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CONTENTS

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.

FROM THE DESK OF THE EDITOR

CREATIVE USE OF WASTE MATERIAL-*REDUCE, REUSE & RECYCLE*

V.S. RATHORE
Secretary General, COSIDICI

Waste or garbage is unwanted material or substance which may be generated during the extraction of raw materials, processing of raw materials into intermediate and final products, consumption of final products, and other human activities. Waste material needs to be properly disposed off; it may be discarded or accumulated, stored, or treated (physically, chemically, or biologically) prior to being discarded or recycled.

Reducing And Reusing :

When considering the 3 R's - Reduce, Reuse and Recycle, many people skip to recycling, thinking it's the best thing to do. However, the intent of the 3 R's is to place emphasis first on source reduction, then stressing reuse of our resources, and then recycling when the first two options have been properly exercised. Reduction and reuse are the most effective ways to save natural resources, protect the environment, and reduce waste. The most effective way to reduce waste is to not create it in the first place. Making a new product requires a lot of materials and energy - raw materials must be extracted from the earth, the product must be manufactured/ fabricated and then transported to wherever it will be sold/used. More production equals more waste and more waste creates environmental concerns of toxic threat. Reuse, on the other hand, requires a minimum functionality that reconditioning can be accomplished within certain cost and time limits. Reuse is a very important waste-reduction tool and when effectively exercised it reduces millions of tons of garbage.

Benefits of Reducing And Reusing

- Prevents pollution caused by reducing the need to harvest new raw materials;
- Helps sustain the environment for future generations;
- Reduces the amount of waste that will need to be recycled or sent to landfills/ incinerators;
- Allows products to be used to their fullest extent.
- Saves energy;
- Reduces greenhouse gas emissions that contribute to global climate change;

Recycling

The third component of the "Reduce, Reuse, Recycle" waste hierarchy, recycling is a key component of modern waste management. An economical viable solution to the problem of waste should include utilization of waste materials for new products which in turn minimizes the heavy burden on landfills. It is a process in which waste materials are treated in a way that they can be used again. It reduces the demand on new resources, cuts down the cost and effort of transport and production and uses waste material which would otherwise be lost to landfill sites. Recycling is an integral part of any waste management system as it represents a key utilization alternative to reuse and energy recovery (Waste-to-Energy). Which option is ultimately chosen depends on the quality, purity and the market situation. Recycling only requires a single material waste stream of high purity (source collection), while a Waste to Energy facility is able to process waste for energy recovery provided it is not contaminated with hazardous substances. Recyclable materials include many kinds of glass, paper, metal, plastic, textiles, and electronics waste. More and more of today's products are made with total or partial recycled content i.e., newspapers, paper ,towels, soft drink containers, detergent bottles, steel cans, etc. Recyclables are also used in innovative applications such as asphalt, carpeting, benches, pedestrian bridges.

Life-Cycle Assessments (LCA) can help to decide whether it is sustainable either to reuse or recycle certain waste streams or to recover the energy only. LCA is a comparative methodology used to determine the environmental impact and energy or resource consumption of products and services over their life cycles (extraction of the raw materials, manufacture of the product itself, use of the product and treatment after disposal as waste). Any utilization strategy that consumes more resources and energy or has a greater environmental impact as compared to the usual production from primary raw materials is considered "non-sustainable".

The different waste streams (e.g., municipal solid waste, industrial waste, pharmaceutical waste, etc.) must be treated differently. A waste management system of a municipality separates and controls the different waste streams according to the available treatment options in their region. Materials to be recycled are either brought to a collection center or picked up from the curbside, then sorted, cleaned, and reprocessed into new materials to be used for manufacturing. However, the success of a waste management system depends to a great extent on the support received from residents and employees. They are the one who take the first step in a long chain of processes by separating their waste stream in direct reusable or recyclable waste streams (e.g., paper, plastics, glass, etc.) and waste that can be used as a fuel for energy recovery.

Conclusion

The problems associated with environmentally safe and efficient disposal of waste continue to grow. In many areas, existing landfills are beginning to fill up, and a "not-in-my-backyard" philosophy has made the establishment of new landfills very difficult. The cost of disposal continues to increase while the types of wastes accepted at municipal solid waste landfills is becoming more and more restricted. One answer to all of these problems lies in the ability of society to develop beneficial uses for these waste products. Proper use of waste material can be made a part of the Government's initiative of *Swachh Bharat Abhiyaan* (Campaign Clean India) with the primary goal of achieving the vision of *'clean India'* by October 2019 which will mark the 150th birth anniversary of Mahatma Gandhi. We all need to be a part of the solution to the waste problem and also help and encourage others in this endeavour because together we all can make a difference.

(V.S. RATHORE)

An error does not become truth by reason of multiplied propagation, nor does truth become error because nobody sees it.

MAHATMA GANDHI

APPOINTMENTS

- Shri Ashish Kumar Singh, IAS has been appointed as Managing Director, SICOM Ltd., Mumbai vice Shri Baldev Singh, IAS.
- Shri Kifayat Hussain Rizvi, IAS has been appointed as Managing Director, J&K State Industrial Development Corporation Ltd. {J&K SIDCO}, Srinagar vice Shri Jasvinder Singh.
- Shri Debenswar Malakar, IAS has been appointed as Managing Director, Assam Financial Corporation {AFC}, Guwahati vice Shri Ramesh Ch. Jain, IAS.
- Shri Vineet Garg, IAS has been appointed as Managing Director, Haryana State Industrial & Infrastructure Development Corporation Ltd. {HSIIDC}, Chandigarh vice Shri T.L. Satyaprakash, IAS.

- Shri Swapnanil Baruah, IAS has been appointed as Managing Director, Assam Industrial Development Corporation Ltd. {AIDC}, Guwahati vice Shri Rajesh Prasad, IAS.

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MAKING A FARMER AN ENTREPRENEUR

** Dr. Parveen Kumar*

In a country where vast majority of the population is dependent on agriculture directly or indirectly, the development of agro based industries is of immense importance. Today when our farmer is unable to make both ends meet, making an agriculturist into an entrepreneur can create huge income-generating opportunities. It offers opportunities for becoming autonomous income generating units and thus becoming job providers rather than job seekers. Unfortunately we have not been able to make agripreneurs.

Agriculture offers varied ways for promoting rural industries and can also serve as a feeder for the macro industries that operate at a much larger scale. Agro industries vary from those operated at the village level by individual farmers to small scale to those operating at a large scale involving high investments. While the village industries are owned and run by rural households with very little capital investment and a high level of manual labour such as making Pickle or Papad, the small scale industries are characterized by medium investment and semi-automation like the edible oils rice and wheat mills. The large scale industries are characterized by large investments and a high level of automation.

But the small scale industries which are generally associated with agriculture are very important for a developing country like India where there is scarcity of capital but abundance of labour. The potential of small scale industries in providing employment can be gauged from the fact that they generate more number of employment opportunities per unit of capital invested. These use labour intensive techniques.

For every one lakh of fixed investments, these industries provide employment to 26 persons as against 4 persons in the large sectors. Agro industries although considered to be an extended arm of agriculture, yet have not received attention at par with the agriculture sector. Agro industries

help in processing agricultural products such as field crops, livestock and fisheries products and thereby converting them to edible and other usable forms. They produce both edible and non-edible things. However, edible products otherwise known as processed foods form a predominant segment.

Extent of food processing in India: While agriculture contributes about 14 per cent of India's GDP the percentage of food processing and value addition is very low. In India only about two percent of the food is processed. This is very low when compared to developed countries where more than fifty percent of the produce is processed.

Only 15 per cent of all the milk produced is processed. If one would spend a few hours in the food section of the Wal-Mart departmental store in a U.S. city, one would understand the depth and width of the market for processed foods. In India the highest processing is in meat products where 21 per cent of the meat products are processed. In poultry the percentage of processing is a meager six per cent. Small scale industries require less capital and provide quick returns on investment. These use local resources. These do not require import of machinery or raw material. They play a complimentary role by feeding large scale industries and are best suited for customized production i.e designing the product as per the tastes and preferences and needs of individual customers, provide part time or whole time work in rural and semi urban areas.

Potential of Food Processing Industry:

The food processing industry in the country is estimated to be worth around US $ 67 billion and employing about 13 million people directly and about 35 million people indirectly. According to the CII, the food processing sector has the potential of attracting $ 33 billion of investment in 10 years besides generating employment for 9 million men days. A study by McKinsey reiterates the importance of the food sector in India. It indicates that food in India has an economic multiplier of 2-2.5 which means that for every rupee of revenue from food, the economy at large gets Rs. 2-2.50. The Indian food processing industry is currently growing at 13% Compounded annual growth rate. With a huge production base, India can easily become one of the leading food suppliers to the world while at the same time serving the vast growing domestic market of over a billion people.

An average Indian spends around 53 per cent of his/her income on food. The large market size, the changing life styles and the increasing health consciousness all create incredible market opportunities for food producers, the processors, the technologists and service providers in this sector. What is needed is the right post harvest practices such as good processing techniques, and proper packaging, transportation and storage. All this besides creating employment opportunities for masses can play a significant role in reducing spoilage and extending shelf life. Food processing benefits all the sections of the society. It helps the farmers to have higher yield, better revenues and lower the risks drastically, Consumers have access to a greater variety, better prices and new products. Ultimately the economy also gets benefitted with new business opportunities for the entrepreneurs and the work force gets employment. Therefore it is beyond any doubt that the development of agro industries can help stabilize and make agriculture more lucrative, profitable and create employment opportunities for millions both at the production and marketing stages.

Engaging Private sector: If government has some constraints in processing and value addition of the food products then private sector too can also be engaged. A simple product like soya milk is not produced in adequate quantity. Likewise, fish and shrimp, which have good export potential, lack cold storage and modern processing facilities. While fish production is around six million tonnes a year the frozen storage capacity spread over 500 units is only one lakh tonnes. Yet another area is herbal medicine. The world over it is increasingly realized that herbal drugs do not have side effects. The private sector is yet to realize the full potential of agro industries. The global market is enormous for sugar, coffee, tea and processed foods such as sauce, jelly and honey. The market for processed meat, spices and fruits is equally large. Only with mass production aided by modern technology and intensive marketing can the domestic market as well as the export market be exploited to the fullest extent. The raw material and commodities produced and marketed in India are of a wide range such as paddy, wheat, rice, maize, sugarcane, potato, cotton, fruits, vegetables, flowers, spices, fish, poultry, tea, coffee, medicinal plant and honey. All these commodities are processed in one form or the other and consumed in huge quantities within the country and also exported. The industry has to be more supportive to local domestic products and at the same time government have to come up proactively with measures that supports and promotes organizations involved in the trade and export of different products like APEDA, MPEDA, Indian Institute of Foreign Trade, Tea and Coffee Boards, Cashew Export Promotion Council, Coir Board, Leather Promotion Council, Silk Board and Spices Board. With food processing, value addition in the agri sector is also vital for comprehensive development of the rural economy. When we add value to a product it means we are giving options to the consumers to choose from a wide range of products besides the additional income for farmers. Since the food processing industry creates jobs, demand for agri raw materials, leads to diversification and commercialisation of agriculture, enhancing the incomes of farmers and creating surpluses for export of agro foods. The broad-based development of the food processing industry will improve both the social and physical infrastructure of rural India.

The Agri-clinics and Agribusiness Centers is also a noble initiative of the Government of India where young agriculture professionals after getting training from the recognized nodal training institutes located all over the country can set up their own income generating units. For this they are financially supported by the Banks.

Ministry of Micro, Medium and Small Enterprises (MSME):

The Ministry of Micro Small and Medium enterprises has a number of programmes to help the entrepreneurs and those who own small businesses. To set up business, one can contact National Institute for Entrepreneurship and Small Business Development (NIESBUD), National Institute for Micro, Small and Medium Enterprises (NI-MSME), Indian Institute of Entrepreneurship (IIE) or the Development Commissioner (DC-MSME) for details about their respective programmes. Any existing entrepreneur who likes to improve his/her competitiveness can contact Development Commissioner, MSME for assistance. Anyone interested to set up a village industry or wants to know more about Khadi or Coir Products can contact KVIC or Coir Board.

Ministry of MSME encourages and honors innovation and enterprise. The ministry works in close coordination with the respective state governments, industry associations, banks and other stakeholders through their numerous field offices and technical institutions to help these 'engines of growth' throughout the country.

Different Schemes for promotion of rural based industries:

National Manufacturing Competitiveness Programme (NMCP) Schemes Under XI Plan The Government has announced formulation of National Competitiveness Programme in 2005 with an objective to support the Small and Medium Enterprises (SMEs) in their endeavor to become competitive and adjust the competitive pressure caused by liberalization and moderation of tariff rates.

Micro & Small Enterprises Cluster Development Programme (MSE-CDP) : Development Commissioner (MSME) launched MSE-CDP for holistic development of selected Micro and Small Enterprises clusters through value chain and supply chain management on co-operative basis.

Credit Linked Capital Subsidy Scheme for Technology Up gradation: The Scheme was launched in October, 2000 and revised with effect from September 29, 2005. The revision was done to facilitate Technology upgradation of Micro and Small Enterprises by providing 15% capital subsidy which was 12% prior to revision on institutional finance availed by them for induction of well established and improved technology in approved sub-sectors/products.

Credit Guarantee Scheme : Under this scheme Collateral free loans up to a limit of Rs.50 lakhs are provided.

ISO 9000/ISO 14001 Certification Reimbursement Scheme: Incentive Scheme of Reimbursement of expenses for acquiring Quality Management System (QMS) ISO 9000 certification/environment management (EMS) ISO 14001 certification to the extent of 75% or Rs.75,000/- whichever is lower.

MSME MDA - The scheme offers funding up to 75% in respect of to and fro air fare for participation by MSME Entrepreneurs in overseas fairs/trade delegations. The scheme also provides funding for producing publicity material (up to 25% of costs) .

Scheme of Micro Finance Programme - Creating self employment opportunities is one way of attacking poverty and solving the problems of unemployment. There are over 24 crore people below the poverty line in the country.

Besides, there are other schemes of Ministry of Micro Small and Medium Enterprises:

- Scheme of Fund for Regeneration of Traditional industries
- Market Development Assistance on Production Scheme
- Prime Minister Employment Generation programme
- Product Development, Design, Intervention and Packaging
- Khadi Karigar Janashree Bima Yojana for Khadi artisan
- Scheme for enhancing productivity and Competitiveness of Khadi industries and artisans
- Workshed scheme for Khadi artisans implemented through Coir Board Regeneration
- Modernization and Technology Upgradation of the coir industry.

For any type of industry and scale of its operation, it is necessary to produce high quality raw material. This calls for educating the masses about latest technological know how. It also calls for strengthening of the infrastructure like cold storage, improving the production process in the agriculture sector, relaxing or removing stringent laws and regulations, and ensuring reliable power supply. The outdated technologies which the people still use have to be replaced with the more efficient ones.

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**** Courtesy: Kurukshetra. The author is a Senior Research Fellow, writes on agricultural and social issues and can be reached at pkumar6674@gmail.com***

What Cancer Cannot Do

Cancer is so limited...
It cannot cripple love.
It cannot shatter hope.
It cannot corrode faith.
It cannot eat away peace.
It cannot destroy confidence.
It cannot kill friendship.
It cannot shut out memories.
It cannot silence courage.
It cannot reduce eternal life.
It cannot quench the Spirit.

WOMEN ENTREPRENEURSHIP DAY (WED)

WED is one day to empower, celebrate and support women in business and build a strong network for change worldwide

Women's Entrepreneurship Day (WED) was launched on November 19, 2014 at the United Nations headquarters in New York during Global Entrepreneurship Week and in partnership with the U.S. State Department and 153 countries and their ambassadors worldwide.

WED is not only one day to "Empower, Support and Celebrate Women Entrepreneurs Worldwide," but its main objective is to be a strong leader in women's entrepreneurship annually from 2014 and beyond, implementing a number of key initiatives designed to support women worldwide and help them with their businesses all year long. Some of these initiatives explained elsewhere on the site here are the:

- Certified Women in Business (CWB) bank certification program with a leading banking sponsor to identify and support women-owned or women-led businesses throughout the year.
- WOW: Which stands for Women on Wednesday launching the first Wednesday after Thanks giving to drive millions to women's businesses just like Small Business Saturday or Cyber Monday.
- The WOW Pledge to support a woman entrepreneur with a vote of Time, Talent or Treasure.
- The worldwide ambassador program across 153 countries to bring WED and WOW global.
- A micro-loans program with a leading banking sponsor for 10 grants of $10,000 each to women and their businesses in the developing world.

Through these initiatives and the November 19th WED event, WED emerges as an empowering and inspiring force that supports women in business while also mobilizing a massive network of female business owners, entrepreneurs, change-makers, and members of the "action class," who then will rise as future ambassadors of our partner brands.

The conditions and characteristics that led to high potential female entrepreneurship occur on multiple levels. Female entrepreneurship, like their male counterparts, are influenced by the general business environment where they live. If the general business environment is unstable, if the procedures for starting, running or exiting a business are highly regulated or bureaucratic, there is a disincentive for startups, regardless of gender. But formal institutions or cultural conditions create additional barriers for women that make it more difficult to start or grow a business. Such conditions can include diminished legal rights (either for all women or with respect to rights that a woman may give up when she marries), restrictions to a woman's activities outside of the home, or her ability to inherit or own property. This combination of gendered attitudes, social norms and beliefs can result in more limited access to resources critical for business development, such as education, skills and finance. Attitudes also play a crucial role in forming a country's entrepreneurial culture, meaning how the general population views entrepreneurial endeavors, risk taking, and acceptance. This cultural environment in turn influences individual opportunity recognition and willingness to take the risk to start a new venture.

There are many types of female entrepreneurship. The 'Melting Middle' perspective adopted by

Gender-GEDI, to identify the female entrepreneurs that would benefit the most from public policy interventions classifies female entrepreneurship to six groups.

These six groups include :

- Privileged Entrepreneurs
- Die-Hard Entrepreneurs
- Promising Entrepreneurs
- Potential Entrepreneurs
- Reluctant Entrepreneurs
- Resistant Non- Entrepreneurs

Privileged Entrepreneurs: This is the group for which public policy interventions would have the greatest impact. The two opposing ends of the continuum are less affected by public policy. Public Policy initiatives would have less impact on **Privileged Entrepreneurs.** These are entrepreneurs that enjoy network and resource advantages due to their elite social status and family connections. They are privileged in the sense that they operate above the normal limitations in a given environment.

In contrast, **Die-Hard Entrepreneurs** will start business regardless of prevailing conditions. These entrepreneurs are often considered born entrepreneurs since they often started to engage in entrepreneurship at a young age. Public Policy will also have little effect on these types of startups but could favorably influence growth potential for Die-Hard Entrepreneurs.

Promising and Potential Entrepreneurs occupy the middle of the continuum.

Potential Entrepreneurs are individuals who could be entrepreneurs in terms of their attitudes, skills, interests, education or experience, yet have not engaged in any start-up activity. For some individuals, specific skill areas may need to be strengthened or developed.

Promising Entrepreneurs are entrepreneurs at the startup phase or with an existing business. For these entrepreneurs, some conditions prevent their business from growing. These two groups occupy the continuum's middle section referred to as the **'Melting Middle'**: entrepreneurs who are very sensitive to conditions—self-reinforcing in institutions, markets or attitudes/social norms.

The pool of Promising and Potential Entrepreneurs seems to appear or disappear in response to prevailing conditions and it is the area for which public policy is best positioned to deliver impact. In some countries, the impediments for most forms of Promising and Potential female Entrepreneurship are so extreme that this type of entrepreneurship may not seem to exist at all. In most countries, there are bottlenecks that limit the emergence of these two groups which results in the tendency for lower overall rates of female entrepreneurs.

The final two groups of entrepreneurs are Reluctant Entrepreneurs and Resistant Non- Entrepreneurs. **Reluctant Entrepreneurs** are individuals who engage in business activities in order to generate an income when other options are lacking or nonexistent. In contrast, **Resistant Non-Entrepreneurs** have no interest in Entrepreneurship. Unlike Reluctant Entrepreneurs who only engage in entrepreneurial activity when needed, Resistant Non- Entrepreneurs do not perceive entrepreneurship as a viable option. In the short run, Reluctant Entrepreneurs may benefit from public policy initiatives such as access to credit or skills training programs. However, since these individuals started businesses reluctantly, they tend to cease their business operations if another more attractive means to earn a living becomes available.

Truth is a deep kindness that teaches us to be content in our everyday life and share with the people the same happiness.

Khalil Gibran

SUCCESS STORIES OF RFC ASSISTED UNITS

M/s Shakti Scouring & Milling Mills & Shakti Wools

Shri Shanti Lal Bothra is owner of M/s Shakti Scouring & Milling Mills & Shakti Wools, 104, Industrial Area, Rani Bazaar, Bikaner. RFC is the only financial institution giving both term loan and working capital loan on easy terms and conditions; sanctioning the loans within a limited time. As a first generation entrepreneur, Shri Bothra has been associated with RFC since 1982 and has availed several loans from RFC totaling to about Rs 100 Lakhs.

He has been a regular repayer of these loans and for RFC, he is an honest, hardworking and devoted client. Through his consistent performance he has been able to carve out a place for himself in the society.

M/s Mangalam Group

Shri N.K. Gupta is Chairman of M/s Mangalam Group, 601-603, Apex Mall, Lal Kothi, Tonk Road, Jaipur. Manglam Group is not a name unheard, when it comes to builders and real estate developers. With a strong presence in Jaipur, Udaipur, Ajmer, Bhilwara and Kota, it features among the reputed real estate builders.

In the year 2000, Shri N K Gupta, a first generation entrepreneur, approached RFC for finance. Shri Gupta's hard work and dedication coupled with RFC's loan of approximately Rs 75 crore in various concerns and ventures, resulted in the growth of the Group. Mangalam Group has developed many residential and commercial complexes and townships.

While Shri Gupta gives credit to RFC for his success, RFC feels more than glad to have been a facilitator.

Everything we hear is an opinion, not a fact. Everything we see is a perspective, not the truth.

MARCUS AURELIUS

MICRO, SMALL AND MEDIUM ENTERPRISES

GoDaddy, Microsoft come together to get SMBs online for Rs.99 a month

GoDaddy has collaborated with Microsoft to launch its Get Online Today offer to help SMBs and entrepreneurs get on the web for just Rs.99 per month. *"Our aim is to help small businesses take the first step to go online. With this offering, interested businesses can have a website in the cheapest and easiest possible way. They do not have to worry about any technical aspects at all,"* said Shri Rajiv Sodhi, Vice-President and Managing Director, GoDaddy India. GoDaddy will provide technical support from their 24/7 customer care to help users to set up and use. It claims to deliver a working website in just 30 minutes. *"If someone wants to get a website, all they need to do is just contact us and we will help them get one according to their needs,"* added Shri Sodhi. GoDaddy will provide its web builder kit to subscribers where they can design by simply posting content and multimedia. "They can choose from templates and are free to customise," said Shri Sodhi. Also, the websites will be optimised for desktops and mobile. Customers can choose from popular domains like .com, .in, .net, .org, .biz among several others. "If a company called ABC Flowers wants to have a website, then they can choose from abcflowers.com or abcflowers.in or abcflowers.net, etc." The collaboration with Microsoft adds more value to it. Customers will get Microsoft Office 365 from GoDaddy connecting professional email, Lync, contacts and calendar to their custom domain name.

QUESTIONS OF CYBERQUIZ~52

Q.1 The beta version of some software includes a feature that renders the software unusable after a certain period of time. What is this feature called ?

[a] Mail bomb; [b] Time bomb; [c] Beta trick; [d] Fading out.

Q.2 What is the name of the system, created by a Stanford University team led by Ed Feigenbaum, that has been recognised as the first-ever expert system ?

[a] FIPS; [b] SABRE; [c] Mycin; [d] DENDRAL

Q.3 Now more commonly called embedded systems, these programs control some pieces of equipment, particularly those with military applications. What was the original name of such programs?

[a] Command Control Programs; [b] On-board Control Programs; [c] Military Application Programs; [d] Fuzzy Control Programs.

Q.4 This project was launched in 1960 by Ted Nelson as the original hypertext project. It has been dubbed the longest-running vaporware story in the history of computer industry by Wired Magazine as it took the project 28 years to release the software, that too an incomplete one ! This project was supposed to be a word processor capable of storing multiple versions, and displaying the differences between these versions. Name this project.

[a] Project Xanadu; [b] Project Hypertext; [c] Project Vaporware; [d] Project Transclusion.

Q.5 ISO 12207 is a standard for what kind of process :

[a] Software life cycle process; [b] Software quality assurance; [c] Formal Specification Notation-Syntax, Type System and Semantics; [d] Information security management.

For Answer see Page No. 17

LETTER TO THE EDITOR

Dated : 26/02/2015

Dear Editor,

It gives me great pleasure to learn that the COSIDICI is felicitating successful industrial units financed by State Level Financial Institutions {SLFIs}. Moreover, we find the new format of COSIDICI COURIER, bi-monthly Journal quite eye catching. I extend my sincere and best wishes for successful publication of the Journal. I am sure this Journal will prove to be a guide for economic upliftment of the country and entrepreneurs.

Please accept my heartiest congratulations on this unique accomplishment which will keep COSIDICI name alive for generations to come.

With best regards,

Sincerely,

Sd/-

(Sandeep Sirohi)
Senior Manager, Canara Bank,
(A Govt. of India Undertaking)
District Centre Laxmi Nagar,
Vikas Deep Bldg., Delhi.

O B I T U A R Y

With profound grief we inform the sad demise of Shri K.K. Mudgil, Former Secretary General, COSIDICI on 20.02.2015 at New Delhi. He was 78 years. We salute his immense contribution in COSIDICI and offer sincere condolence to the family. His memories will always be with us.

Industrial Promotion & Investment Corporation of Orissa Limited {IPICOL}

Industrial Promotion & Investment Corporation of Orissa Limited (IPICOL) was incorporated on April 12, 1973 by Govt. of Orissa to promote Medium and Large Scale Industries in the State by providing necessary Support Services including Equity Participation and Long Term Financial Assistance.

During the last 35 Years, IPICOL has been associated with more than 285 units in the State in the various sectors generating an Investment of over Rs.3700 Crore and creating employment opportunity for about 40,000 people.

The activities and achievement of IPICOL are as follows :-

- Acting as Single Window Contact for all information related to setting up of large and medium industries in the State.
- Operating the State incentive schemes to large and medium industries under the Industrial Policy of the Government.
- Providing and managing data base and consultancy for preparation of project reports.
- Identifying and listing potential investment opportunities for the State.
- Providing finance for projects in the form of term loans/Equity Investment/ Equipment finance etc.
- Organising seminars, campaigns, road shows and investors meet in different cities of India and abroad.
- Assistance in technology sourcing and for technology up gradation.
- Providing merchant banking services.
- Providing financial and management support for revival of sick but potentially viable industrial units.
- Assisting development of theme Industrial Parks/Industrial Estates, mega infrastructure projects, Special Economic Zone etc.
- Financial assistance by IPICOL has contributed to a total investment of Rs.3750.00 crores covering a wide range of products like Pig Iron, Sponge Iron, High Speed Steel, Aluminium Extrusions, Aluminium Powder, Aluminium Rolled Products, Cement, Textile, Paper, Industrial Gases, Synthetic Fibres, Granite, Refractory etc.
- Generated direct employment for more than 37000 persons through these industries.
- Played a significant role in dispersal of industries in backward areas.
- Attracted several large houses like Tata's, NICCO, INDAL, Dalmia's, JK Group, B.K. Birla Group, Ispat Group, Thappar's, Reliance, Oswal etc. to set up their industries in Joint Sector/Joint Venture within the State.
- Promoted several service industries like Hotels, Printing Press, Film Studios having large employment potential.
- Played a significant role in the development of resource based industries in the State, like

Sponge Iron, Sugar, Ferro Alloys and Mini Cement Plants etc.

- PICOL has identified and prepared project profiles for ancillary and downstream industries to the mega projects.
- IPICOL is closely associated in developing theme Industrial Parks like Aluminium Park at Khurda, Food Processing Park at Khurda and Muniguda and Export Promotion Industrial Park (now INFOCITY) at Bhubaneswar.
- IPICOL organises Seminars and Investors meet in different cities of India and abroad to attract investors to Orissa.

IPICOL has been designated as the State Level Nodal Agency (SLNA) under section 8 of Orissa Industries (Facilitation) Act, 2004 by Govt. of Orissa, Industries department. Further, as per Industrial Policy Resolution (IPR) 2007 of Govt. of Orissa, IPICOL as the SLNA is supposed to be further strengthened as Investment Promotion Agency (IPA) to function as an effective one stop shop for investors. In view of this, the role of IPICOL as a Financial Institution is likely to undergo a change with more emphasis as promotional agency and facilitator for investors involving several Government departments / authorities within given parameters of policies. Added to its IPA activities, IPICOL has also been functioning as Technical Secretariat of "Team Orissa" which is a broad institutional frame work of Government engaged in industrial facilitation and investment promotion in all key areas of economic growth.

Team Orissa

The Government has taken proactive measures to attract investments by creating the concept of "Team Orissa" that encompasses the broad institutional framework of the Government which is engaged in industrial facilitation and investment promotion in all key areas of economic growth. IPICOL is the state level nodal agency for Investment Promotion. It also functions as the single window agency for clearance of investment proposals.

Economic development through industrialisation is the fruit of a concerted synergy of several initiatives; namely, a stable political leadership, investor friendly government policies, proactive institutional support and above all a positive attitude within every person involved in the process of facilitating industrial activity in the state.

The Chief Minister is the Captain of Team Orissa and the principal goal of the "Team" is to provide necessary synergies and convergence of all Government efforts to ensure Orissa's position at the vanguard of economic and social prosperity. The combination of two words "Team" & "Orissa" embodies the spirit behind every effort that is made towards furthering investment climate and promoting entrepreneurship in the state.

The Orissa Industries (Facilitation) Act 2004 has been enacted to provide single window clearances so as to reduce transaction costs and times for investors. The High Level Authority chaired by the Chief Minister and State Level Authority chaired by Chief Secretary have been constituted to consider investment proposals and accord clearances. Industrial Promotion and Investment Corporation of Orissa Limited (IPICOL) and Orissa Industrial Infrastructure Development Corporation (IDCO) have been entrusted with multi faceted roles of investor support. At the District level, the General Managers of District Industries Centers (DIC) have similar roles.

Team Orissa's support

- Guidance and assistance to entrepreneurs to set up industries in the state
- One point contact solution to investors through the Single Window (SW) clearance mechanism
- Investment promotional activities at the State, National & International level
- Investment climate improvement exercises
- Necessary assistance and feedback in policy formulation for industrial progress

- Design growth strategies for the Industrial Sectors that are key drivers of the State economy

The present Business activities of IPICOL includes:

- Management of existing Loan and Equity portfolios.
- Recovery of Outstanding dues including OTS, Account and Ledger Maintenance etc.
- Administration, Premises and Human Resources.
- Legal activities, Board & Company Secretary Services, Statutory and Regulatory compliance.
- Investment Management, market research and MIS.
- Investment Promotion.
- Single Window Functions.

ANSWERS OF CYBERQUIZ~52

1.[b] Time Bomb :

It is a subspecies of logic bomb that is triggered by reaching some preset time, either once or periodically.

2.[d] DENDRAL :

It was meant for identying the molecular structure of organic compounds. An expert system is an application program designed to make decision or solve problems by using a knowledge base and an inference engine.

3.[a] Command Control Programs :

These command control programs were using command control languages such as JOVIAL and Ada for military applications.

4.[a] Project Xanadu :

Many of Project Xanadu's proposed features have found their way into other hypertext systems, including the World Wide Web and WikiWiki systems.

5.[a] Software life cycle process :

ISO stands for International Organisation for Standardization. Standard ISO 12207 establishes a process of life cycle for software, including processes and activities applied during the acquisition and configuration of the services of the system.

Our greatest weakness lies in giving up. The most certain way to succeed is always to try just one more time.

Thomas A. Edison

UNION BUDGET AT A GLANCE : 2015-16

The Hon'ble Union Finance Minister, Shri Arun Jaitley, presented the Union Budget for 2015-16 in the Parliament on February 28, 2015. He reported that the credibility of Indian economy has been re-established in the last nine months and that Indian economy about to take-off on a fast growth trajectory. The Central Government has economically empowered the States which are now equal partners to Indian economic growth. The Central Government was successful in financial inclusion i.e. 12.5 crores families were financially mainstreamed in 100 days. It carried out Coal Block auctions to augment resources of the States and has started Swachh Bharat scheme for improvement in hygiene and cleanliness to regenerate India. To implement direct transfer of benefit the government has embarked on two more reforms viz. Goods and Service Tax (GST); Jan Dhan, Aadhar and Mobile (JAM). Inflation has been curtailed at close to 50% by the end of the year.

The year 2022 declared as the Amrut Mahotsav, the 75th year, of India's independence. The vision of what the Prime Minister has called 'Team India', led by the States and guided by the Central Government to include "Housing for All" by 2022; Each house in the country to have basic facilities of 24-hour power supply, clean drinking water, a toilet, and be connected to a road. To ensure that the young get proper jobs, India to be made the manufacturing hub of the world. The Skill India and the Make in India programmes are aimed at doing this.

The table below gives estimates and revised figures of revenue and expenditure for the last year i.e. 2014-2015 and the figures proposed for the next 2015-2016 and deficits of revenue, fiscal and primary as percentage of GDP :

S.No.	*ITEM*	*2014-2015 (BE)*	*2014-2015 (RE)*	*2015-2016 (BE)*
1.	**Receipts:**			
	(a) Revenue Receipts	1189763	1126294	1141575
	(i) Tax Revenue (Net to Centre)	977258	908463	919842
	(ii) Non-Tax Revenue	212505	217831	221733
	(b) Capital Receipts	605129	554864	635902
	(i) Recoveries of Loans	10527	10886	10753
	(ii) Other Receipts	63425	31350	69500
	(iii) Borrowings and Other Liabilities	531177	512628	555649
	Total Receipts (a) + (b)	**1794892**	**1681158**	**1777477**
2.	**Expenditure**			
	(a) Non-Plan Expenditure	**1219892**	**1213224**	**1312200**
	(i) On Revenue Account of which,	1114609	1121897	1206027
	(ii) Interest Payments	427011	411354	456145
	(iii) On Capital Account	105283	91327	106173
	(b) Plan Expenditure	575000	467934	465277
	(i) On Revenue Account	453503	366883	330020
	(ii) On Capital Account	121497	101051	135257
	Total Expenditure (a) + (b)	**1794892**	**1681158**	**1777477**
3.	**Revenue Expenditure**	1568111	1488180	1536047
4.	**Capital Expenditure**	226781	192378	241430
5.	**Revenue Deficit**	378348 (2.9)	362486 (2.9)	394472 (2.8)
6.	**Fiscal Deficit**	531177 (4.1)	512628 (4.1)	555649 (3.9)
7.	**Primary Deficit**	104166 (0.8)	101274 (0.8)	99504 (0.7)

Highlights of the Budget:

Five major challenges faced by the Government are : Agricultural income under stress, increasing investment in infrastructure, decline in manufacturing, resource crunch in view of higher devolution in taxes to states, maintaining fiscal discipline.

Agriculture

- Rs.5,300 crore allocated to support micro-irrigation, watershed development and the 'Pradhan Mantri Krishi Sinchai Yojana'. States urged to chip in.
- Rs.25,000 crore allocated in 2015-16 to the corpus of Rural Infrastructure Development Fund (RIDF) set up in NABARD; Rs.15,000 crore for Long Term Rural Credit Fund; Rs.45,000 crore to Short Term Co-operative Rural Credit Refinance Fund; and '15,000 crore for Short Term RRB Refinance Fund.
- Target of Rs.8.5 lakh crore of agricultural credit during the year 2015-16 for farmers to be achieved by banks.
- National Agriculture Market to be created for the benefit of farmers, which will help in moderating price rises. Government to work with the States, in NITI, for the creation of a Unified National Agriculture Market.

Funding the Unfunded

- Micro Units Development Refinance Agency (MUDRA) Bank, with a corpus of Rs.20,000 crores, and credit guarantee corpus of Rs.3,000 crores to be created to help small business units to access formal systems of credit. Priority to be given to SC/ST enterprises.

From Jan Dhan to Jan Suraksha

- Pradhan Mantri Suraksha Bima Yojna to cover accidental death risk of Rs.2 Lakh for a premium of just Rs.12 per year.
- Pradhan Mantri Jeevan Jyoti Bima Yojana to cover both natural and accidental death risk of Rs.2 lakh at premium of Rs.330 per year for the age group of 18-50.
- Unclaimed deposits of about Rs.3,000 crores in the PPF, and approximately Rs.6,000 crores in the EPF corpus. The amounts to be appropriated to a corpus, which will be used to subsidize the premiums on these social security schemes through creation of a Senior Citizen Welfare Fund in the Finance Bill.

Infrastructure

- National Investment and Infrastructure Fund (NIIF), to be established with an annual flow of Rs.20,000 crores to it.
- Tax free infrastructure bonds for the projects in the rail, road and irrigation sectors.
- Atal Innovation Mission (AIM) to be established in NITI to provide Innovation Promotion Platform involving academicians, and drawing upon national and international experiences to foster a culture of innovation, research and development. A corpus of sum of Rs.150 crore to be created.
- (SETU) Self-Employment and Talent Utilization) to be established as Techno-financial, incubation and facilitation programme to support all aspects of start-up business. Rs.1000 crore corpus to be set aside as initial amount in NITI.
- 5 new Ultra Mega Power Projects, each of 4000 MW, in the Plug-and-Play mode.

Financial Markets

- Public Debt Management Agency (PDMA) to bring both external and domestic borrowings under one roof to be set up to promote investment in India.
- Section-6 of FEMA to be amended through Finance Bill to provide control on capital flows as equity will be exercised by Government in consultation with RBI.
- Government to bring enabling legislation to allow employee to opt for EPF or New Pension Scheme.

Green India

- Target of renewable energy capacity revised to 175000 MW till 2022, comprising 100000 MW Solar, 60000 MW Wind, 10000 MW Biomass and 5000 MW Small Hydro.

Skill India

- A national skill mission to consolidate skill initiatives spread accross several ministries to be launched.
- Part of Delhi-Mumbai Industrial Corridor (DMIC); Ahmedabad-Dhaulera Investment region and Shendra-Bidkin Industrial Park are now in a position to start work on basic infrastructure.
- The first phase of GIFT to become a operational very soon.

Tax Proposals

- The Objective of the Government is to have a stable taxation policy and a non-adversarial tax administration. Several measures to fight against the scourge of black money are to be taken forward.
- GST is to be implemented from next year.
- Corporate tax reduced from 30% to 25% over the next four years, starting from next financial year.
- Government to work for revival of growth and investment and promotion of domestic manufacturing for job creation. Tax "pass through" to be allowed to both category I and category II alternative investment funds.
- Rationalisation of capital gains regime for the sponsors exiting at the time of listing of the units of REITs and InvITs.
- General Anti Avoidance Rule (GAAR) to be deferred by two years.
- Rate of Income-tax on royalty and fees for technical services reduced from 25% to 10% to facilitate technology inflow.
- Basic Custom duty on certain inputs, raw materials, inter mediates and components in 22 items, reduced to minimise the impact of duty inversion.
- Excise duty on chassis for ambulance reduced from 24% to 12.5%.
- Balance of 50% of additional depreciation @ 20% for new plant and machinery installed and used for less than six months by a manufacturing unit or a unit engaged in generation and distribution of power is to be allowed immediately in the next year.
- Wealth-tax replaced with additional surcharge of 2 per cent on super rich with a taxable income of over Rs.1 crore annually.
- MAT rationalised for FIIs and members of an AOP.
- Education cess and the Secondary and Higher education cess to be subsumed in Central Excise Duty.
- Online central excise and service tax registration to be done in two working days.
- Time limit for taking CENVAT credit on inputs and input services increased from 6 months to 1 year.
- Service-tax plus education cesses increased from 12.36% to 14% to facilitate transition to GST.
- 100% deduction for contributions, other than by way of CSR contribution, to Swachh Bharat Kosh and Clean Ganga Fund.

Benefits to middle class tax-payers

- Limit of deduction of health insurance premium increased from Rs.15000 to Rs.25000, for senior citizens limit increased from Rs.20000 to Rs.30000.
- Senior citizens above the age of 80 years, who are not covered by health insurance, to be allowed deduction of Rs.30000 towards medical expenditures.
- Deduction limit of Rs.60000 with respect to specified decease of serious nature enhanced to Rs.80000 in case of senior citizen.
- Additional deduction of Rs.25000 allowed for differently abled persons.

- Limit on deduction on account of contribution to a pension fund and the new pension scheme increased from Rs.1 lakh to Rs.1.5 lakh.
- Additional deduction of Rs.50000 for contribution to the new pension scheme u/s 80CCD.
- Payments to the beneficiaries including interest payment on deposit in Sukanya Samriddhi scheme to be fully exempt.
- Service-tax exemption on Varishtha Bima Yojana.
- Direct tax proposals to result in revenue loss of Rs.8315 crore, whereas the proposals in indirect taxes are expected to yield Rs.23383 crore. Thus, the net impact of all tax proposals would be revenue gain of Rs.15068 crore.

Service-tax exemption :

- Services of pre-conditioning, pre-cooling, ripening etc. of fruits and vegetables.
- Life insurance service provided by way of Varishtha Pension Bima Yojana.
- All ambulance services provided to patients.
- Admission to museum, zoo, national park, wile life sanctuary and tiger reserve.
- Transport of goods for export by road from factory to land customs station.
- Transportation of agricultural produce to remain exempt from Service-tax.

Our duty is to encourage every one in his struggle to live up to his own highest idea, and strive at the same time to make the ideal as near as possible to the Truth.

SWAMI VIVEKANANDA

"Education is the ability to listen to almost anything without losing your temper or your self-confidence."

ROBERT FROST

DO YOU KNOW !

UTILISATION OF WASTE ITEMS!

Paper:

- Save used paper as scrap for shopping lists, notes and drawing paper for children.
- Wrap postal packages or cover textbooks in brown paper bags that you've saved.
- Reuse newspaper as gift wrapping paper, or use as lining for your animal cage. You can even enhance your indoor compost bin with a few sheets of newspaper!
- Reuse last year's holiday cards to make this year's gift tags.

Plastic: It can be very re-useful!

- Buy a lunch bag (or lunch box!) instead of using a paper bag.
- Bring Tupperware when going out to dinner to bring your leftovers home in instead of a 'take out' bag or box for packing your lunch (or use them to pack cookies and chips so they won't get crushed).

Glass:

- Turn a large pickle jar into a cookie jar or a coin jar and decorate the outside.
- Keep bits and pieces, such as screws or nails, in jars and know at a glance what's inside.

In the Home:

- Use sponges and towels in lieu of disposable paper towels.
- Use rechargeable batteries.
- Use your own coffee mug when frequenting coffee shops; bring your own mug to work instead of using disposable cups. Most coffee shops will even give you a 'good customer' discount for bringing in your mug!
- Use old toothbrushes to scrub hard-to-reach places.

- Reduce hazardous waste associated with cleaning products by substituting some less harmful cleaners. For example: vinegar and scrunched up newspaper for cleaning windows; baking powder and water for removing mold and mildew and vinegar for cleaning toilets.
- Buy energy efficient light bulbs from supermarkets, hardware stores and electrical shops. They last for around 10 years they will save you money.
- Get a bike. Do you drive five minutes to pick up a loaf of bread at the supermarket? 25 percent of all car trips are less than a mile. By riding a bike or walking for short trips, you'll save energy and money, and you just might slim down in time for swimsuit season.

In the Office :

- Make two-sided copies.
- Do not print emails. Save them electronically.
- Circulate original memos instead of making numerous copies.
- Use one-sided scrap paper for notes and drafts.
- Use refillable pens, pencils and tape dispensers. According to the Minnesota Office of Environmental Assistance, Americans throw out *1.6 billion* single-use pens each year.

■■■

Always do your best. What you plant now, you will harvest later.

Og Mandino

IDFC may set borrowing limit at Rs.80,000 crore

Infrastructure Development Finance Company (IDFC) is set to increase its borrowing limit at Rs 80,000 crore. The company's balance sheet increased 23% from Rs 70,073 crore to Rs 86,388 crore as of December 31, 2014. The gross loan book decreased 1% from Rs 54,552 crore as of December 31, 2013, to Rs 54,004 crore as of December 31, 2014. According to a J.P. Morgan report, continuous weakness in demand due to tardy progress in infra projects is one of the reasons for the decline in loan book.

Another reason, according to the report, is that the book size will need to be optimised in the run-up to the bank transition (expected in October 2015) to deal with the reserve requirements on the NBFC backbook. The company reported a 16% fall in net profit for the third quarter of 2015. *"We believe IDFC's foray into the banking business will be a significant advantage in the longer term as it strengthens its funding profile and diversifies its loan book,"* said the JPMorgan report. IDFC won banking licences in April 2014. Earlier this year, the RBI had granted a no-objection to the proposed de-merger of IDFC to IDFC Bank. For FY '15, the management expects loan book growth to remain muted due to focus on transformation into bank and continued risks in the infra space and estimated 6.9% loan book growth for FY '15.

RBI Increases Forex Remittance Limit to $250,000/Year

Reserve Bank of India has doubled the foreign exchange remittance limit to $250,000 per individual per year. In other words, a family of four can remit $1 million (equivalent of Rs 6.2 crore) every year to purchase assets overseas. With this move, the rupee has become almost fully convertible for most Indians. The funds remitted overseas can be used for almost any activity barring a few such as speculation in exchanges, funding terror groups or for remittances to Bhutan, Nepal, Mauritius and Pakistan.

RBI Governor, Shri Raghuram Rajan said the foreign currency remittance limit was relaxed following a review of the external sector outlook and as a further exercise in macro prudential management. The central bank also said that it will ask the government to subsume under this limit various remittances that an individual is allowed under the Foreign Exchange Management Act, which include donations, gift remittances and exchange facilities for those seeking employment overseas and for maintenance of close relatives abroad. Until now, this facility was in addition to remittance limits already available for private travel, business travel, studies, medical treatment, etc as described in Schedule III of Foreign Exchange Management (Current Account Transactions) Rules, 2000.

Monetary Policy Statement

The RBI Governor, Shri Raghuram Rajan announced the Monetary Policy on 3rd February, 2015. Major highlights of the Policy are as under:-

Monetary and liquidity measures

- Repo rate kept unchanged at 7.75%
- Cash Reserve Ratio (CRR) left at 4%
- SLR floor reduced 50 bps to 21.5%, w.e.f. February 7
- Export credit refinance (ECR) facility abolished

Macroeconomic parameters

- CPI-based inflation seen at 6% by January 2016
- GDP growth projection retained at 5.5% (old base)

- Central estimate for real GDP growth in 2015-16 is 6.5%
- Current account deficit seen at 1.3% of GDP for FY15

Regulatory measures

- Increase in limit for FX remittances under LRS to $250,000/ person per year from $125,000
- Forms external committee to vet payments bank, small finance bank licence applications

Corporate distress

- Freedom to extend DCCO for stalled projects involving management change with standard loan status

Financial markets

- Greater flexibility in pricing of debt instruments
- Future investment by foreign investors in debt to be made with minimum residual maturity of 3 years
- Foreign investors will not be allowed to invest incrementally in short maturity mutual fund schemes

Banks' non-food credit growth picks up to 11.02% y-o-y at Rs.62.82 lakh cr

Non-food credit growth of banks picked up to 11.02% year-on-year in the fortnight ended January 9 to Rs.62.82 lakh crore, data from the Reserve Bank of India showed. Banks' deposit growth showed a marginal increase as well to 11.82% y-o-y to Rs.84.16 lakh crore in the fortnight ended January 9 from 11.5% the previous fortnight. While time deposits grew by 11.95% y-o-y to Rs.76.76 lakh crore, demand deposits were up 10.96% y-o-y at Rs.7.39 lakh crore.

Credit growth, which had gone down to a decade low of 9.8% in the fortnight ended September 5, has picked up in subsequent fortnights thereafter. The pick up is largely due to working capital loan disbursals as project loan sanctions as well as disbursals are weak.

Entry of Banks into Insurance Business

The Reserve Bank, on January 15, 2015, permitted banks to undertake insurance business by setting up a subsidiary/joint venture, as well as undertake insurance broking/insurance agency/either departmentally or through a subsidiary subject to certain conditions. However, if a bank or its group entities, including subsidiaries, undertake insurance distribution through either broking or corporate agency mode, the bank/other group entities would not be permitted to undertake insurance distribution activities. In other words, only one entity in the group can undertake insurance distribution by either one of the two modes mentioned above.

Membership of Credit Information Companies (CICs)

The Reserve Bank, on January 15, 2015, directed all Credit Institutions (CIs) that within three months:

All CIs should become members of Credit Information Companies (CICs) and submit data (including historical data) to them. Further, CICs and CIs should keep the credit information collected/maintained by them, updated regularly on a monthly basis or at such shorter intervals as may be mutually agreed upon between the CI and the CIC. Presently, four CICs, such as, Credit Information Bureau (India) Limited, Equifax Credit Information Services Private Limited, Experian Credit Information Company of India Private Limited and CRIF High Mark Credit Information Services Private Limited have been granted Certificate of Registration by the Reserve Bank. Every Credit Institution shall become member of at least one CIC. A CIC may seek and obtain credit information from its members (Credit Institution / CIC) only.

Secondly, the one-time membership fee charged by the CICs, for CIs to become their members, shall not exceed '10,000 each. The annual fees charged by the CICs to CIs shall not exceed ' 5000 each.

SC upholds changes in Sarfaesi Act; banks free to decide NPAs

Dismissing appeals filed by around 60 companies, the Supreme Court in January, 2015 upheld the amendment to the Securitisation Act that gave power to every financial institution to decide a period after which a bad loan can be declared as a non-performing asset (NPA).

Before the 2004 amendment to the Securitisation Act and Reconstruction of Financial Assets & Enforcement of Security Interest Act, 2002 (Sarfaesi Act), RBI was the regulator for the banking, non-banking and securitisation institutions for deciding the period after which loans could be treated as NPA. Till 2004, RBI had set the NPA period for banks at 90 days and at 180 days for NBFCs.

Power Finance Corporation has a six-month period to classify an asset as an NPA. Besides, there are a few other institutions like Exim Bank, National Housing Bank under NHB Act, Nabard, Rural Electrification Corporation and Indian Railway Finance Corporation who are governed by their own regulations.

The promoters of around 60 companies had moved the Supreme Court questioning every financial institutions power to decide its own NPA period, saying it is a violation of right to equality. They had also challenged the RBI's competence to regulate all banking and NBFCs in this regard. A bench headed by Justice Shri J Chelameswar, while dismissing the appeals, asked the distressed companies to pay 1% of their loan outstanding amount to the lenders as costs.

The ruling came on two batches of petitions against the high courts of Gujarat and Madras as both the courts have differed on the issue. The Gujarat High Court while striking down the powers of different regulators in defining NPAs (under Section 2(1)(o)(a) of the Securitisation Act, 2002) had restored the power of the RBI to decide the period after which the bad loan can be called as an NPA.

However, the Madras High Court while rejecting petitions of various companies and individuals, including Deccan Chronicle Holdings and Marg, had upheld the constitutionality of Section 2(1)(o) of the Act and the guidelines issued by the RBI on the classification of assets as NPAs. Interestingly, Delhi High Court had upheld this 2004 amendment in the securitisation law. Challenging the Gujarat HC's April order that termed the decision of Parliament to take away the power from RBI as wrong, the promoters and companies had alleged that its prudential norms defy the right to equality under Article 14 of the Constitution of India.

Questioning the reason for the difference of NPA periods among financial firms, they argued that the 2002 Act should be applied uniformly across all borrowers and challenged the RBI guidelines on income recognition, provisioning and asset classification under prudential norms as being unconstitutional.

Debtors of various banks who have appealed against the Madras HC's order said that issuing guidelines relating to asset classification is essential legislative function and, therefore, it cannot be delegated. They argued that the guidelines issued by the RBI cannot be used for defining NPAs and there should be a separate legislation in this regard. Sarfaesi Act gives powers to seize and desist to the banks under which the banks need to send a notice in writing to the defaulting borrower requiring it to discharge its liabilities within 60 days. In case the borrower fails to comply with the notice, the bank can either take possession of the security for the loan, sell or lease or assign the right over the security or appoint any person to manage the same.

Andhra gets Rs.850-cr package

The Government on 4th February, 2015 approved an Rs.850 crore development package and adhoc support to Andhra Pradesh. The state is set to get tax incentives to help attract investments in the industrial sector. Under the Andhra Pradesh Reorganisation Act, 2014, the Centre is committed to support state, providing special development package to backward areas and Rayalaseema and North coastal region of the state. "It has now been decided that Rs 350 crore (*@ Rs.50 crore per district*) in seven Backward Districts of Andhra Pradesh may be provided to the state during 2014-15 for its development activities," the Finance Ministry statement said. It further said an inter-ministerial Joint Committee, constituted by Home Ministry, is also taking stock of the situation of the state government to make recommendations to bridge the likely resource gap in the Central Budget 2014-15. "However, an adhoc support of Rs 500 crore for current financial year will be provided to Andhra Pradesh, pending recommendations of the Committee," the statement added. The Centre has to also provide fiscal measures, including offer of tax incentives, to the successor States, to promote industrialisation and economic growth in both the States. *"The manufacturing industries set up in the backward region, as notified, would be given 15 per cent additional depreciation on new plant and machinery in the first year of installation,"* the Finance Ministry said.

Also, an additional investment allowance of 15 per cent would be given to industries set up in the backward regions for investments made in new plant and machinery in any of the five years for which additional concession would be notified. Even if the investment is made in the fifth year, the investment allowance would be available, it added. *"The additional depreciation allowance, and investment allowance will be provided without insisting on an investment of above Rs.25 crore,"* the Ministry said.

Gujarat social services in focus

Gujarat finance minister Shri Saurabh Patel declared a Rs.79,295.11-crore budget on 24th February, 2015 with social services sector getting the major share of Rs.38,484.15 crore or 48.53% of the total outlay for the year 2015-16. Keeping in mind the Digital India campaign of Prime Minister Shri Narendra Modi, a plan provision of Rs.323.55 crore has been made for the department of science and technology to provide WiFi facilities in the districts and talukas on public-private partnership basis.

UP power sector gets Rs.25,764 cr

The Uttar Pradesh chief minister on 24th February, 2015 presented a Rs.3.02 lakh crore annual budget, 10.2% more than last fiscal, which shows a deficit of 2.96%. Shri Akhilesh Yadav focused on core areas such as infrastructure and social spending in the budget for 2015-16. The biggest allocation of Rs.25,764 crore was made to the power sector, out of which Rs.14,502 crore have been proposed for new projects.

Anyone who doesn't take truth seriously in small matters cannot be trusted in large ones either

ALBERT EINSTEIN

Govt. may set up Finance SEZs

The Finance Ministry may set up special economic zones from where global financial institutions can freely provide services to domestic and overseas customers, unhindered by India's current regulatory system that does not permit unlimited cross-border exchange of capital.

In a report released by the ministry for public consultation, National Institute of Public Finance and Policy (NIPFP) made a case for creating finance SEZs that will act as tax-free and liberally regulated enclaves within India where global financial firms could open units and manage their worldwide business. It would also enable the zones to compete with financial nerve-centres such as New York, London and Singapore. NIPFP report says the original objective remains the long term goal, but a beginning towards that could be made by allowing setting up of finance SEZs.

Besides the issue of capital control, one of the areas where changes in law would be required is India's present system of residence-based taxation. Any income or capital gain arising from managing overseas investors' assets in another country should not be taxable in India solely by virtue of the asset manager's residence status in India. "Finance SEZs should have modern regulation, so that product bans and restrictions that bedevil the Indian financial system are not a bottleneck," said the report. Just like exemption from excise duty given to SEZs, entities inside a financial SEZ should be exempt from securities transaction tax, commodities transaction tax and service tax. When an Indian firm raises equity and debt capital in UK or Singapore, financial services revenues associated with it accrue to those economies. Salaries and tax payments take place in those countries. To the extent that finance SEZs in India are able to compete for this business, the salaries and tax payments would stay in India, said the report.

SEZ norms relaxed

In an effort to boost Special Economic Zones (SEZ), the government has allowed developers to carry out infrastructure-related work within the tax-free enclaves. That covers building of banks, hospitals, hotels, schools and colleges, that can be even used by people residing outside, as well as by the workers and families staying within.

However, in a notification issued by the commerce department, the government also clarified that no tax incentives will be provided for developing such commercial infrastructure, which can be built only in the non-processing area, where export activities do not take place.

"The customs duty, central excise duty, service tax, and such other central levies and tax benefits already availed for creation of such infrastructure shall be refunded by the developer in full, without interest," stated the notification. The move will entail amending the Special Economic Zones Rules, 2006. Developers had been urging dual usage of their SEZ lands since the beginning of global financial recession in 2008, due to which a large number of projects had stopped. Developers were faced with a paucity of funds and were left with vast tracts without any substantial investment. With this step, it is expected they will be able to monetise some of these portions.

The government also laid out certain conditions on utilising the SEZ land concerning refund of stamp duty or local taxes to the state government where the zone is located. Developers will also be required to produce a no-objection certificate from the state government before developing the infrastructure, which will then require approval from the board of approval. Under the new norms, the area to be used only by SEZ units will be *"bonded and physically segregated from the Domestic Tariff Area"*.

Indirect tax receipts up 7.4% in April-Jan

Indirect tax receipts in April-January of this fiscal rose 7.4%, to Rs.4.2 lakh crore on the back of higher duties on petroleum products and withdrawal of stimulus for the auto sector. Collection from excise, customs and service tax in the first 10 months of the fiscal has reached 68.8% of the full year growth target. The growth rate, however, is far below the 20% target for the full year. Growth in excise collection, which was in the negative zone in the initial months of the year, has rebounded to 35.4% in December, taking the overall growth rate in this levy to 5.3% for April-January. The tax department collected Rs 20,755 crore in December alone and Rs.1.4 lakh crore so far this fiscal.

Customs duty receipts grew 1% in December to Rs 16,718 crore, but collections so far this fiscal grew 8.7% to Rs 1.55 lakh crore. Service tax receipts, which had shown double digit growth in the initial months of the fiscal, grew at 6.3% in December. The department collected Rs 13,086 crore in December and Rs 1.32 lakh crore so far this year, showing a growth of 8.3%.

Direct tax collections up 13% in first 9 months of FY-15

The direct tax collection during the first nine months of the current financial year increased by 12.93 per cent to Rs 5.46 lakh crore over the same period a year ago. But it is still short of annual target of 16 per cent. During the April- December period of last fiscal, the government had collected Rs 4.84 lakh crore.

According to the Budget 2014-15, the revenue mop up from direct tax is targeted at Rs.7.36 lakh crore for the current financial Year. During the nine month period, corporate tax collection grew by 12.79 per cent at Rs.3.50 lakh crore. It was Rs.3.10 lakh crore during the corresponding period of last year. Similarly, the personal Income Tax collection, was up by 12.62 per cent, at Rs 1.90 lakh crore in the April-December period as against Rs 1.69 lakh crore in the same period last year.

The net direct tax collection rose at a lower pace of 7.41 per cent to about Rs 4.48 lakh crore, as against Rs 4.17 lakh crore in the same period last year, primarily on account of higher refunds.

Exports Fall 11.2% to $23.88 B in Jan

India's exports fell 11.2 % in January, the most in two and half years, but the slump in global crude oil helped lower the country's import bill and narrow the trade deficit. The monthly contraction in exports was the third this fiscal, led by low valuation of petroleum products and dismal performance of the gems and jewelley and pharma sectors, data released by ministry of commerce and industry in February, 2015 showed. Exports stood at $23.884 billion in January compared with $26.891 billion a year ago. The worsening economic situation in EU and Japan weakened demand substantially. Imports declined by 11.4 % during the month, the sharpest since May this year, while the trade gap dropped to an 11-month low of $8.3 billion. Non-oil, non-gold imports were up 3.4 %, but the pace slowed substantially — it had grown 12.5 % in December, 2014 suggesting a deceleration in domestic economic activity. Exports touched $265 billion in the first 10 months of the fiscal and will need to grow at an average 14 % in the next two months to meet the target of $340 billion for the fiscal.

Shri Rafeeque Ahmed, president, FIEO, said, *"Indian exports are hovering around $300 billion from the last four years starting from 2011-12. This suggests that far more radical changes are required both in the Union Budget and the foreign trade policy to support the export sector, failing which decline will be difficult to arrest in view of emerging global scenario."* The government is expected to announce a five-year foreign trade policy in the next fiscal that will not only focus on enhancing exports but also look to boost domestic manufacturing. Services showed a trade surplus of $7.6 billion in January versus $6.3 billion last month.