sickle Cell anemia ?

National Conference on Prevention of Thalassemia and Sickle cell anemia was held on 30 April – 01 May 2022 in our Society Building in Hyderabad. Almosr all societies in INDIA attended the conference & many National & International speakers were present. Our main objective of organizing National Conference on Prevention of thalassemia and Sickle cell anemia with all allied organisations/societies in INDIA, was to achieve the mission of THALASSEMIA FREE INDIA. All the organisations came together and appealed to the Central Government to pass a BILL (like other countries), making HbA2 (HPLC) testing mandatory in the first trimester of pregnancy and also promote HbA2 testing before marriage which would help in the prevention of affected births and reduce the incidence of the condition in the population.

What is your next step to achieve your mission ?

As a step towards achieving our MISSION, we would like to gain insights from various experts in the country on different activities carried out to eradicate thalassemia and sickle cell anemia. The following are some of our steps towards prevention:

- Closely working with other NGOs taking a step forward to bring notice of the Central and State Governments
- Submitting our representation to Central and State Governments, Health Departments to make HbA2 test mandatory for prevention.
- Conducting National Conference every year, CME and also attending other national conferences or meeting about Thalassemia and Sickle Cell anemia to form opinion about prevention.
- Very soon, we are also conducting a CME with all the GYNECOLOGISTS of TELANGANA, to convince them to prescribe HbA2 test to all the pregnant ladies, who come to them for consultation, in their first trimester of pregnancy.

The Federation of Telangana Chambers of Commerce and Industry

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Is the Electricity (Amendment) Bill 2022 worth the hype?

The proposed legislation is meant to plug the gaps left open and discovered post- the Electricity Act of 2003.

*Rasika Athawale **

Electricity Act, 2003 was a flagship legislature that changed the dynamics of India's power sector.

By opening up the generation part of the utilities business, it created a flurry of private sector investments in new power plant capacity. As a result, India's installed capacity grew a whopping four times in less than 20 years - from ~100 GW to the present 400+ GW - with an astonishing addition of renewable energy projects.

It was felt at that time that the distribution part of the business should be protected and therefore discoms, as a licensed entity, were carved out of the original State Electricity Boards. The state government- owned discoms have failed to live up to the expectations of India's young and wired consumers; plus they are a huge financial burden on governments and taxpayers.

Proposed amendment

To solve these issues and reform the sector to confront newer challenges related to energy transition, the government has brought in the Electricity (Amendment) Bill, meant to plug in the gaps left open and discovered post- the Electricity Act of 2003.

In its current form, the Bill was tabled in the Parliament on August 8, 2022. It was referred to the Parliamentary Standing Committee of Energy for further discussions, and the power minister is hopeful of getting it passed in the upcoming Winter Session.

But is the Bill good enough? Or as they say, sometimes the good enough is neither good and nor enough. We take a look at the key provisions of the Bill

> **First and foremost this Bill is not a full-fledged privatisation exercise as some would like to believe. The wires as well as supply business of existing discoms will continue to be owned and managed in the same way as at present, unless the state governments themselves decide to privatise these assets. There would be no change in the employment status of existing employees at the state discoms.**

and what some sector experts have to say on the proposed amendments to answer that question.

What's in the Bill?

Well several things, but the two that matter the most are provisions for retail supply competition and governance reforms including the role of regulators. First let's decode these to understand their implication for the sector participants and for the consumers.

Have you ever wondered why you cannot switch your electricity provider the way you can for other utilities such as mobile and broadband? This is because distribution of electricity is a licensed activity and although the Electricity Act, 2003 allows for multiple or parallel licensees in the same area of supply, in reality there aren't any multiple license holders (except for Mumbai for historical reasons).

A simple explanation for this outcome is that distribution is a natural monopoly business. In other words, the society loses value if more than one provider invests in creating more than one sub-station, poles and wires that are required to supply electricity to one household or industry.

However, once you divide the distribution business into two functional parts — 'wires' which represent physical infrastructure, and 'supply' which represents sourcing-metering-billing of electrons — these two can be looked at differently. This is also known as Carriage and Content separation. As explained above, the wires business fits the natural monopoly definition, but the supply business can be competitively structured.

This is precisely what the Electricity (Amendment) Bill, 2022 aims to bring. The government wants the existing discoms to retain monopoly over the Carriage that is wires business and open up the Content that is supply business for competition, with private sector entry.

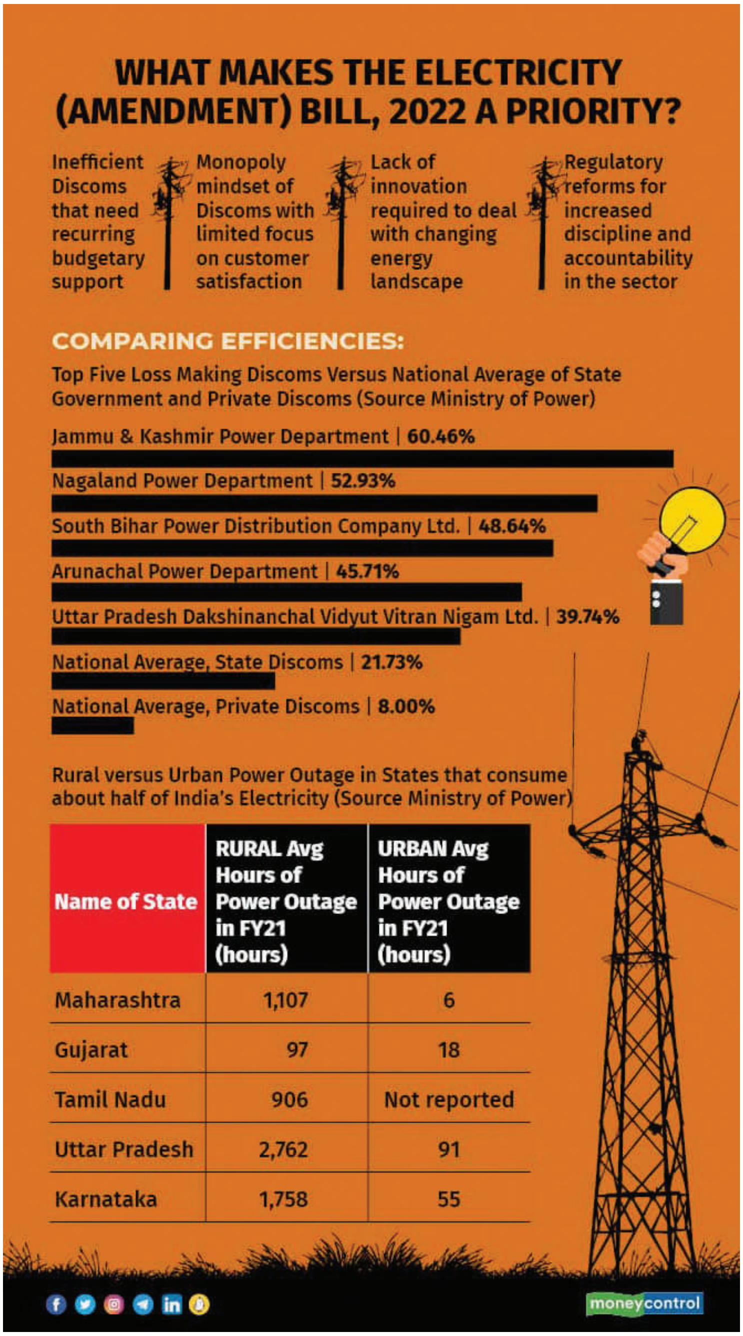
Governance and accountability

For increasing accountability, the Bill also proposes levy of a penalty in case discoms fail to meet their renewable purchase obligations target.

In terms of governance changes, the Bill gives power to the Central Electricity Regulatory Commission to approve licenses for multiple state suppliers. This provision overrides the earlier distinct set of responsibilities between the central and state regulators, given electricity is a concurrent subject and states fear losing control if their role is clipped further.

Yet another provision is on the powers of the central government in selection of the Chairman and Members of state regulatory commissions — an area where the states feel uncomfortable given they currently call the shots.

The Bill also calls for increasing the number of members at the Appellate Tribunal for Electricity (APTEL) — the apex judiciary body created for addressing appeals against orders of state and central regulators.



WHAT MAKES THE ELECTRICITY (AMENDMENT) BILL, 2022 A PRIORITY?

Inefficient Discoms that need recurring budgetary support

Monopoly mindset of Discoms with limited focus on customer satisfaction

Lack of innovation required to deal with changing energy landscape

Regulatory reforms for increased discipline and accountability in the sector

COMPARING EFFICIENCIES:

Top Five Loss Making Discoms Versus National Average of State Government and Private Discoms (Source Ministry of Power)

Jammu & Kashmir Power Department | 60.46%

Nagaland Power Department | 52.93%

South Bihar Power Distribution Company Ltd. | 48.64%

Arunachal Power Department | 45.71%

Uttar Pradesh Dakshinanchal Vidyut Vitran Nigam Ltd. | 39.74%

National Average, State Discoms | 21.73%

National Average, Private Discoms | 8.00%

Rural versus Urban Power Outage in States that consume about half of India's Electricity (Source Ministry of Power)

Name of State	RURAL Avg Hours of Power Outage in FY21 (hours)	URBAN Avg Hours of Power Outage in FY21 (hours)
Maharashtra	1,107	6
Gujarat	97	18
Tamil Nadu	906	Not reported
Uttar Pradesh	2,762	91
Karnataka	1,758	55

Role of the National Load Dispatch Centre (NLDC) is supposed to be strengthened with powers to dictate scheduling and dispatch at the national level for efficient grid operations.

The NLDC will also have to ensure power flows only when payment security mechanisms are in place. These provisions will solve the payment outstanding issues for generators and bring down the cost of power.

Arun Kumar Singh, Head of Digital Technology and Short-term Market at power trading solutions provider PTC India Ltd, says: "The Bill aims to achieve twin objectives of encouraging market participation by the private sector for the last mile and creating a more centralised system possibly for bringing uniformity across states in terms of implementation."

"The Bill attempts to instill financial discipline and accountability for all parties in the electricity ecosystem, including the regulators." said Neeraj Menon, Partner and Head, Energy Infrastructure and Natural Resources at Trilegal.

What's not in the Bill?

First and foremost this Bill is not a full-fledged privatisation exercise as some would like to believe. The wires as well as supply business of existing discoms will continue to be owned and managed in the same way as at present, unless the state governments themselves decide to privatise these assets. There would be no change in the employment status of existing employees at the state discoms.

The new suppliers who are interested in competing for consumer attention could be private companies (such as the existing ones in the sector like Adani Transmission Ltd, CESC Ltd, Tata Power Company Ltd, Torrent Power Ltd) as well as other government entities (NTPC Ltd, EESL and such). Regulators would still have the mandate to regulate all entities, possibly with much more attention and power to ensure consumers are not adversely affected.

Private investments per se is not a bad idea. Imagine where the sector would be if not for the private investments that went into creating new generation capacity when it was badly needed. The problem is that the proposed segregation only half solves the inefficiency and indifference problem plaguing our discoms.

Concern over retail competition

The new suppliers can bring in managerial and operations efficiency in sourcing cheaper power and limiting commercial losses due to faulty billing and collection; but the issues which are due to sub-standard quality of distribution infrastructure may still remain and haunt the consumers.

Said Neeraj Menon: "Enabling retail competition is well-meaning, but this will indirectly worsen the existing discoms' operations and financial situation, for which there is no conclusive solution in light."

Dr. R. Srikanth, Professor & Dean, National Institute of Advanced Studies (NIAS) Bangalore, has similar apprehensions. "I am unable to understand the reason for carriage and content separation, when even broadband TV/internet service providers in India do not share the same cable in multi-storey apartments. How can the incumbent state-owned discom with the assets on ground maintain them efficiently once their profitable consumers are enticed to switch by the private discom in the same areas?"

Another counterpoint is that this provision of multiple suppliers already exists in some form - under the name 'open access' - and has not turned out to be a success. As per existing rules, select large consumers can decide to take their supply from any source using the discoms' infrastructure. They have to pay certain charges (such as cross-subsidy surcharge, additional surcharge and wheeling charges) to the discom to make up for its loss of cross-subsidy collection and to pay for use of its infrastructure.

Similar treatment of charging exiting consumers who switch supplier, for cross-subsidy and other losses or inefficiencies of the existing discom, may not result in a different outcome. One wonders why the fate of multiple suppliers would be any different than for open access. This lacuna could have been addressed to some extent via direct benefit transfer of cross-subsidy to consumers - a provision that was present in earlier drafts of the Bill, but has been subsequently removed.

Service obligations, purchase agreements

Yet another missing piece is the treatment of universal service obligation (USO) of discoms and the long-term power purchase agreements (PPAs) that they are already tied into. Would the new suppliers share USO responsibility with existing discoms and how much freedom they would have in sourcing power from alternative sources other than existing PPA generators, is unaddressed for the time being.

Industry experts also have doubts on further centralisation and scope of reforms.

"Federal regulation and overreach is not a panacea for all ills - for instance grant of distribution licenses from the CERC may turn out to be problematic. Additionally, some provisions may be practically unfeasible or difficult to implement, such as reduction in time for processing tariff petitions, sale of power to third parties in case of insufficient or absent payment security etc," Menon said.

"What is missing besides the central versus state control debate, is that aspects related to how to bring in a higher share of renewable energy in the mix and increased digital technology penetration of power management of the utility business to the policies rather than mandate under the law," said Kumar of PTC.

Similar views are echoed by Reji Kumar Pillai, who is the President of India Smart Grid Forum, a public-private partnership initiative of the government of India.

"India has a target of 500 GW renewable energy by 2030. The grid with more than 50% of intermittent renewable energy resources requires entirely different set of tools and operating philosophy which is not delineated in the new Bill. It should encourage important interventions to make the grid more flexible, such as peer-to-peer trading of green electricity, kWh-scale renewable energy certificates to be traded in near-real time on blockchain platforms, carbon markets, stronger regulations to displace diesel generating sets with battery energy storage systems and others," Pillai said.

Calling for fresh thinking in the context of energy transition challenges, Pillai said: "The new electricity bill is in the work for the last 10 years and had several revisions. The authors of the new Bill are the usual suspects with baggage of the 20th century grid era. The evolving grid of 21st century is witnessing two-way power flows. The Bill is oblivious of the digitisation and cyber security related aspects and needs a thorough review to make it appropriate for the new age digital utilities."

Srikanth of NIAS suggests a complete rethink. "It is more efficient to privatise the loss-making discoms through the PPP mode and see how they perform in areas with large subsidised power consumption. Maybe this process can start in Bharatiya Janata Party-ruled states so that there is some political and administrative support for the PPP partner to implement the necessary measures to enhance billing and collection efficiencies. This must, however, be accompanied by truly independent regulators since the current set of electricity regulators are beholden to the state/central government to protect the interests of the government companies even at the expense of the public."

Reforms during turbulent times

Those who remember the Y2K problem may have not so fond memories of long summer afternoons with electric supply cuts aka load shedding by state electricity boards. Although we have come way ahead from those times, quality and reliability of electric supply is still problematic, especially in rural areas where the average hours of power outage is significantly higher as compared to urban centres.

Our need for energy is growing fast and the global price pressures on fuel, especially coal and natural gas, has had an impact on India's electricity generation tariffs too. Ensuring domestic energy security takes precedence in these turbulent times of global political unrest and a looming recessionary scare is the number one priority. India has already achieved the necessary infrastructure growth on the generation side, and is expected to see more investments in clean energy going forward.

At the same time, we can't be maintaining the status quo on the distribution side, which is highly inefficient and a drain on public finances. Not only that, India's consumers must get the benefits of competition which can bring investments, innovation and fresh thinking into the distribution of electricity.

The Electricity (Amendment) Bill, 2022 is therefore crucial for what it strives to achieve. It is a much-needed reform and therefore voices from all strata of society should be heard and discussed. It is commonly said that in politics the urgent always ousts the important. Distribution reforms are both urgent and important, and the time to act is now.

Founder, India Energy Insights
Source : "https://www.moneycontrol.com

FTCCI

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- Indirect Taxes
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- Legal
- MSMEs
- Energy
- International Trade.
- Company Law

The main purpose of creating the helpdesk is to provide guidance to the members in getting the necessary help to resolve the problems.

All the members are requested to make use of this helpdesk facility

Forward your queries to helpdesk@ftcci.in

Officer Incharge : *Lokesh Fatehpuria, Joint Director, FTCCI Ph.No.8309788764*

FTCCI OFFICE BEARERS *With*

With Ms. Pallavi Krishna, CEO, Tripura Constructions : 20th August, 2022

The Agrasen Coop Urban Bank Ltd – 24th Annual General Body Meeting : 24th August, 2022

At Wiz-Cold Chain Unbroken 2022 : 15th September, 2022 at Novotel Hyderabad Airport
FTCCI has partnered for CCUB 2022

With Sri Sivaramakrishnan Chittor, CFO & Head-Corporate Services, SAI life sciences for Membership Development : 21st September, 2022

With Sri Sunil Saraf, Chairman, Radha Smelters Private Limited : 22nd September 2022

With Sri Sriram Karri, Resident Editor, Deccan Chronicle : 28th September, 2022

With Sri C.V.Anand, Commissioner of Police, Hyderabad Police Commissionerate on 29th September, 2022

With Sri Pradeep Saxena, IRS., Principal Commissioner, Hyderabad Customs Commissionerate : 29th September, 2022

Sri Anil Agarwal,President, FTCCI & Sri Karunendra S. Jasti, President, FAPCCI met Mr. Prabhakar Rao, Chairman, NSL Group renowned agri-based businesses to collaborate & discuss latest opportunities and challenges in the industry : 6th October, 2022

Mr. Anil Agarwal, President, Ms. Khyati Naravane, CEO and Ms. Rakhi Kankaria, MC Member of FTCCI met Mr. Manish Dayya, GM & Mr. Varun Mehrotra Director of Sales & Marketing, Novotel Hyderabad International Convention Centre (HICC) to collaborate for conducting various events : 6th October, 2022

Delegates from Shipping & Logistics Committee, FTCCI met with Mr Piyush Goyal, Minister of Commerce & Industry Consumer Affairs Food & Public Distribution during National Logistics Policy launch at New Delhi and shared their initiatives in Logistics sector.

Extended Invitation to Sri Jayesh Ranjan, IAS Principal Secretary of the Industries and Commerce , Govt. of Telangana to be the Guest of Honour in the International Conference on Shipping and Logistics on 23rd November,2022.

FTCCI in *Media*

…est in Telangana

In view of the progressive business environment prevailing in the state of Telangana by the pro-active government, coupled with ease of doing business Thailand and the state of Telangana.

A 30+ trade delegation led by FTCCI is visiting Thailand on the invitation of Thai Chamber of Commerce and Board of Foreign Trade and Invest-

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తెలంగాణతో థాయ్ దోస్తీ

- కుదిరిన వాణిజ్య ఒప్పందం

హైదరాబాద్, సెప్టెంబర్ 8 (నమస్తే తెలంగాణ): తెలంగాణ, థాయ్‌లాండ్ మధ్య వాణిజ్యం, పెట్టుబడుల ప్రోత్సాహంపై ఒప్పందం కుదిరింది. గురువారం బ్యాంకాక్‌లో ఎఫ్‌టీసీసీఐ, థాయ్ చాంబర్ ఆఫ్ కామర్స్ అధికారులు ఎంవోయూపై సంతకాలు చేశారు. దీంతో పరస్పర వాణిజ్య సహకారం, చిన్న-మధ్యతరహా పరిశ్రమలు, స్టార్టప్స్ అభివృద్ధిపై

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the Chief Minister said.

Restore Lufthansa & Cathay freighter service at Hyd: FTCCI to Centre

BB Bureau
Hyderabad

THE Federation of Telangana Chambers of Commerce and Industry (FTCCI) has asked the Central government to intervene and restore the earlier framework of Open Skies, in particular freeing cargo flights from the restrictive passenger BASAs (Bilateral Air Services agreements).

In a letter to the ministry of civil aviation, Anil Agarwal, President, FTCCI said that to maintain competitiveness of the exporters and importers of Telangana, permission for double-dipping freighters and restoration of double-dip operations of Lufthansa and Cathav

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ఆంధ్రప్రభ హైదరాబాద్| 7

ఎస్‌బీఐ ఆధ్వర్యంలో ఎక్స్‌ఫోర్ట్ ఉత్సవ్

- ఎఫ్‌టీసీసీఐ, ఫిక్కీతో కలిసి నిర్వహణ

హైదరాబాద్: స్టేట్ బ్యాంక్ ఆఫ్ ఇండియా (ఎస్‌బీఐ) హైదరాబాద్‌లో బుధవారం నాడు ఎక్స్‌పోర్ట్ ఉత్సవ్‌ను నిర్వహించింది. ఎఫ్‌టీసీసీఐ, ఎఫ్ఐసీసీఐ సహకారంతో దీన్ని నిర్వహించింది. ఎగుమతులతో పెరుగుతున్న వ్యాపారాలు, ఆర్థిక అవకాశాలు అన్న అంశంపై ఈసందర్భంగా సెమినార్ నిర్వహించారు. ఇందులో 150 మంది ఎగుమతిదారులు పాల్గొన్నారు. ఎస్‌బీఐ హైదరాబాద్ సర్కిల్ సీజీఎం అమిత్ ఝింగ్రాన్ సెమినార్‌లో మాట్లాడుతూ ఎగుమతులకు అవకాశాలు ఉన్న రంగాలు, ఉన్న అవకాశాలు, డాక్యుమెంటేషన్ వంటి అంశాలను వివరించారు.

ఈ కార్యక్రమంలో బ్యాంక్ ఎస్‌బీఐ జనరల్ మేనేజర్ మంజూ శర్మ, ఎఫ్‌టీసీసీఐ హైదరాబాద్ సర్కిల్ అధ్యక్షులు అనిల్ అగర్వాల్ తదితరులు పాల్గొన్నారు.

ఎఫ్‌టీసీసీఐ సేవలు ఎగుమతి దిగుమతి దారులకు ఉపయోగం

సర్టిఫికెట్ అందుకున్నందుకు ఆనందంగా ఉంది. సాంబశివారెడ్డి

మంగపేట సెప్టెంబర్24, ప్రభాతవార్త

తెలంగాణా చాంబర్ ఆఫ్ కామర్స్ పరిశ్రమలు, భారత ప్రభుత్వ కామర్స్ ఆఫ్ పరిశ్రమలు మంత్రిత్వ శాఖ సంయుక్తంగా నిర్వహించిన ఎక్స్‌పోర్ట్ ఇంపోర్ట్, సర్టిఫికెట్ కోర్స్ ఎగుమతి దారులకు ఎంతో ఉపయోగ కరమని జాతీయ మిర్చి టాస్క్ ఫోర్స్ కమిటీ సభ్యులు నాశిరెడ్డి సాంబశివారెడ్డి అన్నారు. శనివారం వరంగల్ కేంద్రంలో జరిగిన ఎగ్జిమ్ సర్టిఫికెట్ వంపిణీ కార్యక్రమానికి హాజరయ్యారు. ఈసందర్భంగా ఆయన మాట్లాడుతూ ఎగ్జిమ్ కోర్స్‌ని పరిశ్రమల సిబ్బంది మార్కెటింగ్ ఆపరేషన్ మేనేజర్లు ఎగుమతి, దిగుమతి దారులు ప్రొఫెషనల్ వ్యవస్థాపకులు, వ్యాపారంలో రానిస్తున్న మహిళా గ్రాడ్యుయేట్‌లు, తయారీ దారులు, కార్గో ఏజంట్‌లు, ఫ్రైట్, ఫ్వార్వార్డ్ ప్రైవేట్ పరిశ్రమలకు కొత్తగా వచ్చిన వారు 6రోజుల పాటు ఈకోర్సును పూర్తి చేయాలన్నారు. ఈసర్టిఫికెట్ కోర్సు ద్వారా విదేశీ వాణిజ్యం కోర్సుపై అవగాహణా వాణిజ్య విధానం అంతర్జాతీయ మార్కెటింగ్, ఎగుమతి, కష్టమ్స్ విధానం ఈఅంశాలపై శిక్షణ పొందాలన్నారు. మార్కెటింగ్ ఒడిదుడుకులు ఎదుర్కోనేందుకు ఫైనాన్స్ నైపుణ్యాలు, వాణిజ్య సంబంధిత కార్యకలాపాలు ఉత్పత్తుల కోసం కొత్త

'Centre must review 20 per cent duty on rice exports'

PNS ■ HYDERABAD

The FTCCI has appealed to the Central Government to re-examine the 20 per cent duty on rice exports, support Indian rice exporters and protect India's international rice market to help farmers, exporters, governments and the country.

The duty on brown and white rice other than basmati and parboiled rice covers nearly 60 per cent of the country's exports. "With this duty, Indian rice shipments will become uncompetitive in the world market. Buyers will shift to Thailand and Vietnam," informed sources said.

"India accounts for more than 40 per cent of global rice shipments and competes with Thailand, Vietnam, Pakistan and Myanmar in the world market.

The Government of India imposed a 20 per cent duty on exports of various kinds of rice to discourage buyers from making purchases from the country and to secure domestic supplies after reduced planting due to lack of rains. This decision came after the Union Food Ministry recommended the levy to ensure sufficient rice stock for the Public Distribution System (PDS) and the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY)," the FTCCI said.

In the representation to the government, the FTCCI said that the reasoning given by the Department of Food & Public Distribution (DFPD) is that the export price of non-basmati rice is INR 28 to 29 per kg, which is higher than the domestic price. FTCCI said that this information is misleading and that the duty is based on incorrect data.

"The DFPD has assumed that all non-basmati rice variants put under the single HS Code (HS-10063090) sell for INR 28-29 per kg. But in reality, there are several non-basmati premium varieties that have a huge international market selling at 3-4 times higher than the variety quoted. A blanket imposition of 20 per cent duty, irrespective of their variety, quality, standard, demand and price would cripple non-basmati exports from India," the FTCCI said.

"There are several hundred varieties of non-basmati rice in India. Some of them sell for a much higher price than basmati rice. Some non-basmati variants sell for $700 up to $1,400 per metric ton. Levying a duty on these variants will prove very expensive. It will have many adverse outcomes for Team India in the long term," the Zoom said.

If the blanket duty is imposed, Indian rice exporters will not be able to capture new markets in premium non-basmati segments. The lack of price competitiveness with exporters from other countries will destroy them. Also, the farmers and exporters from rice surplus states like Telangana will be affected severely due to the closing of markets for their competitors from other countries.

Suggesting an alternative, the FTCCI said, "Since the shortage is envisaged for varieties of rice that are meant for PDS and PMGKAY, we suggest imposing duty according to the export price of rice and a blanket duty on all non-basmati rice variants must be avoided. The goal of DFPD is understood. The target products are IR varieties which sell for $300-400 per MT. Long grain, swarna etc. are some such varieties. Levying a duty only on these selected variants is reasonable," the FTCCI added.

India exports many other high-quality varieties of non-basmati rice like Sona Masoori, Wada kolam, Jeera Sambha fragrance rice, Ponni Rice, black rice, red rice, and many others. A blanket duty will make it impossible for Indian exporters to promote these indigenous varieties overseas.

The FTCCI recommended duty according to the target export price to meet DFPD's goals.

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ఎఫ్టిసిసిఐ సేవలు ఎగుమతిదారులకు ఉపయోగకరం

- జాతీయ మిర్చి టాస్క్‌ఫోర్స్ మెంబర్ నాసిరెడ్డి సాంబశివరెడ్డి

ఎఫ్టిసిసిఐ అందిస్తున్న సేవలు ఎగుమతిదారులకు ఎంతో ఉపయోగకరం

- జాతీయ మిర్చి టాస్క్‌ఫోర్స్ మెంబర్ సాంబశివరెడ్డి

Call to restore freight services at Hyd airport

PNS ■ HYDERABAD

Prior to the pandemic, Hyderabad Airport enjoyed good freight connectivity to major global hubs with operations by Lufthansa Cargo (to Frankfurt) and Cathay Pacific Cargo (Hong Kong).

These freight services allowed local industries to seamlessly integrate with the global supply chains at competitive rates and rapid connections.

The Federation of Telangana Chambers of Commerce and Industry (FTCCI) requested the airways to restore these services.

The city has a dominant position in the country's pharma sector, ranking first in manufacturing of bulk drugs and third in formulations. It accounts for 40 per cent of the total Indian bulk drug production and 50 per cent of the bulk drug exports and is considered as the Bulk Drug Capital of India. Hyderabad region also accounts for over 30 per cent of all the vaccines produced globally.

However, we are given to understand that with the changes to rules enforced via DGCA AIC41/2020 dated December 31, 2020, the operations of freights were removed from the ambit of Open Skies policy in vogue and cargo operations were instead brought under Bilateral Air Services Agreements (BASAs) which were designed and intended to manage the operations of passenger services on inter-tional routes.

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Hyderabad Airport…
the period, says Anil Ag…
President, FTCCI. He s…
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Review duty on rice exports, FTCCI appeals to Centre

The Federation of Telangana Chambers of Commerce and Industry (FTCCI) has appea… the Centre to re-examine the 20% duty on r… exports. The duty on brown and white rice … than basmati and parboiled varieties covers nearly 60% of the country's total exports. W… the levy, Indian rice shipments will become uncompetitive in the global market, FTCCI s… …tation to Union Minister of Finan…

एसबीआई द्वारा निर्यात उत्सव आयोजित

…vices provided by FTCCI are very useful for …porters : NMTF Member N. Sambasivareddy

…ital Information)

… Sep 25 : National …sk Force Committee Nasireddy Sambashiv… …aid that the Export Im… …nagement Certificate (Exim) organized jointly …ederation of Telangana …s of Commerce Industry … Ministry of Commerce …stry of the Government … very useful for the ex… … said that he was the …st at the EXIM certifi… …ibution program held at Waran… …ct Center on Saturday.

…is occasion, Sambasiva Reddy … the EXIM course is offered to in… …ersonnel, marketing operation …s, exporters and importers, pro… …s, entrepreneurs in businessAs… …men Graduates Manufacturers …gents and Freight Forwarders …ants to the industry study a six… … course on Introduction to International Trade, Foreign Trade Policy, International Marketing, Export Import, Finance and Exchange Regulations Trained on international logistics customs policy and additional topics through this certificate course Good understanding of foreign trade reforms.

Exposure to global markets Understanding and analyzing export potential Financing skills to counter market fluctuationsTrade-related activities help in identifying new markets for products and expanding business opportunities. He said that he was the first person from Mulugu district to complete the course after studying and training in the EXIM course and receiving the certificate todaySambasiva Reddy expressed his happiness that FTCCI has provided special concessions to the representatives of YFPO on the instructions of the Spices Board.

In this program, FTCCI Director Kulkarni Manager Teja Reddy, Commerce Ministry officials, exporters and cold storageOrganizers Babbula Vamsi Pragathi Seva Svachhanda Sanstha Co-ordinator John businessman Jain Businessmen from various sectors Chamber of Commerce representatives Vikas Agri Foundation representatives Pachipulusu Naresh Katragadda Rabindranath and others participated.

Freight curbs hit TS traders

STATE BUREAU
Hyderabad

The Federation of Telangana Chambers of Commerce and Industry (FTCCI) has sought the restoration of freighter services at the Rajiv Gandhi International Airport.

Post Covid, operations of freighter airlines were removed from the ambit of the Open Skies Policy and cargo operations were instead brought under Bilateral Air Services Agreements.

In a representation to … ness of exporters and importers of Telangana.

"Hyderabad accounted for 40 per cent of the total Indian bulk drug production and 50 per cent of the bulk drug exports. It also accounted for over 30 per cent of all vaccines produced globally. International connectivity (direct freighters) is needed to maintain this position," Agarwal said.

Telangana, being a landlocked State, has high dependency on air cargo for both export of finished goods and imports of raw

However, due to the change in rules enforced via the DGCA AIC 41/2020 dated December 31, 2020, the operations of freighter airlines were removed from the ambit of the Open Skies Policy and brought under the BASAs, which were designed to manage the operations of passenger services on international routes.

Under the new rules, the Cathay Pacific flight previously operating Hong Kong-Delhi-Hyderabad-Hong Kong or the Lufthansa flight operating Frankfurt-Mum-

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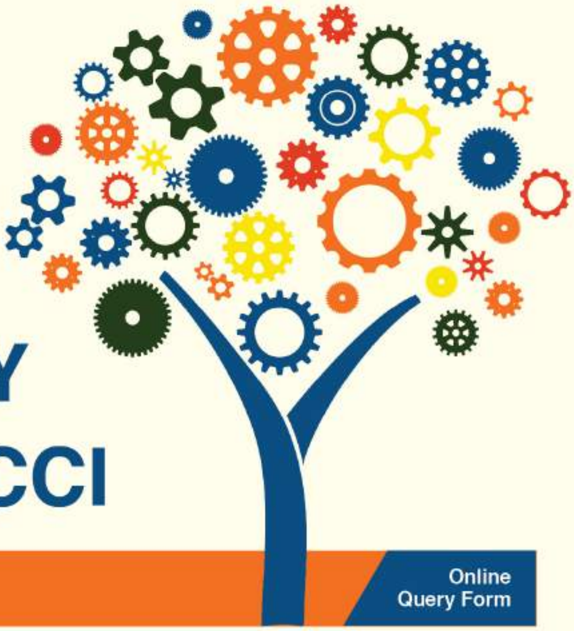
Export Utsav held by SBI

SPECIAL CORRESPONDENT
HYDERABAD

An Export Utsav organised here on Wednesday by the State Bank of India (SBI) in collaboration with industry bodies FTCCI and FICCI … and experts

The Federation of
Telangana Chambers of
Commerce and Industry



MSME ADVISORY SERVICES at FTCCI

Every Thursday (4.30 - 5.30 pm)

Online Query Form

FTCCI has setup a "MSME Advisory Services", a novel initiative for its members, wherein domain and subject matter experts are available for hands-on mentoring, handholding and consultation for the MSME units.

Some of the areas to be addressed by the domain experts are :

- ✓ MSME General Issues
- ✓ Infrastructure development (water, power, roads, STP etc)
- ✓ Banking related issues
- ✓ Skill development
- ✓ Land related issues (TSIIC, Revenue, HMDA)
- ✓ Coordination with Govt agencies
- ✓ Any other issue that needs expert advice

Panel for Advisory Services will comprise the following:

Chairman : Sri BP Acharya, IAS (Retd.), Chief Advisor, FTCCI
Member : Dr. B. Yerram Raju, Advisor, IDC Committee, FTCCI

FTCCI requests members to avail this unique initiative by attending the one–on–one Mentoring session at the MSME Advisory Services.

Please send us your issues in advance, by email : kulkarni@ftcci.in, so that the same can be taken forward.

For further details/assistance, please contact Mr. R. Kulkarni, Director, FTCCI on 9848286640/8008579625.

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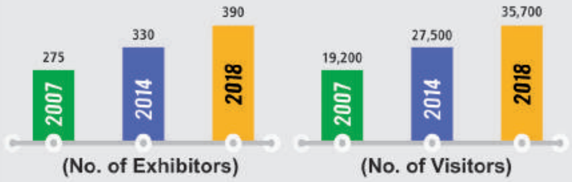

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The Popular Exhibition of Hyderabad in a New Avtar

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