# COSIDICI COURIER

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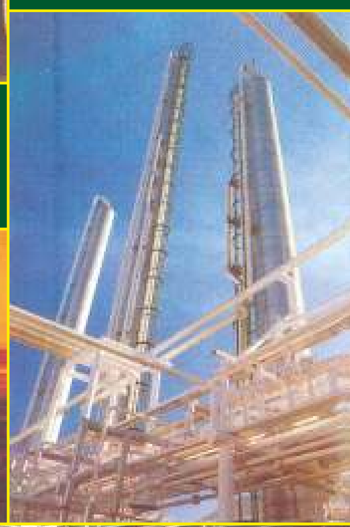

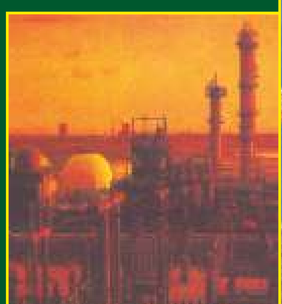

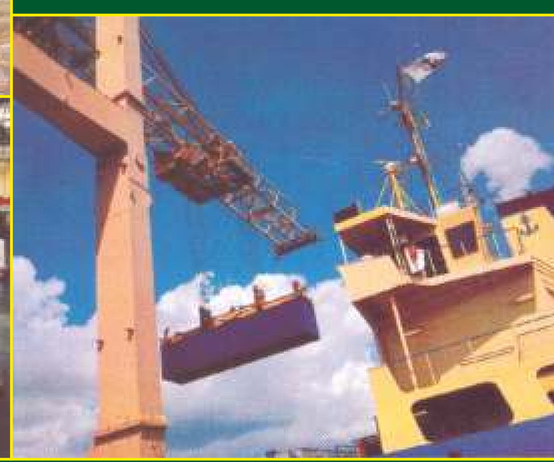

Inside



http://www.cosidici.com

## AIMS AND OBJECTIVES OF THE COUNCIL OF STATE INDUSTRIAL DEVELOPMENT & INVESTMENT CORPORATIONS OF INDIA (COSIDICI)

COSIDICI is a national federation of State Level Financial Institutions comprising 18 State Financial Corporations (SFCs), 29 State Industrial Development Corporations (SIDCs) and 9 State Infrastructure & Investment Corporations (SIICs), engaged in promotion, development and financing of industry mainly in the small and medium sector. The objectives of the COSIDICI are to :-

- provide and arrange means and facilities for dissemination of knowledge and information relating to promotion and development of industries, for exchange of views and ideas on subjects of common interest to all Member Corporations.
- promote, protect and develop common interests of the various Member Corporations.
- establish and maintain at the Registered Office a Commercial and Technical Library and Information Centre for use of Member Corporations.
- co-operate with various institutions and organisations in India and abroad in the collection and exchange of information pertaining to industries.
- sponsor professional, technical, management, marketing and other programmes and services for the benefits of the Member Corporations.
- sponsor studies, surveys, research and development projects pertaining to industries.
- promote co-ordination, collaboration, joint participation and general understanding among the Member Corporations.
- organise common service facilities, courses, seminars, meetings and study tours for the benefit of the Member Corporations.
- institute awards for outstanding and meritorious performance in the activities connected with development of industries.
- seek representation for the Member Corporations on Government sponsored committees, councils, bodies, term lending institutions, teams etc. connected with the development of industries.
- render assistance to Member Corporations in their efforts to improve efficiency of operations of their assisted and sponsored units.
- establish contacts, relations with trade organisations, associations, Chambers of Industries or Commerce of India and abroad in furtherance of the objectives of the COSIDICI.
- liaise with and to represent to the Central and State Governments, the term lending and other financial institutions on the common problems and issues of the Member Corporations.
- co-operate and affiliate, if necessary, with other similar bodies, institutions associations in India and abroad with the intention of furthering the objectives of the COSIDICI.
- do all such other things as may be incidental or conducive to the attainment of the above objectives.

COSIDICI provides a common platform to the aforesaid State Level Financial Institutions (SLFIs) for ventilating their problems and grievances to the Government and All-India Financial Institutions and serves as a mouthpiece of the sector for influencing the policies of the Government/National Financial Institutions. Ever since its inception in 1976, COSIDICI has been playing its role commendably and has significantly produced the desired impact on the growth of the SLFI sector by providing training programmes for senior executives of its Member Corporations as well as offering and conducting consultancy/advisory services, studies in specific areas with a view to bringing about enhancement in managerial and organizational skill of the Member Corporations.

The Website launched by COSIDICI {URL No. http://www.cosidici.com} in the year 2000 contains comprehensive information regarding promotional and developmental schemes of the State Corporations for setting up of industries and is aimed to serve as a useful guide to the potential investors from inside and outside the country which also indicates state-wise investment opportunities and incentives available to the prospective entrepreneurs.

Vol. LX No.2 - JULY-DECEMBER, 2021

# COSIDICI COURIER

## JOURNAL OF COUNCIL OF STATE INDUSTRIAL DEVELOPMENT AND INVESTMENT CORPORATIONS OF INDIA

CONTENTS

# How push for factoring could benefit MSMEs

**Anup Roy***

On July 26, the Lok Sabha passed the Factoring Regulation (Amendment) Bill, the main focus of which is to widen the scope of the factoring business in the country. Factoring is a form of the age-old bill discounting business for micro small and medium enterprises (MSMEs). Here's what the move means.

### What is factoring ?

In simple terms, factoring is acquiring bills receivables from MSMEs and releasing money, or giving short-term loans, against these bills to the MSMEs. The MSMEs provide goods and services to corporate firms and the government, but the payment is not immediately made. Instead the MSMEs raise bills, or receivables, against the payment due. The bills are given to the banks and factoring firms at a discount, and the acquirer of these bills, realising full amount against the due from the firm, earns a spread. If it is just a loan, or even commission, the factoring earns money, while the MSME gets the liquidity it needs. However, credit facilities provided by banks in the ordinary course of business against security of receivables or as commission agents for sale of agricultural produce or goods are excluded.

### Why was the Factoring Bill introduced ?

The recent Factoring Bill is an amendment of the original 2011 bill, which allowed only specialised non-bank financial companies (NBFCs) and banks to engage in factoring. Such NBFCs have 75 per cent or more of their business coming from factoring income. As a result, only seven NBFCs have so far registered as factoring companies. This severely limited the scope of MSME financing. In order to mitigate that, an expert committee under Shri U K Sinha, former chairman of the Securities Exchange Board of India, proposed on June 25, 2019, that the factoring space be opened to all NBFCs interested in such business.


Incorporating the suggestion, the latest Bill was introduced in the Lok Sabha in September 2020, and cleared earlier this week. It will now go to the Rajya Sabha and if cleared, become a law.

### What is the change in the new Bill ?

The primary change is allowing more NBFCs into the factoring space. The Bill has also amended the definitions of "assignment" "factoring business" and "receivables" to align them more with international standards. According to livelaw.in, a legal portal, the Bill has also amended some sections to reduce the time period for registration of invoice and satisfaction of charge upon it to avoid possible dual financing. The Bill also empowers the RBI to make regulations with respect to the factoring business.

### What is TReDS ?

Trade Receivables Discounting System, or TReDS, is an online platform for factoring purpose. MSMEs can register here as providers of bills, and NBFCs and banks on the other side can bid for such bills. It is basically an online marketplace for bill discounting. The advantage of TReDS is that the discounting can be done online and in a completely transparent manner. "The TReDS platform specifically providers for free, trusted receivables payments to MSMEs within 48 hours, which helps smooth their working capital cycle," according to Shri Ketan Gaikwad, MD & CEO Receivables Exchange of India (RXIL), one of the three TReDS platform providers in India.

### How do MSMEs benefit ?

This is big relief for the MSMEs. The volume on the TReDS platform is very limited as of now. Just about Rs.2,000-3,000 crore are discounted every month across the three platforms. That is because there are not enough buyers for the bills. Once more participants come on board for factoring, the liquidity constraints faced by MSMEs will significantly reduce. "Now all the large financing NBFCs can come on board and compete for the bills. This will vastly increase competition, liquidity, and pricing for the MSMEs. There is absolutely no reason that such a vital field should remain restricted to just seven NBFCs," said Shri Raman Aggarwal, director of the Finance Industry Development Council (FIDC). FIDC, as a lobby group of financing NBFCs had pushed for opening up the factoring business for all.

### Will this change the game completely for MSMEs ?

It should be able to achieve that, but there will also be the associated risk of rising bad debts for NBFCs and banks as more bills against various firms will come for discounting. This is a business risk the discounting party will have to take. It is worth mentioning here that most of the receivables are against government work. And while the government doesn't default, it is also the slowest to release payment. Corporate receivables, on the other hand, have much shorter payment release cycles against their bills. But they are also susceptible to potential defaults. However, large NBFCs and banks have the means to recover the dues, which MSMEs don't. And so, the MSMEs will crowd in for more instant discounting, and factoring should swell in the future.

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**Courtesy : The Business Standard**

*Life is a series of natural and spontaneous changes. Don't resist them - that only creates sorrow. Let reality be reality. Let things flow naturally forward in whatever way they like.*

# APPOINTMENTS

- Shri Vikas Gupta, IAS has been appointed as Managing Director, Haryana State Industrial & Infrastructure Development Corporation Ltd. {HSIIDC}, Panchkula vice Shri Anurag Agarwal, IAS.
- Smt. Archana Singh, IAS has been appointed as Managing Director, Rajasthan State Industrial Development & Investment Corporation Ltd. {RIICO}, Jaipur vice Shri Ashutosh A.T. Pednekar, IAS.
- Shri Lokesh Kumar Jatav, IAS has been appointed as Managing Director, Madhya Pradesh Financial Corporation {MPFC}, Indore vice Shri Raghwendra Kumar Singh, IAS.
- Dr. Krishan Kumar, IAS has been appointed as Chairman & Managing Director, Odisha Industrial Infrastructure Development Corporation {IDCO}, Bhubaneswar vice Shri Sanjay Kumar Singh, IAS.
- Shri M. Chaitanya Prasad, IAS has been appointed as Managing Director, Goa Industrial Development Corporation {Goa IDC}, Goa vice Shri Menion D'souza.
- Shri Karikal Valaven, IAS has been appointed as Vice Chairman & Managing Director, Andhra Pradesh Industrial Development Corporation Ltd. {APIDC}, Hyderabad vice Dr. Rajat Bhargava, IAS.

- Shri Rakesh Kumar Prajapati, IAS has been appointed as Managing Director, Himachal Pradesh State Industrial Development Ltd. {HPSIDC}, Shimla vice Shri Hans Raj Chaouhan.
- Shri Ajay Kumar Sharma, JKAS has been appointed as Managing Director, Jammu & Kashmir State Financial Corporation {J&K SFC}, Jammu vice Shri Rahul Sharma, KAS.
- Shri Ranvir Singh Chauhan, has been appointed as Managing Director, State Industrial Development Corporation of Uttarakhand Ltd. {SIDCUL}, Dehradun vice Smt. Sowjanya, IAS

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*Embrace the present moment fully and with passion, because only through the present moment do we truly live.*

# LETTER TO THE EDITOR

December 21, 2021

**Dear Editor,**

Dr. Varun Swami

I am glad to learn that the COSIDICI is felicitating successful industrial units financed by State Level Financial Institutions and has been functioning as a 'Clearing House' for sharing of experiences by its Members and provide them with a common platform for addressing common issues. I am sure that the efforts of the COSIDICI would be continued in future for achieving overall objectives of economic growth of the country.

Moreover, I find that most of the 'Health Care Articles' published in this Journal are quite eye catching. Hoping to read more such insightful Articles in future as well. I hope COSIDICI COURIER continues to give information of immense value to its readers to keep them updated about related activities taking place globally.

My sincere compliments to you and your team in bringing out such a useful Magazine for the readers.

With best regards

Sincerely

**(Dr. Varun Swami)**
*MBBS (MAMC)*
Ex-Resident SushrataTrauma Centre
Ex-Resident Burns & Plastic Surgery (LNJP)
Pavan Clinic, G-1/B, Vijay Chowk, Laxmi Nagar,
Delhi-110092

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*Ambition is the path to success. Persistence is the vehicle you arrive in. Our lives are stories in which we write, direct and star in the leading role. Some chapters are happy while others bring lessons to learn, but we always have the power to be the heroes of our own adventures.*

# Profile of Member Corporations

## EDC Limited, Panaji, Goa

EDC Limited is a premier financial institution in Goa. Formerly known as Economic Development Corporation of Goa, Daman & Diu, it was incorporated on 12th March 1975 and has during the last 47 years of its existence been a catalyst for economic development and industrial growth in Goa. Shri B.S. Pai Angle is presently the Managing Director of EDC Limited. EDC Ltd. is scaling new heights of achievements under the able stewardship of Shri B.S. Pai Angle.

The history of EDC is a repertoire of achievements. It has already extended financial assistance of over Rs.3300 crores by way of term loans to more than 11700 industrial and service sector projects. Some of these projects have resulted in generating large scale economic activity and crores of rupees in revenue for the state. Thousands of jobs created by units financed by EDC, directly and indirectly, have helped the state to ease the problem of unemployment.

The Corporation also successfully operates its flagship scheme, the Chief Minister's Rojgar Yojana (CMRY) targeted at the unemployed youth of Goa and has so far sanctioned more than Rs 237 crores to around 7600 entrepreneurs.EDC takes pride in its versatility which is a pre-requisite in today's challenging business environment and has geared itself to diversify from a prime lending institution into a result oriented financial institution of trust and confidence in the financial sector.

The equity capital of the Corporation is subscribed by the Govt. of Goa and also Daman & Diu Administration and IDBI Bank. The Corporation is registered as a NBFC with the Reserve Bank of India.

### Objectives of EDC

EDC has been a professionally managed organization and acts as an excellent Delivery Channel for conversion of the Government policies and delivering them to the citizens.

Shri B.S. Pai Angle
Managing Director

**The main objectives of the corporation are:**

1) To extend financial assistance by means of various financial products

2) To encourage and promote participation of capital in various forms like equity, preference or debentures in industrial enterprises and other economic activities.

3) To participate in other development works, projects, schemes as mandated by the Government.

4) To identify and motivate entrepreneurs to set up industries and assist them by providing required training and guidance.

5) To offer and act as an agent for the disbursement of various schemes, incentives, concessions and benefit on behalf of the State and Central Government to units and enterprises assisted by EDC.

6) To carry on the business of a Financial Institution by providing financial assistance to Entrepreneurs for starting, expanding, modernizing their activities in the following sectors:

- Small & Medium Entrepreneurs in the industrial sector;Tourism sector; Medical Infrastructure; Service sector; Construction sector; Infrastructure Development

### Centre for Empowerment & Excellence

EDC has launched an initiative titled "Centre for

Empowerment & Excellence" aimed at training and empowering individuals to strive for excellence. To fortify this initiative the corporation has developed a training complex with a state-of-the-art auditorium "Nalanda", and other smaller halls where training programmes are conducted. The halls are also available for hire.

## Patto Plaza

The EDC Ltd has developed a vast land area of about 1,77,000 sqmts at a prime location in the city of Panaji, Goa in the year 1985, near the state Kadamba bus stand, about 2 Kms. from the Assembly Complex.

The land was reclaimed, leveled, painstakingly planned and developed. Infrastructure facilities like roads, water supply lines, footpaths, sewerage system were constructed, to make it into a model commercial hub.

The plots at Patto Plaza have already been leased out to various parties which includes- LIC, RBI, State Bank of India, Bank of India, Bharat Petroleum, Goa Government, ESIC, Registrar of Companies, Income Tax Dept , BSNL, Passport Dept., Sesa Goa Ltd., V. S. Dempo & Co., DLF Ltd., Parsvnath Developers Ltd. etc.Many other multinationals, institutions, industrial houses and business establishments have also set up their offices in this prestigious complex.The FAR for the land is 2.5.

The EDC Limited has redeveloped Patto Plaza with new infrastructure facilities like roads, footpaths, water supply lines, drainage, street Lights and with a new approach road, giving it a major facelift. This redeveloped complex was inaugurated in January 2013.

EDC Ltd has also implemented a PAY PARKING SCHEME at the complex ensuring orderly parking in the area. Patto Plaza has turned out into one of the most important Commercial Hub in the state of Goa with its modern outlook.

## Subsidiary

Goa Electronics Limited (GEL), a wholly owned subsidiary of EDC Ltd. was started in 1978. GEL was originally involved in the manufacture of CTVs, B/W TVs and audio sets . GEL had diversified in the IT sector and was identified as one of the agency for providing IT support to Government departments in the state of Goa. Since then GEL has been providing fee based IT support to various Government Departments.

## Other Initiatives

a. Since 2018, the Corporation has implemented the "Goa Tribal Employment Generation Program" (GTEGP) Loan Scheme to promote employment and entrepreneurship among the Schedule Tribe in the State of Goa. Since inception, the Corporation has sanctioned loan assistance to 94 beneficiaries amounting to `624.39 lakhs and disbursed `509.37 lakhs on cumulative basis upto 31.03.2022

b. The Corporation operates the Modified Interest Rebate Scheme -2012 (MIRS-2012) wherein borrowers are eligible for an interest rebate of 5% p.a for setting up units in backward talukas. Additional interest rebate of 2% p.a each is also provided to resident / non-resident Goans and Women Entrepreneurs. The MIRS scheme is actively promoted and operated to promote industrialization in the state.

c. The Corporation is the Nodal agency to implement the "Debt Relief Scheme for mining affected borrowers of Financial Institution". The cumulative subsidy sanctioned by EDC so far under the scheme is `10,841.79 lakhs to 4,696 applications under the scheme. From the sanctioned cases, EDC has cumulatively disbursed subsidy of `9,787.85 lakhs to 4,564 beneficiaries as on 31.03.2022 under the scheme.

d. The Corporation has been assisting the Government by actively participating in the Atmanirbar Bharat and Swayampurna Goa progammes with an objective to increase awareness about Government Schemes. The scheme information vide these programmes are meant to reach remote areas of the state. So far EDC officials have presented our schemes to over 100 village panchayats. The Corporation has also been actively participating in various online programmes organized by schools and colleges so as to create awareness of our self employment schemes

e. IGNITE-EDC Innovation Hub (Ignite), is now a 111 seater facility, an increase from its original capacity of 78 seats. So far it has supported 29 startup incubatees and has provided co-working space to numerous entities ranging from MNC's to freelancers running their ventures. One of these startups have also attracted equity funding from external investors even in these unprecedented times.

## Way ahead

- The Corporation intends to conduct Entrepreneurship Development Programs (EDP) to develop and support entrepreneurship in the State.
- The Corporation intends to partner with the Government of Goa to finance infrastructure development under the Public Public Partnership model.
- Enhance Term lending activity to MSME's and others to support them with low cost funds by extending interest rebate benefit under MIRS-2012 scheme of the State Government.
- The Corporation also intends to develop phase 2 of Patto project to make available commercial space for business establishments.

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*When you learn something new, especially something that's not connected to your day job, it can be inspirational and life-changing*

# DO YOU KNOW!

## Amazing Uses of Aloe Vera

### Overview

Aloe vera gel is widely known to relieve sunburn and help heal wounds. But did you know that your favorite potted plant can be used for much more than sunburn relief and household décor?

The succulent has a long history of being used for medicinal purposes, dating back to ancient Egypt. The plant is native to North Africa, Southern Europe, and the Canary Islands. Today, aloe vera is grown in tropical climates worldwide. From relieving heartburn to potentially slowing the spread of breast cancer, researchers are just beginning to unlock the benefits of this universal plant and its many byproducts.

### Heartburn relief

Gastroesophageal reflux disease (GERD) is a digestive disorder that often results in heartburn. A 2010 review suggested that consuming 1 to 3 ounces of aloe gel at mealtime could reduce the severity of GERD. It may also ease other digestion-related problems. The plant's low toxicity makes it a safe and gentle remedy for heartburn.

### An alternative to mouthwash

In a 2014 studyTrusted Source published in the Ethiopian Journal of Health Sciences, researchers found aloe vera extract to be a safe and effective alternative to chemical-based mouthwashes. The plant's natural ingredients, which include a healthy dose of vitamin C, can block plaque. It can also provide relief if you have bleeding or swollen gums.

### Lowering your blood sugar

Ingesting two tablespoons of aloe vera juice per day can cause blood sugar levels to fall in people with type 2 diabetes, according to a studyTrusted Source in Phytomedicine: International Journal of Phytotherapy and Phytopharmacy. This could mean that aloe vera may have a future in diabetes treatment. These results were confirmed by another studyTrusted Source published in Phytotherapy Research that used pulp extract.

### Shop for Aloe Vera juice

But people with diabetes, who take glucose-lowering medications, should use caution when consuming aloe vera. The juice along with diabetes medications could possibly lower your glucose count to dangerous levels.

### A natural laxative

Aloe vera is considered a natural laxative. A handful of studies have looked into the benefits of the succulent to aid digestion. The results appear to be mixed.

A team of Nigerian scientists conducted a study on rats and found that gel made from typical aloe vera houseplants was able to relieve constipation. But another studyTrusted Source by the National Institutes of Health looked at the consumption of aloe vera whole-leave extract. Those findings revealed tumor growth in the large intestines of laboratory rats.

In 2002, the U.S. Food and Drug Administration required that all over-the-counter aloe laxative products be removed from the U.S. market or be reformulated.

**The Mayo Clinic recommends that aloe vera can be used to relieve constipation, but sparingly. They advise that a dose of 0.04 to 0.17 grams of dried juice is sufficient.**

If you have Crohn's disease, colitis, or hemorrhoids you shouldn't consume aloe vera. It can cause severe abdominal cramps and diarrhea. You should stop taking aloe vera if you're taking other medications. It may decrease your body's ability to absorb the drugs.

### Skin care

You can use aloe vera to keep your skin clear and hydrated. This may be because the plant thrives in dry, unstable climates. To survive the harsh conditions, the plant's leaves store water. These water-dense leaves, combined with special plant compounds called complex carbohydrates, make it an effective face moisturizer and pain reliever.

### The takeaway

There are a number of ways to use the aloe vera plant and the various gels and extracts that can be made from it. Researchers are continuing to discover new methods to put this succulent to use. Be sure to consult your doctor if you plan to use aloe vera in a medicinal manner, especially if you take medication.

# QUESTIONS OF CYBERQUIZ - 81


**Q.1** Benefits of computers are : [a] Very fast and can store huge amount of data; [b] Provide accurate output either input is correct and not; [c] Think about the processing; [d] All the above.

**Q.2** A computer also known as server computer, is : [a] Supercomputer; [b] mainframe computer; [c] Minicomputer; [d] Microcomputer.

**Q.3** Palmtop computer is also known as : [a] Personal Computer; [b] Notebook Computer; [c] Tablet PC; [d] Handheld Computer.

**Q.4** The load instruction is mostly used to designate a transfer from memory to a processor register known as: [a] Accumulator; [b] Instruction register; [c] Program counter; [d] Memory address register.

**Q.5** Memory unit that communicates directly with the CPU is called the : [a] Main memory; [b] Secondary memory; [c] Auxilary memory; [d] Register.

**Q.6** Which computer memory is used for storing programs and data currently being processed by the CPU ? [a] Mass memory; [b] Internal memory; [c] Non-volatile memory; [d] PROM.

**Q.7** 'Brain' of the computer is known by : [a] Arithmetic and Logical Unit; [b] Control Unit; [c] Central Processing Unit; [d] Storage Unit.

**Q.8** The system unit : [a] Coordinates input and output devices; [b] is the container that housed electronic components; [c] controls and manipulates data; [d] does the arithmatic operations.

**Q.9** ALU is : [a] Access Logic Unit; [b] Array Logic Unit; [c] Arithmetic Logic Unit; [d] Artificial Logic Unit.

**Q.10** Which of the following produces high quality output : [a] Impact printer; [b] Non-impact printer; [c] Plotter; [d] Non-plotter.

For Answer of Cyberquiz see Page No. 25

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*The talents we each have been blessed with can only be developed if we use them fully to benefit the lives of others as well as our own.*

# Union Budget At A Glance : 2022-23

The Hon'ble Union Finance Minister, Ms. Nirmala Sitharaman, presented the Union Budget for 2022-23 in the Parliament on February 1, 2022. The Union Budget seeks to complement macro-economic level growth with a focus on micro-economic level all inclusive welfare. India's economic growth estimated at 9.2% is expected to be the highest among all large economies. 60 lakh new jobs to be created under the productivity linked incentive scheme in 14 sectors. PLI Schemes have the potential to create an additional production of Rs.30 lakh crore. Entering Amrit Kaal, the 25 year long lead up to India @100, the budget provides impetus for growth along four priorities :

- PM GatiShakti
- Inclusive Development
- Productivity Enhancement & Investment, Sunrise opportunities, Energy Transition, and Climate Action.
- Financing of investments

The table below gives estimates and revised figures of revenue and expenditure for the last year i.e. 2021-2022 and the figures proposed for the next 2022-2023 and deficits of revenue, fiscal and primary as percentage of GDP :

| S.No. | ITEM | 2021-2022 | 2021-2022 | 2022-2023 |
|---|---|---|---|---|
| | | (BE) | (RE) | (BE) |
| 1. | Receipts: | | | |
| | (a) Revenue Receipts | 1788424 | 2078936 | 2204422 |
| | (i) Tax Revenue (Net to Centre) | 1545396 | 1765145 | 1934771 |
| | (ii) Non-Tax Revenue | 243028 | 313791 | 269651 |
| | (b) Capital Receipts | 1694812 | 1691064 | 1740487 |
| | (i) Recoveries of Loans | 13000 | 21975 | 14291 |
| | (ii) Other Receipts | 175000 | 78000 | 65000 |
| | (iii) Borrowings and Other Liabilities | 1506812 | 1591089 | 1661196 |
| | Total Receipts (a) + (b) | 3483236 | 3770000 | 3944909 |
| 2. | Total Expenditure | 3483236 | 3770000 | 3944909 |
| 3. | Revenue Expenditure | 2929000 | 3167289 | 3194663 |
| 4. | Capital Expenditure | 554236 | 602711 | 750246 |
| 5. | Revenue Deficit | 1140576 | 1088352 | 990241 |
| | | (5.1) | (4.7) | (3.8) |
| 6. | Fiscal Deficit | 1506812 | 1591089 | 1661196 |
| | | (6.8) | (6.9) | (6.4) |
| 7. | Primary Deficit | 697111 | 777298 | 720545 |
| | | (3.1) | (3.3) | (2.8) |

The break-up of estimated receipts and expenditure both under the revenue and capital heads in terms of percentage is given as under : -

| S.NO. | RECEIPTS | | EXPENDITURE | |
|---|---|---|---|---|
| A. | Tax Receipts | 58 | Revenue Expenditure | 52 |
| | Excise Duties | 7 | Defence | 8 |
| | Customs Duties | 5 | Subsidies | 8 |
| | Corporate Tax | 15 | State Share of Taxes and Duties | 17 |
| | Income Tax | 15 | Finance Commission & Other Transfers | 10 |
| | Goods and Service Tax | 16 | Other Non-Plan Expenditure | 9 |
| B. | Non-Tax Receipts | 42 | Capital Expenditure | 48 |
| | Borrowing and Other Liabilities | 35 | Central Plan | 15 |
| | | | Pension | 4 |
| | Non-Debt Capital Receipts | 2 | Centrally Sponsored Scheme | 9 |
| | Non Tax Revenue | 5 | Interest | 20 |
| | TOTAL | 100 | | 100 |

### PM GatiShakti

- The seven engines that drive PM GatiShakti are Roads, Railways, Airports, Ports, Mass Transport, Waterways and Logistics Infrastructure.

### Road Transport

- National Highways Network to be expanded by 25000 Km in 2022-23 Rs.20000 Crore to be mobilized.

### Inclusive Development

### Agriculture

- Rs. 2.37 lakh crore direct payment to 1.63 crore farmers for procurement of wheat and paddy.
- Chemical free Natural farming to be promoted throughout the county. Initial focus is on farmer's lands in 5 Km wide corridors along river Ganga.
- NABARD to facilitate fund with blended capital to finance startups for agriculture & rural enterprise.
- 'Kisan Drones' for crop assessment, digitization of land records, spraying of insecticides and nutrients.

### MSME

- Udyam, e-shram, NCS and ASEEM portals to be interlinked.
- 130 lakh MSMEs provided additional credit under Emergency Credit Linked Guarantee Scheme (ECLGS)
- ECLGS to be extended up to March 2023.
- Guarantee cover under ECLGS to be expanded by Rs.50000 Crore to total cover of Rs ....5 Lakh Crore.
- Rs.2 lakh Crore additional credit for Micro and Small Enterprises to be facilitated under the Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE).
- Raising and Accelerating MSME performance (RAMP) programme with outlay of Rs.6000 Crore to be rolled out.

### Skill Development

- Digital Ecosystem for Skilling and Livelihood (DESH-Stack e-portal) will be launched to empower citizens to skill, reskill or upskill through on-line training.
- Startups will be promoted to facilitate 'Drone Shakti' and for Drone-As-A-Service (DrAAS).

### Education

- 'One class-One TV channel' programme of PM eVIDYA to be expanded to 200 TV channels.
- Digital University for world-class quality universal education with personalised learning experience to be established.

## Housing

- Rs.48,000 crore allocated for completion of 80 lakh houses in 2022-23 under PM Awas Yojana.

## Banking

- 100 per cent of 1.5 lakh post offices to come on the core banking system.
- Scheduled Commercial Banks to set up 75 Digital Banking Units (DBUs) in 75 districts.

## Export Promotion

- Special Economic Zones Act to be replaced with a new legislation to enable States to become partners in 'Development of Enterprise and Service Hubs'.

## AtmaNirbharta in Defence:

- 68% of capital procurement budget earmarked for domestic industry in 2022-23, up from 58% in 2021-22.
- Defence R&D to be opened up for industry, startups and academia with 25% of defence R&D budget.
- Independent nodal umbrella body to be set up for meeting testing and certification requirements.

## Energy Transition and Climate Action:

- Additional allocation of Rs. 19,500 crore for Production Linked Incentive for manufacture of high efficiency solar modules to meet the goal of 280 GW of installed solar power by 2030.

## GIFT-IFSC

- World-class foreign universities and institutions to be allowed in the GIFT City.
- An International Arbitration Centre to be set up for timely settlement of disputes under international jurisprudence.

## Mobilising Resources

- Data Centres and Energy Storage Systems to be given infrastructure status.
- Introduction of Digital Rupee by the Reserve Bank of India starting 2022-23.
- 'Scheme for Financial Assistance to States for Capital Investment': increased from Rs.10,000 crore to Rs.15,000 crore

## Fiscal Management

- Budget Estimates 2021-22: Rs. 34.83 lakh crore
- Revised Estimates 2021-22: Rs. 37.70 lakh crore
- Total expenditure in 2022-23 estimated at Rs. 39.45 lakh crore
- Total receipts other than borrowings in 2022-23 estimated at Rs. 22.84 lakh crore
- Fiscal deficit in current year: 6.9% of GDP (against 6.8% in Budget Estimates)
- Fiscal deficit in 2022-23 estimated at 6.4% of GDP

## DIRECT TAXES

- Alternate Minimum Tax paid by cooperatives brought down from 18.5 per cent to 15 per cent.
- Surcharge on cooperative societies reduced from 12 per cent to 7 per cent for those having total income of more than Rs.1 crore and up to Rs.10 crores.
- Tax deduction limit increased from 10 per cent to 14 per cent on employer's contribution to the NPS account of State Government employees.
- Period of incorporation extended by one year, up to 31.03.2023 for eligible start-ups to avail tax benefit.
- Last date for commencement of manufacturing or production under section 115BAB extended by one year i.e. from 31st March, 2023 to 31st March, 2024.
- Any income from transfer of any virtual digital asset to be taxed at the rate of 30 per cent.
- No deduction in respect of any expenditure or allowance to be allowed while computing such income except cost of acquisition.
- In cases where question of law is identical to the one pending in High Court or Supreme Court, the filing of appeal by the department shall be

deferred till such question of law is decided by the court.

- To greatly help in reducing repeated litigation between taxpayers and the department.

## INDIRECT TAXES

- GST revenues are buoyant despite the pandemic – Taxpayers deserve applause for this growth.
- Customs Administration of SEZs to be fully IT driven and function on the Customs National Portal – shall be implemented by 30th September 2022.
- Faceless Customs has been fully established. During Covid-19 pandemic, Customs formations have done exceptional frontline work against all odds displaying agility and purpose.
- Gradually phasing out of the concessional rates in capital goods and project imports; and applying a moderate tariff of 7.5 percent – conducive to the growth of domestic sector and 'Make in India'.
- Certain exemptions for advanced machineries that are not manufactured within the country shall continue.
- A few exemptions introduced on inputs, like specialised castings, ball screw and linear motion guide - to encourage domestic manufacturing of capital goods.
- More than 350 exemption entries proposed to be gradually phased out, like exemption on certain agricultural produce, chemicals, fabrics, medical devices, & drugs and medicines for which sufficient domestic capacity exists.

### Exports

- To incentivise exports, exemptions being provided on items such as embellishment, trimming, fasteners, buttons, zipper, lining material, specified leather, furniture fittings and packaging boxes.
- Duty being reduced on certain inputs required for shrimp aquaculture - to promote its exports.

### Tariff measure to encourage blending of fuel

- Unblended fuel to attract an additional differential excise duty of Rs 2/ litre from the 1st of October 2022 - to encourage blending of fuel.

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*"If you are working on something that you really care about, you don't have to be pushed. The vision pulls you." – Steve Jobs*

## Cabinet approves Rs.44k-cr Ken-Betwa link project

The Union Cabinet in December approved the Rs.44,605-crore Ken-Betwa river inter-linking project. It also extended the rural housing scheme till March 2024 to clear all pending houses. The Ken-Betwa river interlinking project promises to address the issue of water scarcity in the Bundelkhand region, spanning across Madhya Pradesh and Uttar Pradesh and is expected to benefit many poverty-stricken regions. Of the Rs.44,605 crore for the project, Central Government support is of Rs.39,317 crore, covering a grant of Rs.36,290 crore and a loan of Rs.3,027 crore, Information and Broadcasting Minister Shri Anurag Thakur said.

The Ken-Betwa project involves the transfer of water from the Ken river to the Betwa river through construction of the Daudhan dam and a canal linking the two rivers. The project will ensure an annual irrigation in over 1.06 million hectares, drinking water supply to a population of about 6.2 million and generate 103 Mw of hydropower as well as 27 Mw of solar power. It is expected to be implemented in eight years with state-of-the-art technology. "The project also comprehensively provides for environment management and safeguards. For this, a comprehensive landscape management plan is under finalisation by the Wildlife Institute of India".

## Govt lines up Rs.7-trn infra project plan

The Ministry of Road Transport and Highways of India (MoRTH) has planned investment worth Rs.7 trillion for infrastructure projects to be spent over the next 2-3 years. The investment opportunities are across multiple asset classes such as highways, multimodal logistics parks, wayside amenities, ropeways and warehousing zones among others.

Of the investment planned in infrastructure, the 34,800 km highways have the highest capital cost of Rs.10 trillion followed by a Rs.50,000 crore investment plan towards 35 multimodal logistics parks spread across the country. In the highways segment, about Rs.6 trillion would be invested by FY24, said the ministry. To seek large investor participation not restricted to foreign or domestic investors, Shri Gadkari said that investment opportunity could be extended to the retail segment. Here, interests offered could be 2-3 percent higher than bank offering with monthly payouts, to make it lucrative. He pointed out that the planned infrastructure project along with multimodal logistics parks would ensure drop in logistics cost from current 14 per cent to about 9 per cent, in line with what China is currently offering between 8-10 per cent.

## New infra bank to start lending ops in Q1FY23

The National Bank for Financing Infrastructure and Development (NaBFID) will begin business by approving the first loan for the project in the first quarter of the upcoming financial year beginning April 2022. The plan is to see lending of Rs.3-4 trillion by the institution in next three years or so. The emphasis in funding will be in having the right loan period and right price. Shri K V Kamath, chairman, NaBFID said the first approval would probably be in the first quarter of the next accounting year (FY23). The bank will need that much time to get chief executive and key staff on board.

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*Instead of letting your hardships and failures discourage or exhaust you, let them inspire you.*

## India draws $1.93-bn fintech investment in Q3

India attracted $1.93 billion of financial technology investments raised across 66 deals in the third quarter of 2021. At an aggregate level, investments in Asian fintech companies surged 68 per cent sequentially to $5.47 billion in the third quarter, new quarterly high since the first quarter of 2019 (Q1-2019). The volume of transactions also rose 21 per cent to 216 deals, says the reports. The growth in investments in APAC region's fintech companies was primarily on account of the rise in the number of transactions totaling $100 million in size. The shift towards digital channels, has been accompanied by increased valuations, which may in part be driven by improved fundamentals.

## At $87 bn in '21, India is world's largest recipient of remittances

India, the world's largest recipient of remittances, received $87 billion in 2021 with the United States being the biggest source, accounting for over 20 per cent of these funds, according to the World Bank. India is followed by China, Mexico, the Philippines, and Egypt, the Washington-based global lender said in its report released on November 17, 2021. In India, remittances are projected to grow three per cent in 2022 to $89.6 billion, reflecting a drop in overall migrant stock.

## Exports increase 43% to $35.65 bn in October

Merchandise exports grew for the eleventh consecutive month to $35.65 billion, up 43 per cent in October, due to good external demand. The preliminary data released by the commerce and industry ministry showed growth being driven by higher demand for items, primarily engineering goods, petroleum products, gems and jewellery, as well as organic and inorganic chemicals, among other items.

On a cumulative basis, India's merchandise exports in April-October was $233.54 billion, up 55.23 per cent on-year and up 26 per cent, compared with the same period in 2019. This translates into India achieving 58 per cent of its export target of $400 billion for the current fiscal year. Imports continued to remain elevated in October. With the onset of the festival season, India imported goods worth $55.37 billion, up 62.5 per cent on-year and 45.7 per cent, compared with October 2019. Trade deficit, fell to $19.73 billion in October after expanding to a record high of $22.59 billion in September. The widening of deficit was led by a surge in import of goods ahead of the festival season and the hardening of commodity prices.

Non-petroleum and non-gems and jewellery exports in October were $26.09 billion, up 27.7 per cent on-year. They witnessed a 37 per cent jump increase, compared with October 2019.

## ADB to provide $350-mn loan to improve access to urban services

The Asian Development Bank (ADB) will provide $350 million loan to improve access to urban services in India by accelerating policy actions and reforms to enhance service delivery and promote performance-based central fiscal transfers to urban local bodies (ULBs). The ADB will provide knowledge and advisory support to the Ministry of Housing and Urban Affairs in programme implementation, including monitoring and evaluation, the multi-lateral agency said.

## India's forex reserves increase by $289 million to $640 billion

India's forex exchange reserves increased by $289 million to $640.401 billion for the week ended November 19, the Reserve Bank said. The overall reserves had declined by $763 million to $640.112 billion in the previous reporting week. They had touched $642.453 billion in the week ended September 3, 2021. Foreign Currency Assets (FCA), a major component of the overall reserves, increased by $225 million to $575.712 billion, according to the RBI's weekly data.

## Net direct tax collection increases 60.8% to Rs.9.5 trn so far from April 21 to Dec 21

Net direct tax collection in FY22 as of December

16 rose 60.8 per cent to Rs.9.5 trillion, signalling that the government may end up this fiscal year with a comfortable revenue position. The government earlier this month sought approval from Parliament for a net additional spending of Rs.3 trillion in FY22, according to the second batch of supplementary demands for grants, tabled by Union Finance Minister Ms. Nirmala Sitharaman. The additional expenditure will be on food and fertiliser subsidies, export and production incentives, and repaying Air India's past dues. The data released by the finance ministry showed net direct tax collection till middle includes corporation tax at Rs.5.16 trillion and personal income tax, including securities transaction tax (STT), at Rs.4.29 trillion. During the period, refunds of Rs.1.35 trillion have been issued.

Cumulative advance tax collection for the first, second, and third quarters in FY22 rose 53.5 per cent to Rs.4.6 trillion as of December 16, 2021. This includes corporation tax of Rs.3.49 trillion and personal income tax at Rs.1.1 trillion.

India's GDP grew 8.4 per cent in the September quarter, with the finance ministry saying it could be close to double digits. In sync with economic recovery, goods and services tax (GST) collection in November, representing transactions done in October, rose to its second-highest level of Rs.1.31 trillion, crossing Rs.1.3 trillion for two months on the trot, with boosted festive demand. GST collection was 25 per cent higher than in November 2020.

### Exports rise 36% to $23.8 bn in first 3 weeks of December

India exported items worth $23.8 billion during the first three weeks of December, up 36.2 per cent year-on-year. This came amid robust external demand for goods, according to preliminary data collated by the commerce and industry ministry. The growth was 27.7 per cent as compared to the same period of 2020. In terms of value, goods worth $18.65 billion were exported two years ago.

Export of other items, excluding petroleum oil and lubricants, increased more than 28 per cent (December 1-21) over the same period of 2021 as well as 2020 and 2019. According to data, the value of exports grew by over a fourth to $7.36 billion during the third week of December as compared to the same time period of 2021. It was up 15.4 per cent during the same time period in 2020.

There has been a sustained increase in exports since the beginning of the year due to recovery in key global markets and robust demand. India aims to achieve a target of $400 billion in the current fiscal year, and has met nearly two-thirds of its annual export target during April-November.

### IMF retains India's 9.5% FY22 growth projection

The International Monetary Fund (IMF) has retained its projection for India's economic growth in the current financial year at 9.5 per cent, even as it has moderately scaled down its forecast for the world economy during 2021 by 10 basis points to 5.9 per cent in view of worsening Covid dynamics and supply disruptions. In its World Economic Outlook (WEO), the IMF has maintained India's gross domestic product (GDP) estimates for next financial year at 8.5 per cent, unchanged from its July projections. The WEO, titled 'Recovery During a Pandemic Health Concerns, Supply Disruptions, and Price Pressures', has forecast world economic growth at 4.9 per cent for 2022, the same as earlier.

### ADB trims India's FY22 growth forecast to 10%

The Asian Development Bank (ADB) has cut India's growth projection for financial year 2021-22 to 10 per cent from 11 per cent earlier taking into account the adverse impact on services, domestic consumption, and the urban informal sector due to the second wave of Covid-19 pandemic. "The economy is expected to rebound strongly in the remaining three quarters of FY2021 (April 2021-March 2022), and grow by 10 per cent in the full fiscal year before moderating to 7.5 per cent in FY2022 (April 2022-March 2023). Because consumption will recover only gradually, government spending and exports will contribute more to FY2021's growth than they did in the previous fiscal year".

The economic rebound in the last three quarters of the current financial year is estimated based on improvements in electronic waybills, mobility data, and the purchasing managers' index.

Private consumption and investment are projected to remain weak due to the pandemic's impact on household incomes, spending capacity, and lending. However, the government's plan to monetise assets through its National Monetization Pipeline (NMP) is expected to drive public investment to boost infrastructure development, the report said. "Growth in the agriculture sector will remain resilient, yet marginally lower with the pandemic's spread into rural areas and a delayed monsoon," the report by ADB said.

## Bangladesh to be India's fourth largest export mkt

Bangladesh may become India's fourth largest export destination in FY22, jumping five places in two years. This comes as the economic boom of the eastern neighbour continues to fuel India's exports growth.

According to disaggregated data available till October, during the first seven months of FY22, exports to Bangladesh grew 81 per cent over the same period in the preceding year to $7.7 billion. This makes it India's fourth largest export market behind the US, UAE and China.

The major items exported to Bangladesh by India during the April-October 2021 period include cotton ($2.1 billion), cereals ($1.3 billion), electricity and fuel ($0.6 billion), vehicle parts ($0.5 billion) and machinery and mechanical appliances ($0.4 billion).

## 8 core sectors production up 7.5% in Oct.

The eight-industry core sector grew 7.5 per cent in October, against a seven-month low of 4.5 per cent in September, in response to the demand during the festival season and on account of appreciable increases in the production of cement, coal, refinery products, and electricity. The eight core industries comprise 40 per cent of the weight of items included in the Index of Industrial Production (IIP). The core sector grew 6.9 per cent, compared with the pre-Covid month of October 2019.

## GDP grows 8.4% in Q2

The economy grew 8.4 per cent during the second quarter of 2021-22 as the pace of vaccination rose and Covid-induced restrictions were eased. However, growth was largely on account of the low base of a 7.4 per cent contraction during the corresponding period of the previous year. Thus, gross domestic product (GDP) remained almost flat, expanding by 0.3 per cent over the pre-Covid period of Q2 FY20. This implies that though the economy is in recovery mode, the pace is yet to accelerate. The economy, while growing 20.1 per cent year-on-year in Q1, had contracted 9.2 per cent against the corresponding pre-Covid period of FY20. With this, the economy expanded 13.7 per cent during the first half this fiscal year. But it contracted 4.4 per cent compared to the pre-Covid period.

## India's textile sector exports revive

The export of ready-made garments (RMG) of all textiles increased 67 per cent during the first five months of the current fiscal year, showing signs of recovery. From April-August this fiscal year, revenue from RMG exports was seen at $6.02 billion, up from $3.6 billion during the same period in 2020-21. This is still 11 per cent lower than $6.8 billion during the April-august period of 2019-20. This comes on the back of reports of a 36-per cent year-on-year rise in clothing exports during the first half of this year and textile and apparel exports to the US—India's single-largest market—too seeing a spike of 55 per cent during the first seven months of 2021, compared to the same time the previous fiscal year.

## Direct tax grows to Rs. 5.66 trillion

The Centre's direct tax collection after refunds crossed half the FY22 Budget Estimates by September 16, posting 73 per cent growth year-on-year on the back of a robust advance tax mop-up for the second quarter and a lower refund outgo.

The collection stood at Rs.5.66 trillion against Rs.3.28 trillion last year after the second installment of advance tax was paid. The Budget Estimates for the current financial year stand at Rs.11.08 trillion. The collection stood at Rs.4.4 trillion during the corresponding period of 2019-20, the pre-Covid year. Collection before refunds stood at Rs.6.4 trillion, up 47 per cent against that of last year but 18 per cent lower than in 2019-20. Refunds at Rs.74,000 crore were against last year's Rs.1.06 trillion and Rs.1.01 trillion in 2019-20.

Direct taxes comprise income tax and corporation tax. Corporation tax collection stood at Rs.3.01 trillion, 82 per cent higher than last year's Rs.1.65 trillion. It is also 26 per cent higher than in 2019-20. Personal income tax collection at Rs.2.52 trillion is 63 per cent higher than last year's Rs.1.55 trillion and 5.88 per cent higher than the Rs.2.38 trillion in 2019-20.

## India to grow 7.3% in 2021: UNCTAD

UNCTAD has started India's economic growth rate will increase by 7.2 percent for 2021 against a contraction of 7 per cent in the previous year.

In its Trade and Development report released on 15.09.2021, UNCTAD projected India's economy to outpace all other major economies in the next year even though the growth would be slower, at 6.7 per cent, compared to this year's. The report said India's economy, which experienced a contraction of 7 per cent in 2020, showed a strong growth of 1.9 per cent growth in the first quarter (Q1) of 2021, on the back of the momentum of the second half of 2020. It said the growth was supported by government spending on goods and services.

### Textile PLI scheme attracts Rs.10k-cr investment plans

The Union Cabinet had approved the PLI scheme for textiles with a budgetary outlay of Rs.10,683 crore in September 2021. The scheme, designed to boost India's production and trade of man-made fibre (MMF), garments, and technical textiles, is expected to result in fresh investments of more than Rs.19,000 crore in five years. The clear advantage is that this could help increase turnover. The entire MMF chain will stand to benefit.

### Fiscal deficit at 35% of Budget estimate in H1

India's fiscal deficit for April-September period compressed to 35 per cent of the Budget Estimates (BE) from 115 per cent in the same period last year. This is even lower than the pre-Covid level (FY20) of Rs.6.5 trillion. The government could limit the fiscal deficit to 4-year low to Rs.5.26 trillion mainly due to substantial 50 per cent revenue growth in September, benefitting from robust advance taxes and indirect taxes.

Controller General of Accounts data showed the government received Rs.10.8 trillion (27.3 per cent of the corresponding BE 2021-22 of total receipts) upto September. This comprises 9.2 trillion of tax revenues, Rs.1.60 trillion of non-tax revenues, and Rs.18,118 crore of non-debt capital receipts. Expenditure incurred by the Centre was Rs.16.3 trillion (46.7 per cent of the corresponding BE for 2021-22). According to economists, the fiscal deficit in the current fiscal year is likely to be lower than budgeted, even when total expenditure is expected to exceed the BE.

### Services activity rises to nearly 11-year high in October: PMI

Activities in services, the biggest sector of India's economy, accelerated to a 10-and-a-half-year high in October. This comes even as companies increased prices of their final products due to costly raw materials, showed IHS Markit Purchasing managers' Index (PMI) survey. Unlike their manufacturing counterparts, services companies hired more hands, resulting in job generation reaching the highest level after the pre-Covid period of February 2020. The index rose to 58.4 in October from 55.2 in September, which signalled that the third quarter of the current financial year may witness high economic growth.

PMI numbers, both for manufacturing and services, are the only crucial macroeconomic data that has come for October. According to respondents of the PMI services survey, ongoing improvements in demand boosted growth of sales and subsequently output. New work intake increased at an accelerated rate, the strongest since July 2011. Companies linked sales growth to better underlying demand and successful marketing. Firms were able to secure a healthy intake of new work despite charging more for their services. Output prices rose at a solid rate that was the strongest since July 2017. Anecdotal evidence suggests that additional cost burden were passed on to clients. The rate of inflation was at a six-month high and outpaced its long-run average. The fact that companies were able to increase the selling price of their products indicated that demand has come back for the services sector. Services companies continued to hire additional workers in October. Although moderate, the pace of job creation quickened from September to the strongest since February 2020.

### Cabinet approves textile park scheme at Rs.4,445-cr outlay

The Union Cabinet has approved setting up of seven mega integrated textile regions and apparel parks with an aim to create more jobs, attract investment and make domestic industry competitive. The estimated expenditure will be Rs.4,445 crore over five years. The parks will be set up at greenfield or brownfield sites located in different states. State governments that have ready availability of contiguous and encumbrance-free land parcels of more than 1,000 acres, along with other textiles-related facilities and ecosystems, will be eligible to apply. "This will create direct employment for 7,00,000 people and indirect employment for 14,00,000 people. For this, 10 states—including Tamil Nadu, Punjab, Odisha, Assam and Gujarat—have shown interest. Parks will be set up in the states where there are more facilities, cheap electricity, cheap land etc."

### India has current account surplus

India's current account balance recorded a surplus of 0.9 per cent in financial year 2020-21 (FY21), as against a deficit of 0.9 per cent in FY20.The last time India saw a surplus was in 2003-04, at $14.1 billion, according to government data.

In the fourth quarter (Q4), the current account reported a deficit of one per cent of GDP, at $8.1 billion. In comparison, the current account had seen a 0.1 per cent surplus ($0.6 billion) in Q4FY20, according to RBI data. The current account deficit (CAD) was 0.3 per cent of GDP ($2.2 billion) in Q3FY21. The CAD in Q4FY21 was primarily on account of a higher trade deficit and lower net invisible receipts, when compared with the corresponding period of the previous year. The private transfer receipts, mainly representing remittances by Indians employed overseas, increased to $20.9 billion in Q4FY21, up by 1.7 per cent from their level a year ago, RBI said. On balance of payments basis, there was an accretion of $3.4 billion to the foreign exchange reserves in Q4FY21 as against an accretion of $18.8 billion in Q4FY20. In FY21, there was an accretion of $87.3 billion to foreign exchange reserves (on a BoP basis).

### Govt announces Rs.6.3-trillion package to spur growth

Union Finance Minister Ms. Nirmala Sitharaman in June announced the fiscal package to revive the economy ravaged by the second pandemic wave, keeping the fiscal outgo limited for the current year. The Rs.6.28-trillion package included a new credit guarantee scheme for health, tourism and micro borrowers, besides expanding the Emergency Credit Line Guarantee Scheme (ECLGS) by half to Rs.4.5 trillion and extending the Aatamnirbhar Bharat Rozgar Yojana.

"Measures announced by the FM will enhance public health facilities, especially in under-served areas, boost private investment in medical infrastructure and augment critical human resources. Special focus is on strengthening healthcare facilities for our children," Prime Minister Shri Narendra Modi tweeted.

The new announcements include extending credit guarantees of Rs.2.6 trillion and schemes worth Rs.2.4 trillion, spread over the next two to four years. Economists estimate the fiscal outgo for fresh announcements in the current financial year at around Rs.60,000 crore, excluding the credit guarantee schemes. An additional allocation of Rs.2.32 trillion has been made to develop health facilities for children.

The government announced Rs.1.1-trillion loan guarantees for pandemic-affected sectors. Of that Rs.50,000 crore will be for scaling up medical infrastructure in non-metropolitan cities. The scheme will provide loans up to Rs.100 crore for three years with interest capped at 7.95 per cent. Guarantee coverage on such loans extended would be 50 per cent for expanding existing facilities and 75 per cent for new projects.

### Exports rise 27.16% to $30.04 bn; trade deficit at $22.91 bn

India's merchandise exports jumped 27.16 per cent to $30.04 billion in November due to good performance by sectors like petroleum products, engineering goods and electronic items.

The exports stood at $23.62 billion in November 2020. Imports in November were at $52.94 billion, showing an increase of 56.58 per cent over inbound shipments of $33.81 billion in the year-ago month. Gold imports rose nearly 40 per cent to $4.22 billion as against 3.02 billion in November 2020. According to the data released by the Ministry of Commerce and Industry, November trade deficit stood at $22.91 billion. This compares with $10.19 billion in November 2020. Merchandise exports for April-November 2021 were at $263.57 billion, up 51.34 per cent over $174.16 billion during the corresponding period last year. Imports during the period totalled $384.34 billion, an increase of 74.84 per cent over April-November 2020 when it was $219.82 billion.

Exports of petroleum products during November climbed 154.22 per cent at $3.95 billion on a yearly basis. Outward shipments of engineering goods rose to nearly $8 billion, up about 37 per cent over the same month last year.

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# Member Corporations ~ Their Activities

## TAMILNADU

TIIC has become a Rs.2000 crores plus AUM Company. The Assets Under Management (AUM) as on 31.03.2022 is **Rs.2025 Crores** with employee through put of **Rs.7.67 crores**. The highest AUM was achieved during 2015-16 was **Rs.1706.70 crores** with employee through put of **Rs.3.71 crores**. Also, the year-on-year growth from 2021-22 (AUM of Rs.1298 crores) is a record of **56%**. This is especially commendable in the times of Covid.

The Corporation has invested in the long-term success of its valuable customers. TIIC's **Vision** is "To be the Growth Catalyst for Tamil Nadu's Economy" and **Mission** is "To position the Brand TIIC's 'Lending Plus Value Proposition' under which TIIC proactively engages with various Stakeholders in the MSME Eco System and offers its clients a boutique of Services comprising of Lending, Financial Services, Technical Guidance, Marketing Assistance, Competency Building, Raw Material Sourcing…"

### Engagement with Stake-holders:

*Shri Hans Raj Verma, IAS*
*CMD, TIIC*

To achieve this Vision and Mission TIIC operates with 5-pronged strategy:

1) **The 3 R's Principle of TIIC:**

   The campaign to be a Rs.2000 crores Plus AUM Company was less about the top line or bottom line of TIIC but about the Principle of 3R's; **"Respect, Relevance and Rightful Position"** in the financial landscape of Tamil Nadu and beyond.

2) **Engagement with Stake-holders:**

   TIIC has signed 11 MOUs in the FY 2021-22 with the following stake-holders:

TIIC has signed 11 MOUs in the FY 2021-22 with the following stake-holders:

| S.No | Stake-Holder | Date of Signing MOU | Purpose |
|---|---|---|---|
| 1 | Centre For Entrepreneurship Development and Incubation, National Institute of Technology, Tiruchirappalli (CEDI – NITT) | 17.09.2021 | For promoting the Startup ecosystem in the State by complementing the efforts of the Government of Tamil Nadu by providing adequate financial assistance to Startups in the State. |
| | | | Note: 1st loan to Startup under Proto Scheme was sanctioned to NITT incubatee on 31.12.2021 |
| 2 | Tamil Nadu Small and Tiny Industries Association – Freidrich Naumann Foundation (TANSTIA –FNF) | 17.09.2021 | For promoting technological upgradation of MSMEs by way of adoption of Industry 4.0 to make them future-ready and globally competitive |
| 3 | Confederation of Indian Industries (CII) & Society of Indian Defence Manufacturers (SIDM) | 01.11.2021 | Through this partnership, in the first phase "Champion MSME Industries" in each of the five Nodes at Chennai, Trichy, Coimbatore, Salem and Hosur will be identified. They will be enabled with guidance and support for enhancing their managerial and technical capabilities to meet the demands of the Defence Sector. |

| S.No | Stake-Holder | Date of Signing MOU | Purpose |
|---|---|---|---|
| | | | Note: Based on this, efforts are being taken to reconfigure the Trichy BHEL ancillary units to manufacture Defence Products. |
| 4 | Tamil Nadu Small Industries Development Corporation Limited (TANSIDCO) | 08.12.2021 | For providing interim loan under "Industrial Infrastructure Initiative Scheme (IIIS)" to MSMEs to purchase plots in SIPCOT and TANSIDCO industrial estates to set up their units. |
| | | | Note: The O/s under IIIS as on 25.03.2022 is Rs.126.61 crores |
| 5 | Tamilnadu Industrial Cooperative Bank (TAICO) | 08.12.2021 | For supporting the MSMEs in the State with sufficient working capital and to effectively harness the synergies of both the Institutions TAICO Bank and TIIC in nurturing the MSME ecosystem in the State |
| 6 | Project Management Associates (PMA) promoted by Dr.Sivathanu Pillai, Father of BrahMos | 14.03.2022 | For imparting the capacity building programme to the officers of TIIC by PMA from April 2022. |
| | | | Note: 1st training session proposed to be organized from 18th to 22nd April 2022 to 40 Officials of TIIC. |
| 7 | SRM Institute of Science and Technology, Vadapalani Campus | 14.03.2022 | For extending financial support to Startups/Incubatees nurtured by SRMIST. |
| 8 | National Small Industries Corporation (NSIC) | 31.03.2022 | For providing financial assistance to MSMEs referred by NSIC on a case-to-case base and on merits of the individual cases |
| | | | In turn NSIC to provide Raw material assistance to the MSME's referred by TIIC. |
| 9 | CODISSIA Defence Innovation and Atal Incubation Centre (CDIIC) | 31.03.2022 | For extending financial support to Startups/Incubatees nurtured by CDIIC. |
| 10 | Bharat Heavy Electricals Limited (BHEL) | 31.03.2022 | For promoting Defence Manufacturing in Tamil Nadu with BHEL Trichy and ancillary Units as the hub for Armed Explosive Vehicles |
| 11 | MindCafe | 31.03.2022 | For setting up of MindCafe @ TIIC Premises for the mental wellbeing/ resilience of employees. |

3) Engaging with the Rating Agencies to move to the deserving A Band:

TIIC has appointed M/s. SKC Investment Advisors P.Ltd. as consultant to improve TIIC's rating from BBB+ to A Band.

**4) LOWER COST OF FUNDS - INTEREST RATE REDUCTION**

TIIC has availed Low Cost Funds from Banks by changing the strategy of negotiation with the Banks. All the negotiations from a position of strength by operating with a "Buyers' Market Mindset". The key achievements are **:**

i KVB has Sanctioned Term loan of **Rs.50 crores @ 7.00%** on 27.09.2021

ii IOB has Sanctioned Term loan of **Rs.300 crores @ 7.00%** on 28.10.2021

iii BOB has Sanctioned Term loan of **Rs.500 crores @ 6.90%** on 09.03.2022

iv BOM has Sanctioned Term loan of **Rs.300 crores @ 6.90%** on 17.03.2022

v SBI has Sanctioned Term loan of **Rs.200 crores @ 6.80%** on 30.03.2022

The average cost of funds has thus been reduced with the above low cost borrowings which were availed with zero processing fees.

**5) Industry Growth Conclaves:**

As part of its Growth Catalyst strategy, TIIC is organizing Industry Growth Conclaves on a Regional basis in partnership with CII and other Stake-Holders. The first Industrial Growth Conclave was organized for the Western Region @ Coimbatore on 21.09.2021 with the theme **"Getting Industries Future Ready"**. The response of the industry was overwhelming. The 2nd @ Trichy on 18th December 2021 with the theme "**Contributing to Hon'ble CM's Vision of USD 1 Trillion Economy by 2030"**. The other two conclaves are planned to be organized in Hosur and Madurai in the FY 2022-23

## KERALA

Kerala Financial Corporation {KFC} has implemented various schemes to support MSMEs in the State of Kerala viz.

Special Scheme for Assisting MSMEs located at Industrial Estates

KFC has a special loan scheme to assist such MSMEs which have been established at Industrial Estates.

The Scheme will help Set up new units at Industrial Estates as well as for Modernization/ Expansion/ Diversification. KFC will meet all fund based/ non-fund based requirements of existing/ new units located at Industrial Estates.

### Comprehensive Scheme for Financing Startups

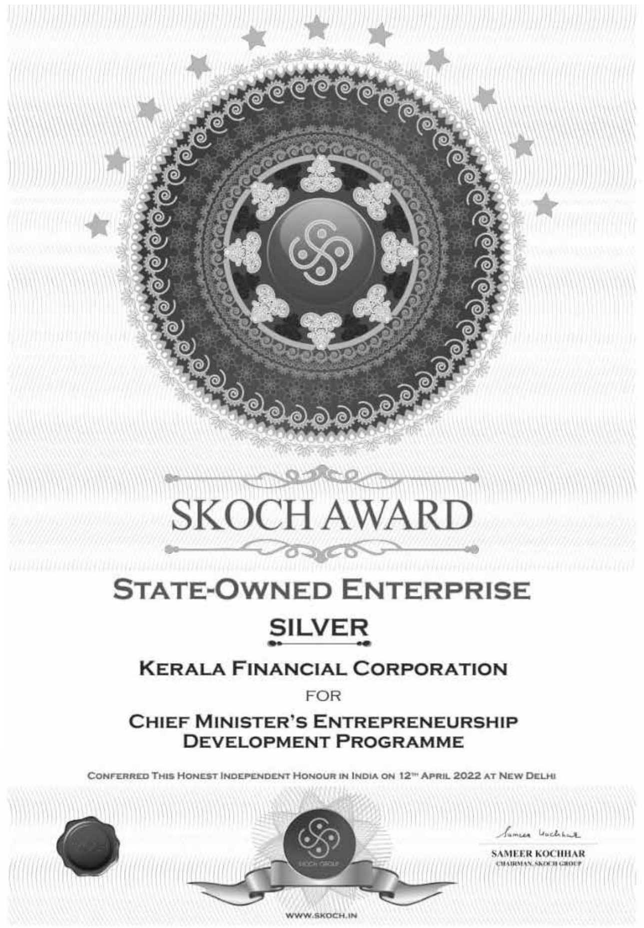
KFC has also started 'Startup Kerala Scheme' to assist Startups in all stages of their growth starting from proof of concept, prototype development, product trials, market entry, commercialization, scaling up, etc. The units would need financing of purchase orders, Venture Debt, etc. These facilities by KFC would enable the Startups to graduate stage wise.

- The Startup is expected to meet all the following eligibility criteria for getting assistance under the scheme:
- Startups registered with Kerala Startup Mission/ The Department of Industrial Policy & Promotion (DIPP) GOI and having the registered office in Kerala.
- Shareholding by Indian promoters in the Startup should be at least 51% at the time of sanction of loan.
- Startup should be using technology in its core product or service, or business model, or distribution model, or methodology to solve the problem being targeted
- The proposal should be viable and the product/ service should be market fitting.
- The business model should be scalable with a high potential of employment generation or wealth creation.

The assistance will be to set up the workshop, purchase necessary machinery, computers, servers, software, setting up infrastructure, purchase raw materials, working funds (like rent/ electricity/ salary), working capital, cloud expenses, licenses, permits, consultancy charges, marketing expenses, preliminary & preoperative expenses, interest during the implementation period, etc.

Scheme for Financing Working Capital Requirements of Startups for Venture Debt Funding for IT Hardware & Software Enterprises

KFC is providing Seed Loan Assistance to Startups for developing socially relevant products prescribed by UNO and required by the Government departments




## CM Entrepreneurship Development Programme of KFC Receives National Recognition

Kerala Financial Corporation (KFC) received the **SKOCH National Awards 2022** for the successful implementation of the State Government's landmark Entrepreneurship Support Scheme, 'Chief Minister's Entrepreneurship Development Programme' (CMEDP). KFC received the 'Silver' award under the 'State-owned Enterprises' category. SKOCH Awards, instituted in 2003, recognise the best efforts in digital, financial and social inclusion nationally.

CMEDP scheme, rolled out in July 2020, identifies unemployed youth having entrepreneur aptitude and trains them to set up their ventures. Initially, the scheme offered loans up to Rs.50 lakh at a 7% interest rate. In the second phase, the loan limit was enhanced to Rs.1 crore with an interest rate of 5%. The scheme finances up to 90% of the project cost on easy terms. The first-time entrepreneurs are given mentoring and handholding support to ensure that the ventures survive. More than 1894 units have been set up under the scheme so far and loans of Rs.158 crore have been sanctioned. 20% of the units set up under the scheme were from the Food processing sector, 12% from Rubber & Plastic Product sector and 11% from the Wood & Wood Product sector. "The Scheme aims to provide hassle-free assistance to youngsters thereby encouraging local production and more employment generation. Loans at 5% to MSMEs are the best loan scheme available now and such low-cost finance increases the viability of the MSMEs. Loans up to Rs.2 crore will be made available to entrepreneurs at 5% interest from this year. A declaration in this regard has been made by Hon. Finance Minister of Kerala, Shri.KN Balagopal, while presenting the State Budget 2022.

The scheme aims to set up 500 new enterprises every year, thereby establishing 2500 enterprises in the next five years. KFC has set a sanction target of Rs.500 crore under the scheme this year. Promoters who need a higher loan amount will be provided Rs.2 crore loan with 5% interest under the scheme and further loans under the normal schemes of KFC with interest starting from 8%.

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# SUCCESS STORIES OF R.F.C. ASSISTED UNITS

## M/s Jinkushal Suri Stone

Shri Om Prakash Jain is the owner of M/s. Jinkushal Suri Stone, Jaisalmer. With an aid of Rs 25.0 Lakhs initially followed by Rs 50.72 Lakhs the stone slab and marble cutting and polishing unit has grown significantly. Their growth indicates the genuine help extended by RFC to bring a marked progress on the company's graph of success.

On the other hand, the not so prominent businessman with sound support and honest efforts reached the heights of glory where now even the international market is well within easy reach. The entrepreneur has been a good borrower, good user and a good business opportunist.

## M/s. Tirupati Magaj Oil Mills

Smt Parmeshawari Devi, committed to her business, came in contact with RFC in the year 2003. She sought her first financial aid of Rs.10 Lakhs to upgrade her business unit which deals in Tarbuz seed processing. After repaying the loan, she again applied for a loan of Rs 13 Lakhs for the expansion of her unit.

As a second generation entrepreneur, RFC is very happy with the progress made by Smt. Parmeshawari Devi and the Corporation believes that she would to better and reach greater heights of success.

RFC's support and Smt. Parameshwari Devi's hard work and zeal has resulted in yet another success story.

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# ANSWERS OF CYBERQUIZ - 81

1.[a] Very fast and can store huge amount of data.

2.[c] Minicomputer.

3.[d] Handheld Computer.

4.[a] Accumulator.

5.[d] Register.

6.[b] Internal Memory

7.[c] Central Processing Unit.

8.[b] is the container that housed electronic components.

9.[c] Arithmetic Logic Unit.

10.[b] Non-impact Printer


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# NEWS FROM STATES

### Rajasthan gets investment commitments of Rs.1.93 trillion

The Rajasthan government received investment commitments of Rs.1.94 trillion from a wide range of investors for sectors including renewable energy, mines and minerals, engineering and pharma, at a roadshow held in December. Of this, the state signed memorandum of understanding (MoUs) worth Rs.1,27,459 crore and letters of intent (LoI) to the tune of Rs.67,379 crore. JSW Future Energy has proposed to invest Rs.40,000 crore to set up a 10,000-megawatt renewable energy project in the Jaisalmer district, while the Vedanta group has proposed exploration expansion worth Rs.33,350 crore in the state.

### Govt. signs $61-mn loan pact with ADB for projects in Agartala

The Central government has inked a pact with Asian Development Bank for $61 million (around Rs.454 crore) loan to fund development projects in Agartala, Tripura. The government and Asian Development Bank (ADB) have signed a USD 61 million loan to improve livability, harness technology and promote new developments to accommodate the expanding population in Agartala city while building the capacity of state agencies for improved service delivery.

### Kerala tops Niti Aayog health index

Kerala, Tamil Nadu, and Telangana are the top three on the fourth NITI Aayog health index for 2019-20, released in December. Kerala has emerged the best in overall health performance fourth time in a row. Bihar and Madhya Pradesh were the second- and third-worst performers, respectively.

The index is a weighted composite score incorporating 24 indicators covering key aspects of health performance, largely in three domains: Health outcomes; governance and information; and key inputs and processes. The indicators are selected from data sources such as the Sample Registration System (SRS), Civil Registration System (CRS), and Health Management Information Systems (HMIS).


Among the smallest states, Mizoram emerged the best performer in overall as well as incremental performance while among UTs, Delhi and Jammu and Kashmir ranked among the bottom in terms of overall performance but emerged the leading performers in incremental performance. The index showed that the gap in overall performance between the best- and the worst-performing larger states and UTs narrowed in the current round of the health index, while it increased for the smaller states.

Releasing the report, NITI Aayog Vice-Chairman Shri Rajiv Kumar said: “States are beginning to take cognizance of indices such as the State Health Index and use them in their policymaking and resource allocation.” This report is an example of both competitive and cooperative federalism.

It has been prepared in collaboration with the Ministry of Health and Family Welfare (MoHFW) with technical assistance from the World Bank. According to an official statement, the importance of this annual tool was re-emphasised by the ministry’s decision to link the index to incentives under the National Health Mission. This has been instrumental in shifting the focus from budget spending and inputs to outputs and outcomes, it added.

### TN to see investments of Rs.35,208 cr from 59 firms

Tamil Nadu lined up 82 industrial projects worth Rs.52,549 crore in November in a development that is likely to boost its image as an investor-friendly destination. The state has signed a memorandum of understanding with major industry players across sectors, such as the Dalmia group, Hindustan Unilever, TVS Motors, Adani Enterprises and Larsen & Toubro, to set up manufacturing units and data centres with an investment of Rs.35,208 crore. The remaining projects worth around Rs.17,341 crore were also inaugurated. All these projects are expected to cumulatively create around 92,420 direct jobs. Tamil Nadu chief minister Shri M K Stalin also launched "Tamil Nadu Fintech Policy 2021", which includes the establishment of a FinTech City in Chennai and Neo-TIDEL Parks in Tier-2 and Tier-3 cities.

### Tamil Nadu's $10-billion green energy island to get Denmark aid

With Tamil Nadu looking to expand its footprint in green energy, the state is likely to see a $5-10 billion renewable sector investment with Danish participation, including an energy island in the Gulf of Mannar. The island may produce 4-10 Gw. A delegation of experts from Denmark, led by Energy Minister Dan Jorgensen, met Chief Minister Shri M K Stalin on September 08, 2021. If it materialises, the project will be the first offshore floating wind park in India. The Gulf of Mannar lies between the west coast of Sri Lanka and the south-eastern tip of India.

This comes days after the Tamil Nadu Generation and Distribution Corporation (Tangedco) announced its plans to come up with 20,000 Mw of solar power projects with adequate battery storage, 3,000 Mw of pumped storage hydroelectric projects, and 2,000 Mw of gas-based power units in the next 10 years. These projects are expected to require loans of around Rs.1.32 trillion. It will involve creating a centre of excellence for offshore wind energy in Chennai, envisioning an energy island – an offshore wind farm in the Gulf of Mannar and an immediate action plan for climate change by the government of Tamil Nadu," said a government official.

The value of Danish investment in Tamil Nadu between January 2003 and January 2021 is estimated at $751.72 million. Companies that have marked their presence in other parts of India include Novo-Nordisk, A.P. Moller Maersk and Ramboll. In the last decade Denmark has invested over $1 billion in the country. Around 200 Danish companies are operating in India. Indian companies that have a presence in Denmark include Tata Consultancy Services, Infosys Technologies, ITC Infotech, and L&T Infotech.

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*Do not wait; the time will never be 'just right.' Start where you stand, and work with whatever tools you may have at your command, and better tools will be found as you go along.*

*- George Herbert*

## IBBI amends regulations for more transparency and accountability

In order to bring more discipline, transparency, and accountability into the corporate insolvency process, resolution professionals (RPs) will be required to inform the adjudicating authority about avoidance transactions of a corporate debtor, according to the amended Insolvency and Bankruptcy Board of India (IBBI) Regulations, 2016. "This not only claws back the value lost in such transactions, increasing the possibility of reorganisation of the corporate debtor through a resolution plan, but also disincentivises such transactions, preventing stress to the company," said the IBBI. The new regulations for the insolvency resolution process for corporate persons allow the RP to appoint any professional, including registered valuers, to assist him in discharge of his duties during the corporate insolvency resolution process (CIRP). It also required the RPs to disclose all former names and registered office address, changed in the two years preceding the commencement of insolvency, along with the current details. The amendment requires the RP to file Form CIRP 8 on the electronic platform of the board, intimating details of his opinion and determination in respect of avoidance transactions on or before the 140th day of the insolvency commencement date. Experts said the adherence to these timelines will largely depend on the availability of adequate data and information required for assessment of these transactions.

## NPAs in retail and MSMEs rise to 7.3% for PSBs in Q1

Gross non-performing assets (GNPAs) on retail and MSME loan books of public sector banks rose to 7.28 per cent in June 2021 from about 6 per cent a year ago. The incidence of bad loans was lower for private banks with GNPAs at 3.32 per cent in June, up from 2.01 per cent year ago, according to CARE Ratings.

The current level of NPAs does not show the restructuring done under regulatory packages in 2020 and 2021. In State Bank of India's case, it has restructured loans about Rs.20,000 crore, of which retail personal loans are about Rs.9,000 crore and those of SMEs (small and medium enterprises) at Rs.3,630 crore.

The regulators and government have put in place relief packages to help lenders as well as borrowers affected due to the lockdown. Some of these measures include a blanket moratorium on repayment for six months from March 2020 to August 2020, the emergency credit line guarantee scheme for small borrowers, and the National Asset Reconstruction company Ltd to take over bad assets of the banks.

The rise in slippages and restructuring indicates a stress build-up in the retail segment after covid-19, especially after the second wave. With an absence of a blanket moratorium this time around, the banks either had to restructure or take the slippage on their books.

## RBI holds key rates to boost recovery

The RBI in December kept its key policy repo rate and "accommodative" stance unchanged, and said it would lean more on the variable rate than its traditional fixed-rate liquidity absorption facility to drain out excess liquidity from the banking system.

Following the last policy of this calendar year, the repo rate remained at 4 per cent, the reverse repo rate at 3.35 per cent, and the stance "accommodative". MPC cut down the projections on economic growth for the third and the fourth quarters of the current fiscal year (2021-22, or FY22), albeit mildly, due to volatility in commodity prices and financial markets, persisting global supply disruptions, and Omicron. However, higher-than-expected gross domestic product (GDP) growth rate in the second quarter (Q2) of the year prompted the MPC to retain economic growth at 9.5 per cent for FY22. The committee expects economic growth at 6.6 per cent for the third quarter (Q3) of the year, down from its earlier projection of 6.8 per cent and 6 per cent for the fourth quarter (Q4) — lower than its earlier forecast of 6.1 per cent. The economy grew 8.4 per cent in Q2, higher than the MPC's expectations of 7.9 per cent.

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## Government plans big boost for MSMEs with a data bank

The Government is working towards building a robust data bank for small businesses by integrating information across various ministries and government data. The micro, small and medium enterprises (MSMEs) ministry is in talks with other government departments, so that more businesses are registered as MSMEs.

"We are requesting other ministries to accept Udyam registration as the formal identity for their schemes. The Udyam registration number will act as a common business number. This number can be used across ministries." There are schemes that aim to support enterprises in rural areas that fall under the ambit of the ministry of rural development. Linking an enterprise's Udyam registration number can help the government analyse the kind of business and its need. Launched a year ago, the Udyam registration portal is an online self-declaration process for MSMEs. It simplifies the process of registering for any enterprise under the MSME category, for them to avail benefits under various government schemes. It is already integrated with the Central Board of Direct Taxes (CBDT), Goods and Services Tax Network (GSTN) as well as the government e-marketplace (GeM). As of July 20, over 3.8 million MSMEs have registered on the Udyam portal.

The ministries of rural development and tourism have already accepted the MSME ministry's proposal. Lack of adequate statistics on MSMEs has been one of the key challenges for the government. Experts believe it is important to identify who the real MSMEs are as there is no reliable data available for small businesses. Integrating data with other ministries will help the government frame stronger schemes, come up with better methodology to reach out and support businesses, and bring more MSMEs under the formal sector. Besides, MSMEs are considered to be the backbone of the economy, accounting for 30 per cent of the country's gross domestic product (GDP). They are also one of the biggest job creators in the country and employ about 111 million people.

Over the last one year, the government has been taking steps to bring more MSMEs into the formal sector. With small businesses battling the outbreak of the pandemic last year, the government revised the definition of MSMEs to help them attract more investments and create more jobs. Earlier this month, the Centre announced fresh guidelines to include wholesale and retail trade as MSMEs, to help them get the priority sector lending tag under the RBI norms.


## FinMin reforms public procurement to fast-track projects, help MSMEs

The finance ministry has initiated reforms in public procurement and project management to execute projects and provide payments to the MSMEs on time. Finance secretary in October, 2021 released revised guidelines, which outline innovative rules for this. The guidelines permit alternative methods for selection of contractors, which can improve speed and efficiency in execution of projects.

In appropriate cases, quality parameters can be given weightage during evaluation of the proposal in a transparent and fair manner. This can be done through the quality-cum-cost based selection (QCBS) as an alternative to the traditional L1 system. The old system gives weightage to the lowest commercial bid. Executing public projects on time, within the approved cost and with good quality has always been a challenge. "As the pace of economic development steps up, careful examination of procedures and rules is essential to ensure unwarranted roadblocks are removed. Also, new innovations must be utilised for increasing value-for-money of the taxpayer," the ministry added. As part of the government's digital thrust, electronic measurement books have been prescribed as a means of recording progress of works.

Some of the improvements in guidelines also include prescribing strict timelines for payments when due. Timely release of ad hoc payments (70 per cent or more of bills raised) is expected to improve liquidity with the contractors, especially in micro, small and medium enterprises, the ministry said. This system, along with other IT-based solutions proposed in the guidelines, will help in realising the dream of efficient Digital India, facilitate faster payments to contractors and reduce disputes, the ministry said. The number of complaints filed by small businesses over delayed payments is nearing the 100,000-mark, involving a sum of Rs 24,385 crore. Of this, only 12 per cent has been disposed of or mutually settled. An estimated 91,424 applications have been filed so far, according to the MSME Samadhaan, a delayed-payment monitoring portal set up four years ago as part of the government's efforts to clear dues to MSMEs. The Central Vigilance Commission, the Comptroller & Auditor General and the NITI Aayog had carried out analysis of procedures and rules for public procurement and project management. They suggested changes in strategies to meet challenges of public procurement. Besides, Model Tender Documents for procurement of goods and non-consultancy services were also released as part of the continuous process of review of existing procedures.

### MSME credit demand in June back to pre-pandemic levels

Credit demand by MSMEs increased to near pre-pandemic levels in June 2021, recovering after a drop in loan enquiries in April and May due to the second wave of Covid-19 infections, revealed Sidbi. The reading on the index of credit enquiries fell from 139 in March to 67 in April before inching up to 75 in May. It moved up to 95 in June. Lockdowns in cities in June to rein in the spread of the contagion led to a bounce-back in credit demand (measured as credit enquiries) by MSMEs. Also helped by the government guarantee cover, lenders disbursed Rs.9.5 trillion as credit to MSMEs in the fiscal year ended March 2021 (2020-21, or FY21), up from Rs.6.8 trillion in the preceding fiscal year (2019-20, or FY20). MSME lending in FY21 was helped by the government's Emergency Credit Line Guarantee Scheme (ECLGS), which provided 100 per cent credit guarantee to lenders.

Shri Sivasubramanian Ramann, chairman and managing director of Sidbi, said the ECLGS has played a major role in 40 per cent growth in disbursements year-on-year to the sector. This has revived business sentiment among MSMEs. There is revival in credit to new-to-bank (NTB), which has returned to pre-Covid levels, while credit to existing-to-bank remains buoyant. The recent additional relief measures, especially in health care, and travel and tourism, are expected to improve credit offtake in the MSME sector, he said. Credit disbursals to NTB MSMEs had dropped 90 per cent in April 2020, compared to pre-Covid levels, and have gradually returned to 5 per cent higher than pre-Covid levels in March 2021. The disbursal trends are similar in urban, semi-urban, and rural regions, which experienced sharper rise in disbursements in June 2020, compared with metros.

### SMBs' Path to cloud

Small and medium-sized businesses (SMBs) make up a huge part of the economy, but SMBs face unique challenges when it comes to running their business and selecting technology solutions. The Covid-19 pandemic forced businesses to adapt and rethink how they operated, which included a reassessment of their technology infrastructure and use of cloud services. They, however, also face unique challenges when it comes to selecting technology solutions as a survey by Digital Ocean, along with research agency AspenFinn, shows:

### KEY FINDINGS

- **27%** of traditional SMBs, 31% of tech-focused SMBs, and 24% of enterprises list pandemic recovery as their biggest challenge;
- **Cloud adoption: 83%** of enterprise businesses say cloud solutions have helped their business recover from Covid-19;
- **69%** of tech-focused SMBs agree with the findings;
- **54%** of traditional SMBs believe cloud solutions have aided their recovery;
- **52%** of traditional SMBs consider themselves a cloud native business compared to**71%** of tech-focused SMBs and 86% of enterprises

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*A mediocre idea that generates enthusiasm will go further than a great idea that inspires no one.*

# HEALTH CARE!

## Reasons to Switch to Healthy and Nutritious Almond Milk

More than a beverage, Almond Milk is a great addition to your daily diet. It's low in calories and fat-free and is a good source of calcium, vitamin D and E, and magnesium. The unsweetened variety is a great alternative to regular milk for those who want to reduce their sugar intake.

Almond milk is produced by pressing the almonds, removing the oil, and then mixing it with water. Soy milk, on the other hand, is a mixture of wheat flour and soybeans. Because almonds are not soybeans, they are not genetically modified.

Almond milk is known for its great taste. The market is full of different brands and varieties of almond milk. These days you can buy almond drinks in different flavors, from chocolate to strawberry. Almond milk is also easy to prepare. You can just soak a few almonds overnight and then blend them with a little water and sugar to make your own almond milk. You can even make it without adding any sugar or flavorings at all, just plain. It's a great alternative to cow's milk for those who are lactose intolerant, and it's full of nutrients that are easily absorbed by the body.

### Here are some reasons to switch to almond milk

**Almond milk is rich in Vitamin E.**

The unsweetened variety has more than 30 percent of the recommended daily allowance for this vitamin. Vitamin E is a powerful antioxidant, which helps fight free radicals in the body and protects it from diseases and chronic illnesses. Vitamin E also helps reduce cholesterol levels in the body and improves blood circulation to different organs and parts of the body. It's important to note that Vitamin E is not found in cow's milk, soy milk or rice milk.

**Almond milk has a high amount of calcium**

This makes it a great alternative to cow's milk for those who are lactose intolerant or have dairy allergies. Almonds are rich in calcium, magnesium, and copper, which are minerals that help strengthen bones and reduce the risk of osteoporosis later in life. Calcium also plays a role in improving muscle function throughout the body, so it also helps prevent muscle cramps.

**Almond milk is low in fat and calories**

It's a great alternative to regular milk for those who want to lose weight or avoid high-calorie foods. It only has about 30 calories per serving, whereas whole milk has 150 per cup. Studies have also shown that those who drink almond milk are able to maintain a healthy weight while consuming fewer calories than those who consume regular dairy products.

If you are interested in making the switch to a healthier alternative, then Almond Milk is a great choice. It's low in calories and fat, has more calcium than other milk, and it's very easy to prepare.

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*You've got to get up every morning with determination if you're going to go to bed with satisfaction.*

*- George Lorimer*

# MISCELLANY

## What the subordinate debt scheme means for MSMEs

### Prepackaged insolvency resolution: How it works

The Government on July 26 tabled the Insolvency and Bankruptcy Code (Amendment) Bill in the Lok Sabha introducing a new chapter on the prepackaged insolvency process that provides a resolution mechanism for stressed micro, small and medium enterprises (MSMEs). The IBC (Amendment) Bill change is in keeping with the ordinance promulgated on April 4, 2021. Here's what this process entails and the need for it.

### What is the prepackaged insolvency resolution?

Prepackaged resolution is a fast track process that identifies a resolution plan before the process is admitted by the National Company Law Tribunal. It is an arrangement where the promoter of the stressed company proposes a resolution plan to the creditors before the company can be taken to the bankruptcy proceedings. The purpose of this scheme is not just to have a timely and faster resolution mechanism but also to give legal sanction to a plan agreed among banks, promoters and the buyer.

The journey of a prepack starts with an informal understanding, engages the stakeholders in between, and ends with a judicial blessing of the outcome by the NCLT.

The prepackage process for resolution has been popular in Europe and the US over the past decade.

### How does the process work ?

The scheme is currently available only for MSMEs and follows a debtor-in-possession model. The promoter of the MSME can propose a base resolution plan to the committee of creditors (CoC). If the plan is not acceptable, then the resolution professional would invite other applicants to propose a plan within 90 days. The Coc can go for the alternative resolution plan if it is significantly better than the base resolution plan proposed by the promoter. It can also ask the promoter to revise its plan.

### What are the checks and balances to ensure effective resolution and no misuse of the process by the promoter ?

Even though it is a debtor-in-possession model, the CoC can, with a 66 per cent vote share, make an application for change in the management of the company and pass control to the resolution professional. This can be done if CoC finds that the company is being run in a fraudulent manner or there has been gross mismanagement of company affairs by the promoter.

If the resolution plan submitted by the promoter provides for impairment (drastic reduction in recoverable amount) of any claims, the CoC can ask the promoters to dilute their shareholdings or voting or control rights in the company.

### How is it different from the corporate insolvency process ?

Unlike the Corporate Insolvency Resolution Process (CIRP), where the company is managed by the resolution profession, a prepack process does not result in the change of the company's management while the process is on. The management would continue to vest in the board of directors or the partners.

The deadlines have been moved up for the prepackaged scheme compared to CIRP. For instance, the corporate debtor has to submit the resolution plan within two days of the commencement of the prepackaged insolvency. The entire process has to be completed within 120 days of the commencement date.

### When can a company not go for a prepack option ?

To be eligible for prepack, a company must not be undergoing a corporate insolvency resolution process. A prepack cannot be initiated within three years of closure of another prepack—just like a CIRP cannot be initiated within 12 months of closure of another CIRP.

### What are the benefits of the prepackaged Scheme ?

Being a debtor-initiated process, it is expected to involve less legal disputes and faster resolution than a CIRP. The government has said that this alternative framework under the Code is meant to be a quicker, cost-effective insolvency resolution process that is least disruptive to the businesses, ensuring job preservation, among other objectives.

The scheme was brought to especially address the challenges of the MSME sector, which contributes significantly to the GDP and employment generation in the country. This framework came right after the suspension on insolvency initiation had come to an end and the minimum level of default under CIRP had been increased to Rs.1 crore. Legal experts have said that where a corporate insolvency resolution process cannot be initiated against a Covid-related default, which is defined as default that occurred between March 24, 2020 and March 24, 2021, prepackaged scheme is a viable alternative.

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COSIDICI

# COSIDICI EXECUTIVE TELEPHONE DIRECTORY 2022


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