

Planning Commission
(Industries Division)

Minutes of the first meeting of the Expert Group held on 10th June 2010 to improve quality of Government-Industry Consultations

The list of participants is at Annexure I.

The Chairman welcomed the members of the Expert Group. The Chairman mentioned that the Expert Group has been set up in the background of changing role of Planning and the developments that have taken place over a decade with the opening up of the economy. The growth of Indian industry has been lagging and we have been loosing against China and Korea particularly. It is generally understood that the quality of industry-government interaction is quite effective in many countries and more particularly in China and Japan. The quality of interaction between Government and industry can act as a competitive advantage in a democratic set-up like ours. He further explained the importance of such institutions and mentioned that Planning Commission is expected to enable development of institutions. With this background, the Chairman welcomed the members to express their views.

Shri Tarun Das presented a brief background of the changing nature of interaction of CII with the Government. CII was trying to build trust with the government during 1974-1984 and he viewed this as a period of struggle. In this period, Industry Associations were all about lobbying for import policy, tariffs etc. The change started around 1985 and became intensive after 1991. In the last few years, the relation between Associations like CII and Government has become closer leading to many developments like setting up of India Brand Equity Fund which was managed by CII in partnership with Ministry of Commerce. The Government has been trusting associations more. The question at this stage is – whether the industry associations are geared to fulfill the expectation.

Dr. Panandikar mentioned that at present the process of consultation is not institutionalized. The main concerns of CII, FICCI have been the macro issues while the other associations (sectoral Industrial Associations) have been focusing on sectoral issues. He was of the view that there should be an effective link between Industrial Associations and the Government on one side; and Industrial Associations & CII/ FICCI on other side. Further the process should be institutionalized.

Secretary, Department of Industrial Policy and Promotion (DIPP) expressed that industrial associations should have internal democracy. There were instances when different bodies/ constituents have been pulling things in different directions. Further, the main associations need to function in a manner that develops faith in their advice.

Secretary, Corporate Affairs mentioned that many matters were discussed in the annual India Corporate Week held in December, 2009. In this event, the association focused on best practices in corporate governance, corporate social responsibilities, and participation of small and medium enterprises was also ensured. In his view, the issues before the Group are – consultation with whom, need for some sort of benchmarking in the process of consultation and the possible use of websites as interaction medium. In his opinion, the present consultations were still guided by the main functionary / president of the association. In this background, we need to see how some genuine focus on the issues of the members of the association can come forth. Further, he expressed that many things were happening at the

State level as State Governments were directly concerned with utilities needed by the industry. State level associations were not adequately involved in the discussions. He was of the view that one possible way to broaden consultation was to initiate consultation through the web also. Secretary, DIPP mentioned that some of the State Governments like Tamil Nadu and Gujarat have advanced more in having interaction with the industry. The Chairman said that the Expert Group should formulate a plan for its work. Much of it would have to focus on the functioning of Industry Associations, in view of the Members.

Secretary, DIPP was of the view that industry associations should try to evolve certain internal mechanisms to deal with the contentious issues where different upstream and downstream industry have conflicting interests. Shri Das expressed that CII has been successful but only to a limited extent to resolve such conflicts. The issue concerning associations representing the small and medium enterprises also came during the discussion. Dr. Panandikar expressed the desirability of having certain system of training of Secretaries representing the industrial associations.

Sr. Adviser, Planning Commission presented the brief overview of the interactions with industry at the different levels of the Government. A few additional observations were – whether the Government / Departments were systematized enough to receive inputs and the possible ways to address the situations where conflicting views came from different quarters. Further, there is a limited understanding on how to institutionalize trustworthy interactions and how to grasp the implications of policy measures in a more comprehensive manner. These issues bring us to the question – do we have models that can be put in place. Further, he was of the view that very little interaction was happening at the State level.

The members welcomed the initiative taken by Planning Commission to improve and systematize the interaction between Industry Association and Government in the Center and in the States. They requested Chairman to circulate the relevant portion of the book ‘One Economics, Many Recipes’ referred during the discussion that highlights the importance of quality Government-Industry consultations in policymaking.

Members were of the view that the Group needs to identify specific issues / questions before initiating interaction with the associations. The Chairman decided that

- (i) The Planning Commission should prepare a list of Industrial Associations before the next meeting, (Jt. Secretary, DIPP offered to make available a list of industry associations concerning Department’s subject matter) and
- (ii) the Group in its next meeting will deliberate on specific issues on the basis of which interaction will be held with selected associations.

The meeting ended with the Vote of Thanks to the Chair.

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List of participants

Member (Industry), Planning Commission – Chairman
Secretary, Ministry of Corporate Affairs
Secretary, Department of Industrial Policy & Promotion
Shri Tarun Das, former Chief Mentor, Confederation of Indian Industry (CII)
Dr. D.H. Pai Panandikar, former Director General FICCI
Shri D.S Kalha, Sr. Adviser (Industry), Planning Commission
Ms. Anjali Prasad, Joint Secretary, Department of Industrial Policy & Promotion
Shri Sudhir Kumar, Dy. Adviser(Engg.), Planning Commission