COSIDICI COURIER

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The views expressed in the journal are those of the contributors and not necessarily of the Council of State Industrial Development and Investment Corporations of India.

MSMEs are masters of adaptation

* Bharat Goenka

Treading the path of meaningful and successful automation for an MSME is a precarious one. Few understand, and even fewer appreciate, the fundamental drivers of their business, and their need for enormous flexibility. Ask anyone to visualise a micro, small, or medium enterprise. Everyone will have a different one. Some will think of a basket weaver, some a paan wala, some a kirana store, some a store in a Mall, some an injection moulding company, some a leather goods exporter. The variety of businesses are themselves endless. And within each of them, the way people run them are again endless. Go to ten kirana stores in any town or city, and each of them follow their own way of working. These are people who literally learnt-on-the-job. Who decided to start without knowing how. Who discovered, through the journey, what it takes to run their business. They form the unsung backbone of every country's economy—being amongst the largest employers, and a massive value-adder to the GDP of a country. The success of individual businesses drives the motivation for others to take the plunge. When MSMEs falter, they evaporate the entrepreneurial spirit of a nation. And yet, they are often treated with some amount of disdain. By being labelled as the 'unorganised' and even 'disorganised' sector.

The reality is, that they are masters of adaptation. They are not large enough to

command terms with their suppliers, their customers, their lenders, and definitely not with the government. Therefore, they need to conform to the terms imposed on them by each of their suppliers, customers, lenders, and the government. They cannot refuse a single sale on the pretext that 'it is against our policy or process'. They cannot forego a good deal with the excuse that 'my systems do not allow this process'. Their ability to respond to 'whatever my supplier or customer needs' is remarkable. So you will find a given business having multiple sales processes, and multiple purchase processes—something that large organisations treat as anathema.

With increasing automation, their need of the hour is not 'how to standardise'—but 'how to remain flexible, and yet, more efficient'. Countless MSMEs have fallen into the error of attempting to standardise, when they have no ability to control the demands of their

ecosystem, and then fallen back to their so-called 'disorganised' way of working.

The trust deficit with the government aggravates their problem, since their adaptation to customer and supplier demands are treated with suspicion. This leads to tight and complex laws, increasing the friction with which an MSME operates. Paradoxically, this is a vicious downward spiral, since these complexities prevent complete compliance, which increases the suspicion, leading to even tighter and more complex laws, leading to reduced compliance!

When thinking of a modern India, one wishes to imagine highly efficient MSMEs, capable of responding to any and all demands of their customers, suppliers, lenders, and the government. One imagines them focusing on the core of their business, which is managing the relationships with all of them, and finding new customers and suppliers, rather than coping with transactions. One imagines their transparency eliminating the trust deficit, such that laws and processes become simpler, leading to an upward spiral of compliance. One imagines the transparency giving them greater access to capital for their growth. Importantly, one imagines them growing—not just as businesses—but as individuals. Creating a more conducive home environment, due to the quality time they are able to spend with their family. After all—we have only one life.

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The Writer is Vice Chairperson, Tally Solutions
Courtesy : The Financial Express

"If you look at what you have in life, you'll always have more. If you look at what you don't have in life, you'll never have enough."

Survey calls for 'sunset' clause on policy incentives to MSMEs

The Economic Survey has pitched for a "sunset" clause on policy incentives given to small firms and asked the government to handhold "infant" or new firms rather than "dwarfs" — a term used by Chief Economic Advisor Shri Krishnamurthy Subramanian to describe firms that never grow beyond their small size.

"Job creation in India suffers from policies that foster dwarfs, that is small firms that never grow, instead of infant firms that have the potential to grow and become giants rapidly," the survey said, categorising small firms as those employing less than 100 workers. Dwarfs were defined as small firms in operations since more than 10 years and "infants" as newer companies that are small in size in terms of workforce, according to the survey. Analysing the Annual Survey of Industries (ASI) data, the survey said dwarfs accounted for more than half of all organised firms in the manufacturing sector, but contribute only 14 per cent in employment generation and a "mere" 8 per cent to productivity. "In contrast, large firms (more than 100 employees) account for three quarters of such employment and close to 90 per cent of productivity, despite accounting for about 15 per cent," the survey said, emphasising that it is a misconceived notion that small firms are significant job creators as they are also responsible for job destructions because they "find it difficult to sustain the jobs they create".

While large firms create permanent jobs in large numbers, according to the survey, young firms create more jobs at an increasing rate than older firms. As a possible solution, the survey called for a "sunset" clause for a period of five-seven years for policy incentives

beyond which a small firm "should be able to sustain itself". It further suggested re-orienting the priority sector lending norms to focus more on start-ups and "infants" in high employment elastic sectors dealing with rubber and plastic products, electrical and transport equipment, textiles, among others. The survey's chapter titled 'Nourishing Dwarfs to Become Giants: Reorienting Policies for MSME (micro small and medium enterprises) Growth' made a larger point that policy incentives need to be provided to new firms, rather than older MSMEs, as it acts as a disincentive for firms to grow. "With the appropriate grandfathering of existing incentives, they need to be shifted away from dwarfs to infants. When such incentives are provided to firms irrespective of their age, the incentives create "perverse" incentives for firms to stay small," the survey suggested. Age of the firm being the criterion, "such perverse incentives" would not be there, according to the survey. It mooted using Aadhaar to prevent misuse of age-based criterion.

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Courtesy : The Business Standard

APPOINTMENTS

- Shri Sanjay Kaul, IAS has been appointed as Managing Director, Kerala State Industrial Development Corporation Ltd. {KSIDC}, Thiruvananthapuram vice Dr. Sharmila Mary Joseph, IAS.
- Shri Vikas Anand, IAS has been appointed as Managing Director, Delhi State Industrial & Infrastructure Development Corporation {DSIIDC}, New Delhi vice Shri Mohanjeet Singh, IAS.
- Shri Madireddy Pratap, IPS has been appointed as Vice Chairman & Managing Director, Andhra Pradesh Industrial Infrastructure Corporation {APIIC}, Vijayawada vice Shri A. Babu, IAS.
- Shri Gaurav Goyal, IAS has been appointed as Managing Director, Rajasthan State Industrial Development & Investment Corporation Ltd. {RIICO}, Jaipur vice Shri Rajeev Swarup, IAS.
- Shri Vivek Porwal, IAS has been appointed as Managing Director, Madhya Pradesh State Industrial Development Corporation Ltd. {MPSIDC}, Bhopal vice Shri Shri D.P. Ahuja, IAS.
- Shri Virendra Mittal, IAS has been appointed as Managing Director, Assam Industrial Development Corporation Ltd. {AIDC}, Guwahati vice Shri Dr. K.K. Dwivedi, IAS.

- Dr. Rajat Bhargava, IAS has been appointed as Chairman & Managing Director, Andhra Pradesh Industrial Development Corporation Ltd. {APIDC}, Hyderabad vice Shri Salomoon Arokia Raj, IAS.
- Shri Carlos De Sa has been appointed as Joint Managing Director, EDC Limited, Panaji, Goa.

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"Courage doesn't always roar. Sometimes courage is the little voice at the end of the day that says 'I'll try again tomorrow.'"

LETTER TO THE EDITOR

June 06, 2019

Dear Editor,

I have received the Journal titled – "COSIDICI COURIER" and it is really informative and educative. I am glad to learn that COSIDICI, an apex body of all the State Level Financial Institutions (SLFIs), is engaged in development and promotion of Small, Medium and Large Industrial sector.

I really appreciate the initiative taken by COSIDICI in the interest of our upcoming entrepreneurs finding their own spheres of economic activities. The publication of this Journal is a significant aspect to coordinate with Member Corporations and keep them abreast of the developments taking place in the industrial sector.

Please accept my heartiest congratulation on this unique accomplishment which will keep COSIDICI's name alive for generation to come.

With warm regards,

Sincerely,

(Pritam Singh 'Bright') MBA (USA)

Chief Editor & Chairman
Bright Group of Publications
Ansari Road, Darya Ganj,
New Delhi-110002

"Motivation is a fire from within. If someone else tries to light that fire under you, chances are it will burn very briefly."

PROFILE OF MEMBER CORPORATIONS

STATE INFRASTRUCTURE & INDUSTRIAL DEVELOPMENT CORPORATION OF UTTARAKHAND LTD. {SIIDCUL}

State Infrastructure & Industrial Development Corporation Of Uttarakhand Ltd. {SIIDCUL}, which is a Government of Uttarakhand Enterprise, was incorporated as a Limited Company in the year 2002 with an authorised share capital of Rs.50 Crores by Government of Uttarakhand. It was established primarily with an objective of providing overall industrial development of the state by developing necessary infrastructure in the state of Uttarakhand directly or through special purpose vehicles, investments assisted companies etc. At present Shri S.A. Murugesan, IAS is the Managing Director of SIIDCUL. Under his leadership SIIDCUL is scaling new heights of achievements.

At SIIDCUL,our commitment is towards 'Ease of Doing Business' by providing an investor-friendly & transparent mechanism which completely eleminates any physical touch point.A fully automated land allotment process through single window clearance system and our Siidcul Smart City application has been to bring in speed and accountability to the land allotment process and other processes of SIIDCUL.GIS has also been incorporated within the smart city application providing plot status and availability as well as the provisions of infrastructure like road connectivity,water connection,electricity infrastructure and sewerage connection etc of all the industrial estates in an interactive representation equipping investors with reliable information to take informed decisions.

SIIDCUL has developed 7 world Intergarted Industrial Estate (IIEs) facilitating and promoting industrial and economic development. IIEs have industrial, Institutional, commercial and residencial faclilities incorporated within

ensuring access to hospital,schools,banks, malls and hotels.

Besides the State Government, SIIDCUL has equity participation from UBI, OBC and SIDBI. Concessions available for Industrial ventures in Uttarakhand along with the proactive govt. and facilitative environment has lead to more than 1500 companies investing in SIIDCUL areas.

The facilities in Integrated Industrial Estates include dedicated 220 KV Substation with a string of feeder substations, Common Effluent Treatment Plants, 60 mt. roads, All modes of connectivity, logistic centres, zonal distribution of Industries, residential and commercial areas. Specialized Theme Parks are also contemplated within these Estates so as to garner all benefits of a cluster based development.

In the near future SIIDCUL is also palnning to develop IIEs in the vicinity of the proposed Amritsar Kolkata Industrial Corridor,Facilitating seamless connectivity with the northern and eastern corners of the country.

Our aim is to bring Uttarakhand to the forefront of industrial progress and push the state to be the most industrially developed state in the country and contribute towards the holistic develoment of the India as a whole.

SIIDCUL ensures the speediest clearances to enable the shortest lead time in setting up industrial projects.

Vision of SIIDCUL

The new Industrial policy aims to provide a comprehensive framework to enable a facilitating, investor friendly environment for ensuring rapid and sustainable industrial development in Uttarakhand and, through this, to generate additional employment oppertunities and to bring about a significant increase in the State Domestic Product and eventual widening of the resource base of the State.

- To create high quality world class infrastructure facilities in the State and enhance, in particular, connectivity to the National Capital Region (NCR) and other leading markets.
- To provide single window facilitation in the State to expedite project clearences and provide an investor friendly climate.
- To provide and facilitate expeditious land availability for setting Industrial ventures and Infrastructure projects.
- To promote and encourage private sector participation in the development and management of infrastructure projects such as Industrial Estates/ Areas, Growth Centers, IIDCs, Special Economic and Commodity Zones and Parks, Theme Parks, Tourism infrastructure, development of new tourist destinations, Halipads/ Roads, generation, and projects in the area of Horticulture, Floriculture, Bio-technology etc.

सर्वेषां विकासाय

- To provide assured, good quality, uninterrupted and affordable power for industries.
- To promote, in particular, Small scale, Cottage and Khadi and Village Industries and Handicrafts, Silk and Handloom sectors, assist them in modernization and technological up-gradation and provide the necessary common facilities and backward and forward linkages, including product design and marketing support so as to make them globally competitive and remunerative.
- To address problems of sickness and incipient sickness in Industry, particularly SSIs and facilitate required restructuring and rehabilitation, etc. in coordination with the Banks and financial institutions.
- To develop Uttarakhand as a premier education and research centre by leveraging the presence of world-class Research and Technical Institutes existing in Uttarakhand.

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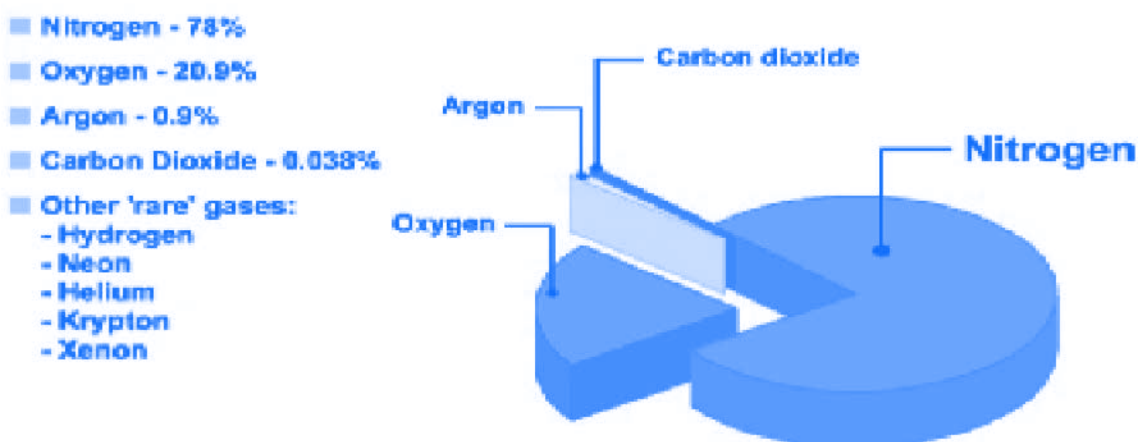
"There are two ways of spreading light: to be the candle or the mirror that reflects it."

DO YOU KNOW !
USES OF NITROGEN

- In health care for respiratory assistance. In patients who have respiratory insufficiency due to disorders like COPD & emphysema nitrogen gas is needed. These people due to decline in lung capacity cannot breathe sufficient oxygen from air. So they are given oxygen therapy. Here oxygen gas is given in combination with nitrogen. 100% oxygen is toxic to breathe by human beings. So oxygen is combined with nitrogen in a certain ratio and given to breathe by tubes directly inserted in the nose. Nitrogen is preferred because the air which we breathe there is nitrogen concentration of 70% while oxygen is 21 %. So in treatment it is safe to combine oxygen with nitrogen. But only difference to air is oxygen concentration is higher.



- In gas chromatography: In chromatography it is used as as carrier gas or mobile phase gas. This is specifically preferred due to properties like non reactivity, neutrality and commercially cheaper to other gases used in gas chromatography.
- To dry excess solvent. This is practiced especially in research. When a substance is broken down in an organic solvent, after the process, excess solvent is removed by passing a stream of pure nitrogen gas. Evaporation can also be done to remove excess solvent by heating. But when the substance or sample is heat sensitive or gets damaged due to heat, then it needs non heat method of drying. Hence when nitrogen is passed through, it carries away organic solvent gradually. Thus the solution gets concentrated.
- Inflation of tires: Now a days use of nitrogen gas over normal air is quite common. There are claims that filling nitrogen alone instead of air help in smooth drive and also one need not check for inflation status for few months.
- Liquid nitrogen uses. Nitrogen in nature is in gaseous form. But when cooled, it converts to liquid at -210 degrees temperature. It is represented as Liquid LIN or LN2. So this liquid nitrogen is very chill and can be used to preserve and also transport biological samples prove to damage. But interestingly this liquid nitrogen is very harsh to hold. It is cryogenic and when put on hand, it can freeze the tissue immediately. Hence there are special containers to hold it and dispense it. One should not use their hands to hold it.

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QUESTIONS OF CYBERQUIZ - 75

Qn.1. What is an "archniography" ?

[a] A new form of spyware; [b] A new application that helps in viral marketing; [c] A bibliography of Web pages; [d] An application program that enables non-programmers to create web pages.

Qn.2. What are mirror websites ?

[a] Different language versions of the same website; [b] Websites using the same URL but with different contents; [c] A standby website while the original has been shut down for maintenance; [d] Multi websites with the same contents but different URLs.

Qn.3. On the Net, who or what is a zombie ?

[a] An abandoned website that due to some reason has been moved to a different web address; [b] A website that provides information on whether a domain name has already been registered by somebody else; [c] A company that offers domain name registration service; [d] A sticky website to which most visitors get glued once they access it.

Qn.4 What name is given to a Website that is no longer being maintained but remains online and available for viewing ?

[a] Abandoned site; [b] Orphaned site; [c] Disowned site; [d] Ghost site.

Qn.5 Contrary to popular belief, it is difficult for users to find information located in banner ads. This phenomenon is called :

[a] Banner phobia; [b] Banner blindness; [c] Banner zapping; [d] Banner overlooking.

For Answers of Cyberquiz See Page No.17

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"Happiness is not something ready made. It comes from your own actions."

Trade deficit was $176b in FY 19

Despite exports and imports growing at the same rate of 9 per cent, India's trade deficit was $176 billion in 2018-19. According to data released by the commerce and industry ministry exports stood at $32.55 billion in March, taking the total tally in 2018-19 to $331 billion. While it is the first time that outbound trade has remained above $300 billion for two consecutive years, exports couldn't cross the government's internal target of $350 billion. In the 2017-18 financial year, exports stood at $303.52 billion. On the other hand, a continuous increase in imports, which grew at double digit levels for 6 of the last 12 months, took cumulative imports to $507.44 billion. This was nearly $42 billion more than India's total bill in the preceding year.

Shipments rise in March

New orders in key foreign exchange earning sectors such as gems and jewellery, engineering goods, and petrochemicals, meant export growth reached double-digit figures for the first time since October. March's 11 per cent follows four straight months of low growth with export receipts rising by 2.44 per cent in February. Of the 30 major product groups, 20 recorded a growth in March. Among the growth pullers, engineering goods rose by 16.2 per cent, after remaining sluggish with a rise of 1.7 per cent in February. The sector accounts for nearly one-fourth of the total foreign exchange earned through exports, and EEPC has suggested a strategic shift in export of particular products to improve growth.

Readymade garments, the sector in which India's export competitiveness has steadily fallen over the past financial year, showed signs of steady recovery with $1.71 billion worth

of merchandise exported in March. Growth was up by more than 15 per cent in March after the 7.1 per cent growth in the previous month. However, drugs and pharmaceuticals exports went down in March with 13.59 per cent growth, down from the 16.11 per cent growth in February.

Gems and jewellery exports were worth $3.42 billion a contracted of 0.37 per cent in March.

Receipts from the processed petroleum exports rose by 6.55 per cent in March, up from the 7.7 per cent decline in February. While declining oil prices have marred the chances of earning the same dollars through exports in recent months, it has helped India save foreign exchange through a slowdown in imports.

Imports remain muted

The largest component of the import bill — crude oil — saw the cost of inbound shipments rise by 5.5 per cent, following the 8 per cent decline in February.

Gold, the second-largest component of the import bill, saw a rise of 31.2 per cent to $3.27 billion. Imports of the metal had fallen by

10.81 per cent in February after a 38 per cent growth in January. The industry continues to see volatility as imports had risen in July after remaining in negative territory for six months.

Total import growth was 1.44 per cent. The country had seen a 5.4 per cent decline in imports in the previous month of February. As a result, the monthly trade deficit came in at $10.89 billion in March, higher than $9.59 billion in February.

Forex Reserves Up $2 billion to $419.9 billion

India's forex reserves increased by $1.994 billion to $419.992 billion for the week ended May 24 due to increase in the core currency assets, the RBI said. The overall reserves had declined by $2.05 billion to $417.99 billion in the previous reporting week. The reserves had touched an all-time high of $426 billion in April 2018. In the reporting week, foreign currency assets, which are a major component of the overall reserves increased $1.991 billion to $392.188 billion. Gold reserves remained unchanged at $23.021 billion. The special drawing rights with the International Monetary Fund increased $0.8 million to $1.445 billion. The country's reserve position with the fund also increased $2 million to $3.336 billion.

ADB to give $750-m loan for track electrification

The Asian Development Bank (ADB) has signed an agreement to provide $750-million equivalent in Indian rupee long-term financing for electrification of railway tracks in India. This is the single largest non-sovereign loan committed by ADB to the Indian Railway Finance Corporation (IRFC) meant for India's railway sector transition to electric power. Concurrently, risk participation agreements were signed with private risk participants for the project. IRFC would use the proceeds to install electric traction equipment along 3,378 km of existing railway lines.

Bank credit to infra sector grew by 18.5% in the last fiscal

Bank credit to the infrastructure sector grew by 18.5% to Rs.10.55 lakh crore in FY19, the highest since the 2012-13 fiscal. Outstanding bank credit to the sector was Rs.8.91 lakh crore in March, 2013, loans to the sector had grown by 15.83% to Rs.7.29lakh crore. In FY18 and FY17, growth in bank credit to the sector was negative at 1.7% and 6.1%, respectively. Within infrastructure, bank loans to the power sector increased by 9.5% to Rs.5.69 lakh crore. The roads sector witnessed credit growth of 12.2% to Rs.1.86 lakh crore as of end-March 2019. Credit to telecommunications and other infrastructure sub-sectors rose by 36.7% and 53.5%, respectively over FY18.

Exports growth slides to 4-mth in April; trade gap at 5-month

The export growth slid to a four-month low of 0.64% in April as shipments of engineering goods, gems and jewellery, leather and other products declined. Imports increased by 4.5% as crude oil and gold shipments shot up in the month. Merchandise exports stood at $26 billion in April while imports were at $41.4 billion, leading to a trade gap of $15.33 billion. Merchandise exports were down because of the negative growth in key sectors such as engineering, gems and jewellery, leather,

carpet, plastic, marine products, rice and coffee. Oil imports grew by 9.26% to $11.38 billion and non-oil imports expanded by 2.78%. Gold imports rose by 54% to $3.97 billion in April. Certain exports sectors which recorded positive growth include petroleum, handicrafts, ready-made garments, and pharmaceuticals.

ADB's in-principle nod for Meerut rapid rail, 4 Metro projects

The Asian Development Bank (ADB) has given in-principle nod for financing of four Metro rail projects and the Rs.30,000-crore rapid rail corridor between Delhi and Meerut, as part of its efforts to improve urban transport in India.

Non-food credit up 14.2%, deposits grow 10.6%

Non-food bank credit grew 14.20% year-on-year (y-o-y) for the fortnight ending April 12, 2019 faster than 13.75% in the previous fortnight and 11.79% in the corresponding period a year ago, showed data released by the RBI. Outstanding loans to companies and individuals stood at Rs.96.09 lakh crore at the end of the fortnight ending April 12, 2019 lower than Rs.97.27 lakh crore as on March 29, 2019. Aggregate deposits in the banking system grew 10.6% y-o-y to Rs.125.30 lakh crore as on April 12, 2019.

Direct tax collection crosses Rs.11.5 trillion

Direct tax collection touched Rs.11.5 trillion at the close of the fiscal year 2018-19 leaving a gap of Rs.50,000 crore against the revised revenue target of Rs.12 trillion.

Exports increase by 3.93% in May;

India's exports grew by 3.93% in May to $30 billion due to healthy growth in electronics and chemicals shipments. Imports increased by 4.31% to $45.35 as crude oil and gold shipments shot up in the month. The trade deficit, difference between imports and exports, aggregated at $15.36 billion. Sectors which recorded healthy export growth included electronics, engineering, chemicals, pharma and tea. However, certain key sectors including petroleum products, man-made yarn/fabrics, gems and jewellery, marine products, coffee and rice recorded negative growth in May. Oil imports grew by 8.23% to $12.44 billion and non-oil imports expanded by 2.9%. Cumulatively, exports in April-May 2019-20 rose 2.37% to $56 billion. Imports grew by 4.39% to $86.75 billion, resulting in a trade deficit of $30.69 billion.

Forex Reserves decline by $1.3b to $422.2b

India's foreign exchange reserves declined by $1.358 billion to $422.2 billion in the week to June 14 due to fall in foreign currency assets according to RBI data. Foreign exchange reserves had increased by $1.686 billion to $423.554 billion in the previous reporting week. In the reporting week, foreign currency assets, which is a major component of the overall reserves, decreased by $1.353 billion to $394.44 billion.

Credit, deposit growth slow down

Both bank credit and deposits slowed to 9.92% and 12.31% at Rs.96.52 trillion and Rs.125.40 trillion, respectively, for the fortnight ending June 7, according to RBI data. In the year-ago fortnight, bank credit was at Rs.85.94 trillion, while deposits were at Rs.114.08 trillion. In the previous fortnight ending May 24, advances grew 12.70% to Rs.96.22 trillion and deposits increased 10.09% to Rs.124.98 trillion. Non-food credit increased 11.9% in April from 10.7% in April 2018. Loans to agriculture and allied activities rose 7.9% in April compared to 5.9% growth in the same month of 2018.

KVIC created over 2 million jobs in last five years

The Khadi and Village Industries Commission has created over 20 million jobs in the last five years under the Prime Minister Employment Generation Programme (PMEGP), the commission's chairman Shri Vinai Kumar Saxena said. The KVIC, leading from the

front, has created 2 million new jobs, and set up 2,67,226 projects under its ambitious Prime Minister Employment Generation Programme (PMEGP) in the last five years, i.e. between 2014-15 to 2018-19.

Industrial production increased by 3.4%

Industrial production increased by 3.4 per cent in April, due to a rise in capital goods production and moderate pick-up in manufacturing. The manufacturing segment, which constitutes the bulk of the IIP at 77.6 per cent.

The industrial growth recover from a contraction of 0.1 per cent in March. The index of industrial production (IIP) has witnessed low growth since November, 2018, and is expected to remain muted, owing to weak exports, rural distress, credit constraints and uncertainty over the election outcome.

Non-food credit growth at eight-month low of 12.63%

Non-food credit in the banking system fell to 12.63% year-on-year (y-o-y) —during the fortnight ended May 24, down from 13.02% in the previous fortnight. During the comparable fortnight a year ago, non-food credit growth stood at 13.24%. According to provisional data released by RBI, outstanding loans to companies and individuals stood at Rs.95.57 lakh crore on May 24, down from Rs.95.64 lakh crore on May 10 and up from Rs.85.03 lakh crore a year ago.

Forex reserves swell by $1.8bn to $421.8 bn

The country's foreign exchange reserves increased by $1.875 billion to $421.867 billion in the week to May 31, Reserve Bank of India (RBI) data showed. In the previous week, the reserves had risen by $1.99 billion to $419.99 billion.

Foreign currency assets, which is a major component of the overall reserves, rose by $1.946 billion to $394.134 billion.

Expressed in dollar terms, foreign currency assets include the effect of appreciation/ depreciation of non-US units like the euro, pound and yen held in the reserves. Forex reserves had touched a record high of $426.028 billion in the week to April 13, 2018.

Effective tax base grows 13.5% in AY19

The effective taxpayer base grew 13.5% for the assessment year (AY) 2018-19. The tax base, which includes assessees filing I-T returns along with those whose tax is deducted at source, rose to 8.44 crore in 2018-19, compared with 7.42 crore in FY18. The direct tax grew by 13.5% compared with FY18.

External debt rises 2.6% to $543bn at March-end

India's external debt increased 2.6 per cent year-on-year at the end of fiscal year 2018-19, primarily on account of an increase in short-term debt, commercial borrowings and non-resident Indian (NRI) deposits. However, the increase in the external debt was "partially offset by valuation gain, resulting from the appreciation of the US dollar against the rupee and other major currencies," the RBI said. At the end of March 2019, India's external debt was $543 billion, recording an increase of $13.7 billion year-on-year. Valuation gain because of the appreciation of the dollar vis-a-vis rupee and other major currencies was at $16.7 billion. The external debt to gross domestic product (GDP) ratio stood at 19.7 per cent at the end of March 2019. Commercial borrowings remained the largest component of external debt, with a share of 38.0 per cent, followed by deposits from NRIs (24 per cent) and short-term trade credit (18.9 per cent). At the end of March 2019, long-term debt, which is defined as having maturity of above one year, was at $434.6 billion, higher by $7.5 billion over the March 2018 level.

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SUCCESS STORY OF TIIC ASSISTED UNIT

M/s. Sri Karpagam Mills India Private Limited, Coimbatore

Shri A. Sivamani is Director of M/s Sri Karpagam Mills India Pvt. Ltd., Coimbatore. He availed a term loan of Rs.7.25 lakhs from TIIC in 1997 for the purchase of a blow room for a spinning mill. Below is given his experience with TIIC in his own words :

We planned for a bigger expansion in 2006. We were approached by officials from TIIC at that time. They also informed us that they could take over our existing term loan outstanding with Bank of India. Since the rate of interest offered by TIIC was competitive, we filed an application with TIIC for the sanction of term loan for take over of our term loan liability with Bank of India and for meeting our expansion requirements.

We filed our application with TIIC on 09.08.2006. Af first, we were apprehensive that being a Govt. Institution TIIC might take a long time for processing. To our surprise, we were called for the sanction committee interview within a month's time and the loan was sanctioned on 08.09.2006. We were sanctioned Takeover loan of Rs.399.88 lakhs and an expansion Term Loan of Rs.1750 lakhs. The time taken by TIIC for sanction of loan was really very quick which we never anticipated. Though the disbursement of loan made in stages, we did not face any difficulty in complying with TIIC's procedure requirements.

On the whole, our association with TIIC during the past 3 years has been a pleasant experience. I take this opportunity to put forth (not as a criticism but as a suggestion) that TIIC might speed up claiming TUF Subsidy. We paid our first interest instalment in May 2007 and we are yet to receive TUF Subsidy since beginning. Though release of subsidy amount by the Govt. might involve procedure formalities, we would be too glad if TIIC uses its good offices to make the TUF Subsidy available to us in time as this will help us to reduce our interest burden, especially when we are facing recessionary trend in the market.

Our hearty wishes for the 60 year old organisation to go from strength to strength and to a be a partner in the industrial development of the State of Tamil Nadu.

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The person who says it cannot be done should not interrupt the person who is doing it."

INFRASTRUCTURE

Core sector rises 4.7% in March, most in 5 months

The core sector of the economy recorded 4.7 per cent growth in March, with good recoveries in the refinery products segment. Cement production, also improved. With this, the annual core sector growth for FY19 was 4.3 per cent, the same as the previous year. Data released by the Ministry of Commerce and Industry showed that the eight segments — coal, crude oil, natural gas, refinery products, fertiliser, steel, cement and electricity — witnessed growth recoveries in March after weakening for four-straight months. In February, the core sector growth stood at 2.2 per cent. Refinery products, which command almost 30 per cent of the core sector index, rose by 4.3 per cent in March.

Lower crude oil prices continued to impact oil production as well as exports of refinery product. Crude oil production went down by 6.2 per cent. Natural gas output rose by 1.4 per cent as against 3.8 per cent in the previous month. The coal output has risen in January 1.7 per cent by 9.1 per cent in March. Steel output growth was 6.7 per cent in March. It was 4.9 per cent in February. Cement production increased to 15.7 per cent in March.

Bill to amend SEZ law passed

A bill that seeks to allow trusts to set up units in special economic zones (SEZs) by amending the SEZ law was approved by Parliament on June 27, 2019, as it was felt zones are an engine of growth and employment.

J&K : Electric bus services begin in Jammu city

For the first time in Jammu and Kashmir, an electric bus service was operationalized in Jammu city. An official statement said, “Shri K. Skandan, Advisor to State Governor flagged off the electric bus service from Railway Station, Jammu. on May 27, 2019” The advisor said that the government would initially operate 40 electric buses in the state.

He emphasized on running more electric buses that would protect the environment and also benefit the people. He said that with the commencement of electric bus service, the state has made advances towards an electric vehicle fleet for its public transport needs as these buses are fully eco-friendly with no pollution.

An electric bus can cover a distance of around 150 km on a single charge. Charging stations would be installed at different locations en route the destinations. The buses have also been equipped with CCTV cameras.

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ANSWERS OF CYBERQUIZ - 75

Ans1. [c] A bibliography of Web pages: The term was coined by Andres J. Butrica of NASA. The term is yet to be used widely.

Ans2.[d] Multiple websites with the same contents but different URLs : Hosting mirror websites is a technique of search engine spamming.

Ans3. [a] An abandoned website that due to some Web address : The term is also used to describe a Website whose security has been compromised to use it as a launch pad for attack.

Ans. 4[d] Ghost site : The difference between a ghost site and other abandoned sites is that the ghost site constrains a statement acknowledging that it is no longer being updated.

Ans. 5[b] Banner blindness : Banner blindness also refers to the tendency of web visitors to ignore banner ads, even when banners contain information visitors are actively seeking.

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"I've learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel."

ALL INDIA INSTITUTIONS

RBI warns finance panel of more fiscal slippages by states

The Reserve Bank of India warned of the rising risks to fiscal consolidation of the states as their finances are saddled with farm loan waivers, income support schemes and the Uday bonds for their power distribution companies. The remarks were made during a meeting between the members of the 15th Finance Commission and the RBI senior officials, including governor Shri Shaktikanta Das and the deputy governors, at Mumbai.

In a statement that comes after a jump in devolution of revenues to states, the RBI stressed the "importance of states has increased" with the shift in composition of government finances. The outstanding debt as percentage of GDP has been rising despite moderation in interest payment as percentage of revenue receipts. Other key issues discussed included necessity of setting up state finance commissions, public sector borrowings and "continuity of finance commission".

In a special presentation on issues and challenges faced by states for market borrowings, the RBI discussed ways of increasing orientation of state government borrowing to markets, improving secondary market liquidity, risk asymmetry and increasing the corpus of Consolidated Sinking Fund and Guarantee Redemption Fund.

Securitization increases to Rs.2 lakh cr in FY19

Crisis at non-bank lenders has led securitisation volumes to increase to almost Rs.2 lakh crore in fiscal year 2018-19, as liquidity starved entities sold portfolios, according to an ICRA report. The volumes of securitisation, where

a lender sells a portfolio of future receivables, surged 140% to touch the Rs.1.99 lakh crore mark. The market was buoyant in the second half of the fiscal, driven by the liquidity crisis which forced non-bank finance companies (NBFCs) and housing finance companies (HFCs) to rely heavily on portfolio loan sell-downs to raise funds

Reserve Bank moots checks and Balances to Tackle NBFC stress

The central bank has proposed a set of strict norms for non-banking financial companies (NBFCs), including mandatory investments in government bonds and maintenance of cash thresholds, to enable them to tide over liquidity problems without causing disruptions to the broader financial system. The Reserve Bank of India (RBI) has also proposed that asset-liability mismatches at NBFCs not go beyond 20% of the outflows and has suggested that NBFCs publicly disclose their funding concentration by way of both instruments and counterparties.

The Liquidity Coverage Ratio (LCR) rule for NBFCs begins April 2020, and thresholds must be implemented in stages by March 2024.

"All deposit-taking NBFCs, irrespective of their asset sizes, shall maintain a liquidity buffer in terms of a liquidity coverage ratio, which will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient high-quality liquid asset (HQLA) to survive any acute liquidity stress scenario lasting 30 days".

Financial institutions set to realise Rs.80k cr from IBC: Icra

Banks and financial institutions are expected to realise more than Rs.80,000 crore in 2019-20 from resolution of stressed assets under the Insolvency and Bankruptcy Code (IBC) as compared to Rs.66,000 crore in the previous fiscal, rating agency Icra said in a study. The higher realisation in the current fiscal will be driven by the expected conclusion of the Corporate Insolvency Resolution Process (CIRP) of two large accounts – Essar Steel Limited and Bhushan Steel and Power Limited, it said. Both these accounts are part of the RBI's list of the 12 largest defaulting companies announced in June 2017. Successful completion of the CIRP for these two accounts would bring closure to eight companies from the RBI's list and could help strengthen the confidence in the IBC, despite the significant delays seen in the process with most of the CIRPs lasting more than 500 days.

"However, despite the hurdles being faced by the IBC, we expect the number of cases being admitted to the National Company Law Tribunal (NCLT) to continue to increase, especially from the operational creditors who are responsible for 50 per cent of all cases admitted by the NCLT". During the last financial year, cases resolved under the IBC include Electrosteel Steel, Monnet Ispat Ltd and Amtek Auto Ltd. The progress of the CIRP under the IBC has been hampered over the past two years by the over-burdened NCLTs, innumerable litigations, defiant promoters and failing sectors.

As of March 31, 2019, 715 cases of defaulting corporate debtors had been closed under the IBC. Of the same, a significant portion of corporate debtors (378 cases) were ordered into liquidation, while only 92 CIRPs yielded a resolution plan where the companies continue to operate as going-concerns. The NCLTs continue to remain heavily burdened as the number of cases being admitted continues to increase quarter-on-quarter with the highest quarterly admissions of 359 cases reported in last quarter of previous fiscal. As the timelines for the CIRP continue to get stretched with 32 per cent of the on-going CIRPs as on March 31, 2019 having already crossed the maximum allowed time of 270 days, the number of admitted cases that are yet to be resolved are only increasing.

RBI allows more flexibility on NPA resolutions

The RBI in June allowed banks more time and flexibility to consider how they want to treat an account after it has defaulted. This came after the Supreme Court quashed the circular the RBI issued on February 12 last year on recovering bad loans. Banks will now have 30 days to think of a plan after a "default" and a further 180 days to execute the plan. Banks can even delay implementing the plan if they have enough capital to set aside. However, if they decide to take tough action against defaulters, their pledged provisions can be freed. In the February 12 circular, this extra window of 30 days was not there. The banks had to review, as well as implement, the resolution plan within 180 days of a default.

"The revised circular essentially transfers the responsibility of a resolution from the shoulders of the central bank to the banks". The lenders, being capital-starved themselves, won't have the stomach to make extra provisions on their stressed accounts. But at the same time they will have enough time to think through a proper plan and implement it, the scope for which

was not there in the earlier version of the circular. The lenders will have to now make "appropriate disclosures" in their financial statements relating to the resolution plans. Bankers welcomed the new circular because they can now consider cases based on their unique conditions.

Earlier, all the lenders had to agree on the resolution plan. Now any decision agreed upon by lenders representing 75 per cent by value (of loans), and 60 per cent of lenders by number, "shall be binding upon all the lenders". For now, the framework applies to accounts worth Rs.2,000 crore and above, but from January 1, amounts of Rs.1,500 crore and above will fall under the framework.

Resolution plan

In cases where a resolution plan is to be implemented, all lenders in a consortium must enter into an inter-creditor agreement (ICA) within 30 days of the review period. The ICA will provide for rights and duties of majority lenders, duties and protection of rights of dissenting lenders, treatment of lenders with priority in cash flows or differential security interest, etc.

Banks see 13.24% credit growth in FY19

Bank credit rose 13.24 percent to Rs.97.67 trillion for the fortnight to March 29, while deposits grew by 10.03 percent to Rs.125.72 trillion during the same period.

In the year-ago fortnight, deposits were at Rs.114.26 trillion and advances at Rs.86.25 lakh crore. In FY17, aggregate deposits in the banking system grew a mere 6.7 percent in 2017-18, while credit grew still lower at 4.54 percent, the lowest since fiscal 1963.

States need to have better control on long-term credit flow

State governments need to capitalise their credit institutions to get access to long-term

finance and have better control over their credit flow. The states have no control over the long-term finance right now, but nobody is stopping them from recapitalising finance corporations which will allow them to on-lend at attractive rates to entrepreneurs, NITI Aayog Special Secretary Shri Yaduvendra Mathur said at the Indian States Summit 2019 organised by India Chamber of Commerce in New Delhi in August.

"States can't just wait that something will come from the Centre, then we will move ahead. It is a proactive world now, and a proactive world is about choice — taking actions — and the state governments are choosing to take big course correction action. We need the state governments to have access to one of the factors input, which is credit — long-term credit which the state governments right now have no control, as banks are owned by the central government". He said that the state governments need to seriously invest in their credit institutions and have a better hold on their credit flow.

Also, there are issues related to ease of doing business are of great concern with respect to states, however, policy tweaking has happened over the past several years on the export potential of states. Earlier, the role of

the state governments was rather minimal in designing the national export strategy.

The Commerce Ministry, other central government agencies were really not into greater dialogue with state governments. But now every state government is being asked to prepare its own export strategy. As a result, about 17-18 states governments have come out in the public domain with their export strategies. "The Commerce Ministry, DPIIT, NITI Aayog — we are all engaging with the states and have discussed export index to rank the states."

'Need to support industry'

Shri Mathur said that the state governments need to support their industries so that they can compete in the global market because unless they are channelised to the global value chain, India will not be able to deliver the results that are desired to a reach a $5 trillion economies. "So we will encourage state governments to design their own industrial policies and supporting structure so that they can compete globally and realise their export potential".

ARCs can now acquire financial assets of peers

The RBI has allowed asset reconstruction companies (ARCs) to acquire financial assets from other ARCs in a bid to accelerate timely resolution of stressed assets. Earlier, ARCs could acquire financial assets from other ARCs only when they had some exposure to the asset that was being bought. Thus, the acquisition was "limited to aggregating and be in a better position to resolve stressed assets". Those with access to bigger amounts (funds) and endowed with skills to tackle complex assets will be in a position to buy out exposure from fellow ARCs. This would help quicken the resolution process in a system that is saddled with huge pile of stressed loans.

The RBI's move follows amendment to the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002. But the ARCs have to follow certain conditions while acquiring assets, the RBI said in a communication. The transaction should be settled on a cash basis. The price discovery for such a transaction should not be prejudicial to the interest of security receipt holders. The selling ARC should use the proceeds for the redemption of underlying security receipts. The date of redemption of security receipts and the period of realisation shall not extend beyond eight years from the date of acquisition of the financial asset by the first ARC.

Disclosure norms for weaker banks relaxed

The RBI has changed the disclosure norms for banks on material divergences on provisioning, stating that banks will now have to disclose their provisions if the divergence found is more than 10 per cent of the bank's profit before provisioning and contingencies. Earlier, the norms were that banks required to disclose additional provisioning requirements if divergences were found to be exceeding 15 per cent of the published net profits after tax. Since provisions and contingencies form a major part of banks' line item, the change in norms may mean that a few banks, particularly those making losses, will be spared from disclosing provision divergence. If the bank is found to be having a material divergence on NPAs, then it will have to report the deficiency in provision as well as the bad debt. The RBI's plan is to allow loss-making banks to go easy on their disclosure.

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In 5 years MSME loans increase 2.5 times

The outstanding loans of Indian lenders to the micro, small and medium enterprises (MSMEs) expanded two-and-a-half times in five years through 2018, credit information company Trans Union CIBIL said, but there was a debt build-ups leading to possible stress in the quality of assets. While the outstanding credit to MSMEs grew to Rs.25.2 lakh crore at the end of 2018 from Rs.10.4 lakh crore in 2013 at a compound growth rate of 19.6%, the consolidated non-performing assets (NPAs) in the sector increased to 9% from 7.3%. "We have observed significant acceleration in lending in the past couple of years, but growth of this magnitude needs to be monitored carefully as rapid acceleration in debt build-up may indicate prospective stress in the system," Trans Union CIBIL managing director Shri Satish Pillai said. "While lenders should monitor their portfolios constantly for loan stacking, leverage and debt build-up, the regulators must keep systemic risks under check."

In the reported period, while public sector banks remained the largest lending group to the segment, their loan exposure fell to 39 per cent from 58 per cent as the Central Bank imposed lending restrictions on several banks which had bad debt. CIBIL, in the report, said relaxation on the use of trade credit data from regulated bill discounting platform TReDS for credit scoring could help improve underwriting standards for banks, while also helping MSME businesses and individuals get better-priced loans. India's commercial credit growth remained strong at 14.4% year-on-year in the December quarter, taking the overall outstanding credit to Rs.111 lakh crore, driven by loan growth of 14.9% to large companies.

RBI sets up panel under UK Sinha to study MSMEs

The RBI had set up an eight-member expert committee under the leadership of former chairman of Sebi Shri UK Sinha to review the current framework for the MSME sector to suggest long-term solutions for the economic and financial sustainability of the micro, small and medium enterprises. The central bank said the committee will study the impact of the recent economic reforms on the sector and identify the structural problems affecting its growth. "The committee will examine the factors affecting the timely and adequate availability of finance to the MSME sector".

The committee will review the existing MSME focused policies and their impact and will propose measures for leveraging technology in accelerating growth of the sector apart from recommending the global best practices. The report was submitted by June end. It recommended doubling collateral-free loans for MSMEs, self-help groups, and borrowers falling under the Pradhan Mantri Mudra Yojana to Rs.20 lakh and suggested creating

a stressed asset fund of Rs.5,000 crore to protect the sector from distress caused by external circumstances.

The panel said that instead of making MSMEs register with various authorities, the permanent account number (PAN) should be made sufficient for most of their activities. The private sector should be incentivised by tax breaks or bonds to help MSMEs build skill sets in areas like product development, technology adoption, and marketing strategy. The private sector's contribution to the segment was minuscule but the research and development facilities they possessed could be of enormous value. The committee has recommended a government-sponsored 'fund of funds' of Rs.10,000 crore to support the venture capital and private equity firms investing in the MSME sector on modified term sheets developed by SIDBI. This would encourage innovation in term sheets and production structures. On restructuring MSME accounts that have turned sour, the committee said an MSME account could be considered for upgrade to "standard" after six months of satisfactory operation, instead of the current norm of one year. The account must also have additional equity in the business or a new source of cash flow.

The RBI had announced a one-time restructuring scheme for MSME accounts in January, but the scheme is basically for accounts that are still standard. While the MSME Development Act has served well, it is time the focus was on market facilitation and promoting ease of doing business in the sector. Accordingly, the legislation may be reimagined as a comprehensive and holistic MSME Code having a provision for sunset on plethora of complex laws scattered all over the legislative framework. Under this new law, the territorial jurisdiction-based and arbitrary inspection system may be substituted with a policy-based and transparent inspection system.

The law should be able to address major challenges related to physical infrastructure bottlenecks, absence of formalisation, technology adoption, capacity building, backward and forward linkages, lack of access to credit, risk capital, perennial problem of delayed payments, etc.

"These problems are hindering the development of a conducive business environment for expansion of the sector." According to the committee, a thriving entrepreneurial ecosystem is a policy imperative for realising the potential of the sector and ensuring sustainable growth of the sector. To eliminate the problem of delayed payments faced by MSMEs, which they also cannot take up legally because of low bargaining power, the MSMED Act should be amended requiring all MSMEs to mandatorily upload all their invoices above an amount, to an information utility. There should be a monitoring authority too. This mechanism will entail automatic display of the names of the defaulting buyers and persuade them to release payment to MSE suppliers. Also allowing more non-banking financial companies (NBFC) in the factoring business, against only five now, would lead to faster clearance of bills.

Most states have only one MSE Facilitation Council (MSEFC), which is not adequate to cater to delayed payment cases arising in the entire state. Hence, the committee suggested setting up more such councils, particularly in larger states. The Government's procurement portal needed to be more dynamic for MSMEs to be a full-fledged market place, enabling MSE sellers to procure raw materials as well. The committee was against multiple registrations with various entities, which is cumbersome and leads duplication of efforts. "It is, therefore, recommended that the government should make PAN as a Unique Enterprise Identifier (UEI) and the same

should be used for various purposes like procurement, availing government sponsored benefits, etc".

A simplified framework of laws under an MSME code and the complete overhaul of existing provisions was proposed. …In the changed circumstances, it is imperative that the thrust of this important legislation (MSME Act 2006) should be focused more on market facilitation and promoting ease of doing business for MSMEs. "Accordingly, the legislation may be reimagined as a comprehensive and holistic MSME code having a provision for sunset on plethora of complex laws scattered all over the legislative framework. Under this new law, the territorial jurisdiction based and arbitrary inspection system may be substituted with a policy based and transparent inspection system."

The committee felt that since the drafting of the MSME Act in 2006, the economy has gone through drastic changes presenting new challenges to the MSME sector which the current legislation is not designed to handle eg. the services sector has gained greater importance within GDP. MSMEs in services have increased in number and range of activities, formalisation of MSMEs has increased, value chains have become longer, payment systems have become electronic, alternative data is being used for lending decisions and so on. Developments such as NCLT which came much after the original MSMED Act was passed in 2006 should be accommodated in the new law. It also recommended doubling the cap on collateral-free loans to Rs.20 lakh from the current Rs.10 lakh. It also recommended creating a stressed asset fund of Rs.5,000 crore for MSMEs to protect them from distress caused by external circumstances. Earlier in 2019, the RBI allowed a one-time restructuring scheme for MSMEs with a maximum exposure of Rs 25 crore, to be implemented by banks by March 31, 2020. The MSME account should remain a "standard asset" as of January 1, according to the requirement.

FinMin tells state-run banks to shore up credit to MSMEs

The finance ministry has told the chief executives of all public sector banks (PSBs) to review credit facilities made available to micro, small and medium enterprises (MSMEs) and take 'corrective' measures to ensure the firms get adequate funds. In an official communication PSBs have been requested to assign a chief general manager, or a general manager-level officer to "do an in-depth analysis of the progress made and issues in availability of credit, still being faced by the MSMEs. While taking "corrective actions" and doing the analysis, nodal general managers are supposed to submit details to the finance ministry of MSMEs taking credit from banks, non-performing MSME accounts, MSME accounts restructured following to the RBI's January scheme and the MSMEs still uncovered by it. "The heads of all PSBs have been also asked that all sincere efforts should be made so that during the process of formalisation,

the MSMEs may not suffer in want of credit which should be available to them as per the extant guidelines".

MSMEs may have potential to create 1-cr jobs in 5 years

Despite the recent sluggishness in demand, India remains an attractive consumption-oriented market with the growth of the middle class and rising disposable income. However, only 15% of what is consumed in India is made by the domestic manufacturing industry, limiting the country's ability to create employment opportunities.

Micro small and medium enterprises (MSME), if nurtured well, can bridge the gap and create one crore jobs in the next 4-5 years. "This could be done by following a market-oriented approach for MSMEs, wherein the organised private sector participants invest in capacity building of the MSMEs against a valid for-profit business case with long term benefits," the research firm NRI Consulting said in a note on Indian market.

The MSME sector remained the highest job creator with the sector contributing about 3.6 crore jobs, which is about 70% in the manufacturing sector in 2017-18, according to official data. These MSMEs can create additional 75 lakh -1 crore employment opportunities in the next 4-5 years through partial substitution of imports. The central and several state governments have been making efforts to enhance the flow of bank funding to make the sector stronger.

For instance, Uttar Pradesh's BJP government launched 'One District, One Product' (ODOP) scheme in January 2018, seeking to revitalise traditional industries and MSMEs in every 75 districts in the state. State government record shows that bank loans worth Rs.17,500 crore has been disbursed to entrepreneurs under the scheme so far. Telangana launched an MSME networking portal, while the central cabinet approved an earlier MoU between India and Republic of Korea on startup cooperation. A 59-minute loans scheme to expedite fund flow to small entrepreneurs has also shown good results. To scale up, the MSME sector needs a market-oriented strategy through business development services which is inclusive and builds on a consensus on the challenges, goal and broad policy direction among the key stakeholders.

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"Anyone who stops learning is old, whether at twenty or eighty. Anyone who keeps learning stays young. The greatest thing in life is to keep your mind young."

HEALTH CARE !

Study reveals how much fiber we should eat to prevent disease

By Ana Sandoiu

A new meta-analysis examines 40 years' worth of research in an attempt to find out the ideal amount of fiber that we should consume to prevent chronic disease and premature mortality.

Researchers and public health organizations have long hailed the benefits of eating fiber, but how much fiber should we consume, exactly?

This question has prompted the World Health Organization (WHO) to commission a new study. The results appear in the journal *The Lancet.*

The new research aimed to help develop new guidelines for dietary fiber consumption, as well as reveal which carbs protect the most against non-communicable diseases and can stave off weight gain.

Non-communicable diseases are also called chronic diseases. They typically last for a long time and progress slowly. According to WHO, there are "four main types of non-communicable diseases:" cardiovascular diseases, cancer, chronic respiratory diseases, and diabetes.

Professor Jim Mann, of the University of Otago, in New Zealand, is the corresponding author of the study, and Andrew Reynolds, a postdoctoral research fellow at Otago's Dunedin School of Medicine, is the first author of the paper.

Prof. Mann explains the motivation for the study, saying, "Previous reviews and meta-analyses have usually examined a single indicator of carbohydrate quality and a limited number of diseases, so it has not been possible to establish which foods to recommend for protecting against a range of conditions."

Daily intake of 25–29 grams of fiber is ideal

Reynolds and colleagues examined the data included in 185 observational studies — amounting to 135 million person-years — and 58 clinical trials which recruited over 4,600 people in total. The studies analyzed took place over almost 40 years.

The scientists investigated the incidence of certain chronic diseases, as well as the rate of premature deaths resulting from them.

These conditions were: coronary heart disease, cardiovascular disease, stroke, type 2 diabetes, colon cancer, and a range of obesity-related cancers, such as breast cancer, endometrial cancer, esophageal cancer, and prostate cancer.

Overall, the research found that people who consume the most fiber in their diet are 15–30 percent less likely to die prematurely from any cause or a cardiovascular condition, compared with those who eat the least fiber.

Consuming foods rich in fiber correlated with a 16–24 percent lower incidence of coronary heart disease, stroke, type 2 diabetes, and colon cancer.

Fiber-rich foods include whole grains, vegetables, fruit, and pulses, such as peas, beans, lentils, and chickpeas.

The analysis also revealed that the amount of fiber that people should consume daily to gain these health benefits is 25–29 grams (g). By comparison, adults in the United States consume 15 g of fiber daily, on average.

The authors also suggest that consuming more than 29 g of fiber per day may yield even more health benefits.

However, they do caution that, while the study in itself did not find any adverse health effects of consuming fiber, eating too much of it may be damaging for people with insufficient iron or minerals.

Eating large amounts of whole grains can further deplete the body of iron, explain the researchers.

Finally, the clinical trials included in the study also revealed that consuming more fiber correlates strongly with lower weight and lower cholesterol levels.

Why fiber is so good for you

Prof. Mann comments on the significance of the findings, saying, "The health benefits of fiber are supported by over 100 years of research into its chemistry, physical properties, physiology, and effects on metabolism."

"Fiber-rich whole foods that require chewing and retain much of their structure in the gut increase satiety and help weight control and can favorably influence lipid and glucose levels," he adds.

"The breakdown of fiber in the large bowel by the resident bacteria has additional wide-ranging effects including protection from colorectal cancer."

"Our findings provide convincing evidence for nutrition guidelines to focus on increasing dietary fiber and on replacing refined grains with whole grains. This reduces incidence risk and mortality from a broad range of important diseases."

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Courtesy : Medical News Today.

MISCELLANY

Fixed Maturity Plans

An FMP is one of the debt products that are offered to many first-time investors looking for an alternative to fixed deposits because they are tax efficient.

What are fixed maturity plans?

FMPs are closed end debt funds with a maturity period that can range from one month to five years. Because debt funds enjoy long-term capital gains tax after three years, typically three-year FMPs are now popular. FMPs are predominantly debt-oriented, and their objective is to provide steady returns over a fixed-maturity period, thereby protecting investors from market fluctuations.

Why are FMPs in focus now?

A few FMPs holding paper of Zee/Essel Group have come up for maturity starting April 8. On maturity, these schemes should pay back full amount to investors which includes principal plus earnings on the portfolio. However, since these FMPs have paper belonging to Zee/ Essel Group in their portfolios, one fund house is repaying investors money minus their holding in Zee/Essel paper. Another fund house has proposed to rollover its FMP by a period of 380 days.

How do FMPs work?

An FMP portfolio consists of various fixed-income instruments with matching maturities. Based on the tenure of the FMP, a fund manager invests in instruments in such a way that all of them mature around the same time. During the tenure of the plan, all the units of the plan are held until they mature on a specified date. Thus, investors get an indicative rate of return of the plan.

Where do FMPs invest?

FMPs usually invest in certificates of deposits (CDs), commercial papers (CPs), money market instruments, non-convertible debentures over a defined investment tenure. Sometimes, they also invest in bank fixed deposits.

Are FMPs liquid?

Since FMPs are closed-end funds, they can only be traded on the stock exchange where they are listed. However, trading in these units is negligible which makes FMPs illiquid. Compared to this, open ended debt funds can be bought or sold on a daily basis.

What are the benefits of FMPs for investors?

Capital protection and no interest rate volatility: Since FMPs invest in debt instruments, they provide low risk of capital loss as compared to equity funds. Since the securities in the portfolio are held till maturity, FMPs are not affected by interest rate volatility.

Taxation benefit: FMPs offer better post-tax returns than FDs as well as liquid and ultra short-term debt funds because they offer indexation benefits. Indexation helps to lower capital gains and thus lower the tax. Triple indexation allows an investor to take advantage of indexing his investment to inflation for 4 years while remaining invested for a period of slightly more than three years.

Lower expense ratio: Since these instruments are held till maturity, there is a cost saving with respect to buying and selling of instruments, thereby resulting in a lower expense ratio for investors.

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