

Planning Commission
(Industries Division)

Minutes of the second meeting of the Expert Group held on 15th July, 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. He briefly recapitulated the discussions held in the first meeting held on 10th June, 2010. In that meeting, members had proposed that the Committee should focus on the role of industry and trade associations. Therefore, a next step may be to determine how to gather the required information.

After a brief discussion on the scope of Associations to be included for interaction, it was decided that both industry and trade associations would be covered. A discussion on whether the Group would be discussing the matter with only Apex Associations or with Industry Specific Association also took place. A general observation by some members about the increasing occurrence of protest by industry members contesting the views of the Association was also made. It was also observed that such instances do not reflect well on the part of the functioning of Associations. Further, from the point of view of Government, it becomes difficult to isolate the views expressed by the functionaries of the Association in their personal capacity from the Association's view. Therefore, in this background, the Group needs to go beyond and see what these Associations are all about.

Dr. Panindikar expressed that the Associations should have capacity to not only address the problems of the members but also to function as efficient channel of communication with the Government.

The Ministries have been frequently seeking the views of the industry. Secretary, Commerce made three general comments on the issue. Firstly, not all Apex Associations can deliberate confidently about all sectors of industry. The expertise on sectoral issues differs from one Apex Association to another. Secondly, when the advice on issues concerning specific sector arises, the dialogue with Sectoral Associations is more effective. Lastly, we need to differentiate between the representatives that represent the narrow interests and the broad interest of the constituent members. He recapitulated the two instances – Trade deficit with China that started emerging fast about five years back and industries' response on WTO issues - when Ministry of Commerce could not get adequate response from the industry associations. At the same time, he acknowledged that many associations have acquired capacities to deal with issues concerning international trade. He was of the view that industry associations have to look into the development of capacities so that complex issues are addressed timely and appropriately.

Jt. Secretary, DIPP also expressed views similar to Secretary(Commerce). She expressed that many times the response of associations is very slow and sometime Ministry gets practically no response from the associations. Sometime there is problem of identifying

the right representative of the industry. She elaborated that while formulating the standards for Toy industry as many as six Groups represented toy manufacturers and in this situation it becomes difficult to get a coherent response. On the other end, so far DIPP has not received any response from industry associations on Draft Manufacturing Policy hosted on DIPP website. Some members expressed that last minute response is very common on such matters of importance by industry. Secretary (Commerce) suggested that many a times the poor responses were on account of inadequate competent manpower with the associations / councils.

Shri Kiran Karnik, former President, NASSCOM conceded that in the early years many associations did not have the capabilities to deal with issues concerning different agreements under WTO, however the associations have built competencies in the last decade. Many issues continue to be very important like standards that have implications on business. In his view, the broad issue concerned how we encourage building up of competence in associations.

Commenting on the issue of competence, Secretary (Commerce) mentioned that the situation in the advance countries was totally different where the officials negotiating the trade related issues were strongly backed by the industry associations to safeguard their interests. In this context, Chairman mentioned that it is also relevant whether associations are aware of the issues where Government wanted a dialogue. In parallel, we needed to understand what associations expect from the Government to make the dialogue more useful for both.

Secretary (Corporate Affairs) mentioned that while progressing on liberalization in 1991 and dismantling organizations like DGTD, the general view within the Ministry of Industry had been that in due course industry associations would built database and acquire competence to deal with a variety of technical and policy issues. This has not happened to expected level, and many associations lack competence in absence of competent secretariat. In this background, capacity building would be an important issue before the Group.

Some members expressed that for the views of Associations to be credible there needs to be unanimity within the associations before expressing their views to external agencies and differences, if any, should be sorted out before hand.

Secretary (Commerce) commented that timely identification of issues concerning the Industry is a challenging job for industry associations. Further, he expressed that issue of capacity building was equally with the Departments also and many Government Departments were not open enough for dialogue.

Shri Karnik said that many issues require narrow expertise and, therefore, there is a role for universities and research institutions. The expertise so developed by the universities/research institutions can be tapped by the industry associations as well as Government. Therefore, there is a direct role for the Government to encourage development of competence in identified areas in universities/research institutions.

Dr. Panindikar, however, expressed that some basic competencies like capacity to consolidate the views of the members of association and capacity for conflict resolution need to be essentially with the industry association and all association should have some database and knowledgebase to function properly. There are Chambers that can not understand the issues of members. To develop their competencies they should adopt best practices.

Chairman expressed that the next task before the Group is to initiate dialogue with the industry and trade associations and for this purpose they need to develop some transparent process to adopt. Sr. Adviser mentioned that based on the membership of Apex Association, Chamber of Commerce and State level Associations, it is assessed that about 70-80 trade and industry associations are having some presence and generally have interaction with the Departments. He suggested that some basic information may be called from these associations.

Chairman decided that basic information from the initial set of industry and trade associations about the following may be called for.

- (i) Representation (extent) of industry by the Association
- (ii) Registration/ Incorporation and Memorandum of Association
- (iii) Governance structure and election of executive committee
- (iv) Technical and analytical capacity and collaborative arrangements with outside agencies.
- (v) Audited Balance sheets for last two years
- (vi) List of publications, if any.

Chairman suggested a roadmap for the Committee's work:

1. Planning Commission should put out a notice on its website about the objectives of this Committee with a request to associations to provide information as mentioned before.
2. Simultaneously letters may be directly sent to the 70-80 associations referred to earlier to give this information.
3. Simultaneously, Chairman and Planning Commission may explore other ways to obtain information also.
4. When the information is received and analysed, Committee may invite some representative associations for a meeting to discuss these issues with them and evolve an approach to induce improvement in associations so that they would be more credible and trustworthy partners with Government-industry dialogue process.
5. Further, the associations and Government may consider the evolution of some 'standards' that associations should be expected to comply with.

The meeting ended with vote of thanks to the Chair.

List of participants

1. Member (Industry), Planning Commission – Chairman
2. Secretary, Ministry of Corporate Affairs
3. Secretary, Ministry of Commerce and Industry
4. Shri Tarun Das, former Chief Mentor, Confederation of Indian Industry (CII)
5. Dr. D.H. Pai Panandikar, former Director General FICCI
6. Shri Kiran Karnik, former President, NASSCOM
7. Shri D.S Kalha, Sr. Adviser (Industry), Planning Commission
8. Ms. Anjali Prasad, Joint Secretary, Department of Industrial Policy & Promotion
9. Dr. Renu S. Parmar, Adviser (I& VSE), Planning Commission
10. Shri Sudhir Kumar, Dy. Adviser(Engg.), Planning Commission