



12 May 2011

Dear Member,

This is my first communication to all members after assuming the office of CII, President. I am grateful for the faith and confidence you have reposed in me. I would endeavor to undertake this responsibility to the best of my ability.

In this communication, I share my perspectives of the economy and also the priorities for CII for 2011-12, which I have finalized after wide consultation with members and office bearers.

On the economy, we see clearly that while India's economic growth bounced back spectacularly well post global financial crisis, the sudden rise in oil prices and persistent sovereign debt problems of some of the European countries and of US, continue to pose challenges. On the domestic front unabated inflation, leading to tightening of fiscal and monetary policy, and moderation in the growth of investments are the key concerns. CII is, therefore, of view that the economic growth will be around 8% in year 2011-12. This is fairly acceptable under the prevailing conditions, but falls very much short of the growth rate required to achieve inclusive prosperity.

CII's theme for 2011-12 will be "Business for Livelihood", with prioritized focus on **Affirmative Action, Skills Development and Governance**.

To elaborate on these issues:

- **Affirmative Action:** Industry engagement with deprived sections of society needs to be intensified to unlock further growth potential. CII's Affirmative Action Plan would specially progress on promoting PPPs in employability creation and entrepreneurship development. This year, CII will also launch CII Awards for SC/ST entrepreneurs and industry members, create a website on AA, conduct biennial Diversity Survey and persuade members to share information on their Affirmative Action efforts.
- **Governance:** CII has engaged strongly in the area of Governance and will develop a voluntary Code of Conduct on Integrity & Transparency. This year CII would promote IT & e-Governance for efficiency and transparency, simplification of rules and procedures for transparent operations, police, judicial and electoral reforms. CII has also constituted a special Task Force on Integrity and Transparency in Governance chaired by Mr Adi Godrej, President – Designate, CII.

- Skills Development: The third key area for CII would be to step-up efforts significantly on employability. 10 million people join the workforce every year in India and the challenge for all of us is to productively engage them. On its part, CII will create 4 new Skill Development Hubs and set up 30 District Level Skill Gurukuls. CII will also create sector skills councils in logistics / warehousing and foundry. CII in consultation with GoI, ILO & World Bank will also work with the Government to create National Vocational Qualification Framework and celebrate skills along with creating an "Indian Idol for Skills".

Beside these focus areas, I have emphasized that we would work towards certain key elements to promote investment and growth.

The following would be the key areas of the focus:

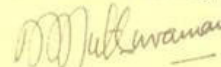
- (a) Fast Tracking & Implementing MEGA projects in the country: This will have a strong and positive cascading effect on investments and down stream projects.
- (b) Focus on Manufacturing: CII would continue to work closely with all stakeholders particularly the Government to create enabling framework for manufacturing sector to achieve a sustained growth rate of 12% pa and the share of manufacturing in the GDP to go up to 25%. CII will work towards building competitiveness of Indian manufacturing sector, particularly, small and medium enterprises through cluster approach and adoption of innovation and new technologies. The emphasis would be on driving rapid export led growth, enhancing labour productivity and flexibility.
- (c) Conducive Investment Climate: There are several regulatory and procedural issues that the central and the State level need to be addressed to improve the investment climate in India. We will work with the Central Government to address these issues. We will also constitute CII Task Forces which would seek to work jointly with select State Governments to work and resolve some of the issues.
- (d) Creating Common Market: CII will continue to emphasize on early implementation of GST and will closely interact with political leadership across States to build a consensus on this issue. CII will also work on the uniform implementation of APMC Act for common Agri-produce markets across States.
- (e) Resource Allocation: CII will work closely with the Government to bring about transparency, efficiency and sustainability in allocation, pricing and utilization of natural resources.

I look forward to your close and an active participation in CII.

I shall be in close touch and would value your feedback and advise.

With warm regards,

Yours sincerely,



B Muthuraman