

Macro-management of the economy need of the hour: FICCI President Kanoria

NEW DELHI, August 16, 2012. The government needs to look at macro management rather than micro management to prop up the economy, said **Mr RV Kanoria, President, FICCI** at a meeting today on the current industrial slowdown with **Mr Anand Sharma, Union Minister for Commerce, Industry and Textiles**. While appreciating the efforts the government is making towards tackling the slowdown, Mr Kanoria said, that government should ensure a political consensus and tackle uncertainties dogging the economy in earnest.

Industrial production in the country had registered a contraction in June, which is a third fall in four months. There has been a significant decline in manufacturing and mining growth with automobiles (commercial, 3-wheelers and tractors) and apparels registering a significant decline. Mr Kanoria said that the government should bring down interest rates as public financing of fiscal deficit is crowding out private investment. He further suggested the government should ensure competitiveness by bringing in GST as the levy is a self-policing mechanism as well as a stimulus.

In order to augment manufacturing growth, Mr Kanoria suggested that manufacturing should be recognized as public purpose in the Land Acquisition Bill. In addition, the government should re-introduce investment allowance, abolish MAT on infrastructure projects, and bring down MAT to less than 15% for general industry. Besides, the government should allow depreciation at higher levels to stimulate investment. Highlighting the importance of infrastructure development, Mr Kanoria suggested the government to allow access to pension and insurance funds for infrastructure development. He further pointed out that surplus of public sector undertaking should be re-invested back in to the economy.

Pointing to the seriousness of the situation, **Dr Rajiv Kumar, Secretary General, FICCI**, stated that the country was on the verge of a crisis and government needs to make strong policy announcements to prop-up the sullen business sentiments. He remarked that currently, 70 clearances are required to set-up a manufacturing unit, making it a tedious process. Dr Kumar suggested that the government should rather allow self-certification and third party certification in labour and environmental laws for speeding up the process. He requested the government to avoid passing the mining Bill in its current form and ensure an expeditious exit policy for manufacturers.

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