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Editorial Board

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

FOR TACKLING NPAS, LEAN ON IBC, NOT AMC

*** Sumant Batra**

Just when many started believing that the idea of a bad bank or an alternate vehicle to offload non-performing assets (NPAs) was stillborn and buried, it has resurfaced—and it is alive and kicking, with the Sunil Mehta panel set up by the finance ministry recommending setting up of an asset management company (AMC) for NPAs above Rs.5 billion, or Rs.500 crore.

The concept of moving stressed assets to a special purpose vehicle is not new to India. The Asian Development Bank had commissioned a study on the subject at the request of the central government when the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act (SARFAESI) was enacted in 2002. The report provided a comprehensive analysis of similar initiatives in other parts of the world. In terms of experience, the Stressed Assets Stabilisation Fund (SASF) was set up pursuant to a provision in the Union Budget of 2004-05, as a special purpose vehicle trust for acquiring stressed assets and NPAs of the erstwhile Industrial Development Bank of India (IDBI). The SASF has few success stories to share. The over-a-dozen asset reconstruction companies functional under SARFAESI also have no incredible turnaround tales to tell.

It is imperative that India carefully studies and learns from the experiences of other jurisdictions before taking the leap of faith. There is no empirical evidence that a public sector AMC is an effective or sustainable solution for tackling the problem of NPAs. Some lessons can be learnt from the experience of countries in the East Asia region. The Asian financial crisis created a mass of stressed assets in countries such as Indonesia, South Korea, Malaysia and Thailand. All the four countries established a publicly-owned AMC—including the Indonesian Bank Restructuring Agency (IBRA) in Indonesia; Korea Asset Management Corporation (KAMCO) in South Korea; Danaharta in Malaysia; and the Thai Asset Management Company in Thailand. There are other examples from around the world. The Czech Republic established the Ceska Konsolidacja Agentura after the start of the corporate sector crisis in 2000. Turkey also set up an AMC after the crisis. Mexico's FOBAPROA (Bank Savings Protection Fund) was established in 1995 and was funded fully by the Mexican Central Bank. There are some examples also available from Sweden.

The mandate of most AMCs was largely to support the banking system. The format was a mixture of bank recapitalisation, asset disposal and restructuring tasks. The intention was to minimise the direct role of the government in the restructuring of individual corporations and improve the likelihood of sustainable financial and operational restructuring. In practice, however, asset disposition was slow in most cases due to weak insolvency regimes, difficulty in valuing assets, thin markets for selling assets, fears of selling too cheaply, and social and political pressures.

Mexico's FOBAPROA, for example, bought the subordinated debt of under-capitalised banks to restore their capital adequacy. In exchange, it acquired a claim on the possible recovery of non-performing loans, but the responsibility for recovering the loans remained with the bank. FOBAPROA undertook very little restructuring. The Czech experience was also not a great success. None of the above is a model worthy of replicating in India.

Were the Indian government to go ahead and set up a bad bank or an AMC, its policy and legal framework, architecture and design, and implementation will have to be carefully decided. While remaining public in character, the new body should be able to collaborate with the private sector, including the turnaround experts. The acquisition of stressed assets should be based on established market-based principles, including on valuation. If the bad bank/AMC acquires assets at book value and sells them at a discount, it would be a colossal waste of taxpayers' money. The success of the proposed body would be in acquiring assets at an attractive discount, turning them around significantly over a period of 3-5 years, and offloading at a premium. While tax incentives and other immunities may be provided, the bad bank/AMC should be driven by competitive, market-based rules and principles. There should be formidable incentives for the management to perform and unflinching accountability on the failure to deliver. Transparency, no red tape and speed should be of essence for any form of bad bank.

The government should bear in mind that when the Asian financial crisis erupted, the insolvency law in most Asian countries was in shambles. Establishing the asset reconstruction institutions was not a choice but a necessity for most jurisdictions. The same was the case in Mexico, Turkey, Czech Republic and many other countries.

The turnaround of stressed assets by an AMC, public or private, needs an efficient insolvency law, infrastructure of top-quality restructuring professionals and other experts, a well-developed insolvency industry, and a market for stressed assets.

The conditions in India are favourable in this respect. An efficient insolvency law in the form of the world-class rescue-oriented Insolvency and Bankruptcy Code (IBC) has been enacted and is operational since December 2016. Indian banks are putting the IBC to effective use to resolve NPAs. The green shoots are starting to emerge, and it might be worthwhile to wait for 2-3 years to see the results. Even a bad bank will have to rely heavily on the IBC to turn around assets. The emphasis, therefore, should be on sustaining the impressive momentum that the IBC has gathered following the unprecedented implementation strategy put in place. In addition, the informal restructuring framework should be strengthened. Efforts are needed to develop the market for stressed assets. Many stressed assets investors are sitting on the fence, waiting for the outcome of big cases currently under the IBC, before they take the leap of faith.

The crux of the matter is that AMC or no AMC, the buck, aka stressed assets, will stop with the IBC. The central government, therefore, should stay focused on the IBC.

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** Courtesy. The Author is Managing Partner, Kesar Dass & Associates.*

Our thoughts and feelings create our energy field. This energy field has an effect on our body, on people, on nature and on matter. Our consciousness vibrates into the universe.

MSME IS THE NEW RETAIL

*** *Mohammad Mustafa***

We are living in a financially critical time cycle. Global growth outlook remains positive for the year 2018 despite threats from an expansionary US fiscal policy, rising oil prices, protectionism etc. On the domestic front, while the economy is firming up with GDP growth rate scaling to 7.7% in the last quarter of FY18, developments in the global market and a sensitive inflation rate warrant a cautious approach in dealing. Historically, economic growth, especially corporate expansions in the country, had remained highly dependent on bank finance. Structural shifts in the financial market by introduction of Asset Quality Review (AQR), followed by Insolvency & Bankruptcy Code, has brought greater transparency and superior governance levels in functioning of banks for a sustainable credit culture, which is altering the rules of credit intermediation. This resulted in higher NPA numbers, which led to higher provision costs and affected the profitability of banks, causing pressure on them.

Corporate credit, by and large, has been a major driver of bank credit growth after the liberalisation of the Indian economy in the early 1990s. In recent times, when the noose is being tightened on defaulting borrowers and the easy money regime has been put to end with welcome moves by RBI in terms of AQR, tighter exposure caps and other directives on lending and provisioning practices by banks, the corporate sector has also lost its appetite and ability to grow. As a result, the credit growth in the large corporate segment has slowed down. On a year-on-year basis, though the non-food bank credit increased by 11.1% in May 2018 as compared with 4.1% in May 2017, credit growth in the large industries segment has remained muted in the last few years. Also, MSMEs are drawing the attention of the lenders, with high credit growth in the segment.

Now that has affected banks' growth and income is not visible due to higher dependence on corporate credit. Banks need to look for new segments that can drive growth the same way retail did in the past. The MSME sector, which is the second largest employer after agriculture, is emerging as a lending sweet spot. The role played by MSMEs in the Indian economy cannot be overstated, whether it is GDP, manufacturing output, exports and employment generation. MSMEs also help address geographic disparities through dispersal of entrepreneurial activities. Historically, MSMEs have a smaller share in available bank credit in proportion to their contribution to GDP. Information asymmetry, lack of collateral and higher lending costs deter desired credit flow to the sector. Moreover, the gap in overall available non-food credit and credit to MSMEs has increased over the years. Credit flow to this segment has been mainly owing to the priority sector lending targets, despite the low

NPA percentage and higher margins for lenders. The contribution of MSMEs towards GDP is not reflected in the available credit to the sector through formal channels. Banks argue the cost of serving customers is high, but seeing better asset quality and higher growth it is even stronger argument to lend to this sector.

The stress in the banking sector continues as gross non-performing advances (GNPA) ratio rises further. As per the Financial Stability Report released by RBI in June 2018, GNPA ratio of scheduled commercial banks (SCB) rose sharply from 10.2% in September 2017 to 11.6% in March 2018. The performance of the industry sector was even worse, with a GNPA ratio at 22.8%. In view of the increasing stress, tighter exposure caps and diminishing scope in lending to large corporates, banks and other financial intermediaries have initiated course corrections to shift their focus to MSMEs. At the same time, smaller loans are evolving as a new growth engine for the financial sector, which is also indicated in the latest MSME Pulse report, a quarterly by SIDBI and TransUnion CIBIL. The report gives meaningful insights about the MSME sector, based on analysis of credit data of more than 5 million borrower accounts, which are divided into four categories as per credit exposure:

Micro: Exposure less than Rs 1 crore;

SME: Exposure between Rs 1 crore and Rs 25 crore;

Mid: Exposure between Rs 25 crore and Rs 100 crore;

Large: Exposure above Rs 100 crore.

As per the report, while asset quality deterioration in the large segment continued, the MSME space portrayed a relatively stable and range-bound asset quality. Within the MSME segment, the NPA rates are higher for larger sized exposures. GNPA for loans below Rs.25 crore has actually declined.

Although the segment brings new opportunity for banks, it becomes extremely critical for banks to avoid any irrational exuberance if they aim towards building a sustainable MSME portfolio. Overall, the recognised NPA exposure for MSMEs was Rs.81,000 crore as of March 2018. There was another Rs.11,000 crore of non-NPA exposure, whose other exposures are tagged as NPA by at least one other bank and exposure of Rs.1,20,000 crore belonged to entities that are high risk category. Banks need to be proactive but cautious. New private sector banks have a superior acquisition profile in the MSME space in terms of credit growth and targeting less risky enterprises. Even their riskier loan acquisitions are asset backed in nature, which partially mitigates lending risk to the segment. At the same time, public sector banks do not exhibit the same acquisition skills in the segment as they are extending plain working capital and term loan structures in the high-risk segment. It is a great opportunity for PSBs.

The appetite of banks and financial intermediaries for lending in the MSME space has been increasing gradually, though a huge gap still remains in MSME financing. There is a clear shift in focus towards smaller loans as credit growth rate in loans up to Rs.1 crore was 22.2% and credit growth rate in loans in the segment of Rs.1 crore to Rs.25 crore was 12.8% on a year-on-year basis, as of March 2018, which are the highest among all segments in the commercial lending space. The report analyses that credit growth in the very small segment (less than Rs.10 lakh) has been around 35%.

Entering the small loan segment is not a cakewalk for banks. Besides NBFCs, banks have new competitors in the form of digital banks, fintechs and even e-commerce firms. Markets are getting innovative and new models of lending are emerging every now and then. While high-tech models are targeting a segment that has primary or surrogate data as a proof of creditworthiness, banks are required to adopt a high touch model to serve the MSME segment, which needs a lot of hand holding and mentoring for entering a formal credit channel. At the same time, banks are also required to remain competitive by reducing the cost of running a high touch model and need to adopt to complementary technologies to serve with a blend of high-tech and high-touch model.

MSMEs were temporarily affected by structural reforms such as demonetisation and GST but are back in business, which is evident from the level of utilisation of working capital facilities availed by them from banks. Working capital facilities of MSMEs, which are closely associated with the levels of economic activity reflected in production, trade, revenue etc, have surpassed the pre-demonetisation level of activity in all segments. Specifically, MSMEs with exposures from Rs.10 lakh to Rs.10 crore had recovered business activity to pre-demonetisation levels of September 2017. Formalisation of business and push for cashless transaction are encouraging informal sectors to transit into the formal economy. This is expected to add around 10 lakh new-to-credit (NTC) MSME borrowers to the system annually. A recent NTC portfolio study suggests 60% first-time borrowers sustain or increase their credit exposures, in the two-year period following their first formal loan. The gap between the formal credit available and the economic activity exhibited by the MSME is still huge. Banks can achieve more priority sector lending targets by lending to MSMEs, which means lesser investment in the low-yielding Rural Infrastructure Development Fund and high profitability.

Banks and NBFCs have used retail lending as a tool for growth and profitability during the period 2012-16. MSME is the only category that offers hope in terms of demand and asset quality. It is the new retail.

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Courtesy. Author is Chairman & Managing Director, Small Industries Development Bank of India

If our energy field is pure and powerful everyone will get touched with our pure vibrations. This will help them to emerge their own purity and power. This is the true meaning of blessing people.

APPOINTMENTS

- Smt. Urmila Rajoria, IAS has been appointed as Managing Director, Rajasthan Financial Corporation {RFC}, Jaipur vice Smt. Manju Rajpal, IAS
- Shri Nitin Kumar Shivdas Khade, IAS has been appointed as Managing Director, Assam Financial Corporation {AFC}, Guwahati vice Shri Debeswar Malakar, IAS.
- Dr. Sudip Kumar Sinha has been appointed as Managing Director, West Bengal Financial Corporation {WBFC}, Kolkata vice Shri Sheo Kumar Ram.

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New Helpline for Income-tax e-filing Notified

The Income Tax Department notified a new helpline number for Taxpayers who e-file their returns and conduct other tax-related businesses online.

New Helpdesk number is India toll-free **18001030025**. Direct Number : **+918046122000**

LETTER TO THE EDITOR

September 20, 2018

Dear Editor,

Shri S.K. Agarwal

I have read the last few issues of tri-monthly Journal titled – 'COSIDICI COURIER' with great interest. It is a very informative magazine and I am glad to learn that COSIDICI, an apex body of all the SLFIs which are functioning in different states of the country i.e. SFCs; SIDC; and SIICs, is engaged in the promotion, development and financing of industries in the small, medium and large sectors and is also working for developing infrastructure facilities in various states. It is not an exaggeration to say that this Journal will prove to be a guide for economic upliftment of the country and new entrepreneurs.

Please accept my hearties congratulations on this accomplishment which will keep COSIDICI's name alive for generations to come.

With kind regards

Sincerely,

Sd/-

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PROFILE OF MEMBER CORPORATIONS

Assam Industrial Development Corporation Limited {AIDC}

About AIDC

Assam Industrial Development Corporation Limited was incorporated in the year 1965 and registered under the Companies Act. 1956.

It seeks to

❖ promote, establish and execute industries / projects or enterprises for manufacture and production of plant and machinery tools, implements etc.

❖ promote and operate schemes for industrial development of Assam.

❖ aid, assist and finance any industrial undertaking, project or enterprise whether owned or run by Government, statutory body, private company or individual with capital credit, means or resources for prosecution of its works and business.

❖ promote and establish companies and associations for execution of industrial undertakings.

❖ procure capital for or to provide machinery equipments and other facilities to any company or association for the purpose of carrying into effect any objects connected with the industrial development and to subscribe or underwrite or otherwise deal with shares, debentures.

AIDC is also creating high standard industrial infrastructure in Assam for the growth and development of industries in the State.

Strategy and Business Plan adopted for realization of goal:

Strategy:

Assam Industrial Development Corporation Limited

❖ Restructuring for project development, appraisal, facilitation and corporate service group activities

❖ Project development in PPP mode for generating immediate revenues.

❖ Develop export oriented units in the state for better trade facilitation.

❖ Use the immovable properties of closed PSUs for better utilization of industrialization.

Business plan:

❖ With the objective of developing sustainable revenue sources, AIDC shall pro-actively engage in project identification and development of commercially viable project.

❖ AIDC shall grow into a leading consultancy agency for similar organizations of North-Eastern Region.

❖ Under the initiative of AIDC with central assistance, two sector specific project namely 'Mega Food Park' at Tihu and 'Bamboo Technology Park' at Chaygaon, are under implementation.

❖ The Corporation has taken steps to set up sector specific industrial parks in PPP mode like Plastic Park at Gelapukhuri, Jute Park at Dhing and Pharmaceutical Hub at Chandrapur.

❖ Is developing a Corporate Complex and a Commercial & Business Hub at its land at Guwahati to accommodate corporate offices of different multinational, central & state corporate houses in the Corporate Complex at R. G. Baruah Road and commercial/ business organizations in the Commercial & Business Hub at G.S. Road.

❖ The Corporation constructs Border Trade Centres at different places to facilitate border trade with the neighboring countries and has completed one such BTC at Mankachar.

❖ Implemented a Ginger Pack House at Amingaon, Guwahati for value addition and cold storage of ginger.

❖ AIDC is setting up an Air Cargo Complex in the State to be located at Lokpriya Gopinath Bordolia International Airport, Borjhar, Guwahati to improve the cargo handling infrastructure facility including cold chain facility.

❖ It has implementation of large cement plant, Calcom Cement Project at Lanka & Umrangshu and IV Fluids project at Amingoan.

❖ It is developing three MSME Cluster Development Projects at Moran, Sonari, and Pathsala.

❖ Has set up a Regional Food Testing Laboratory with central assistance at Tihu for the food processing sector.

❖ It is upgrading the existing Export Promotional Industrial Park, Amingaon and Industrial Infrastructure Development Centre, Dalgaon under Ministry of MSME, for better infrastructural facility to attract the entrepreneurs for investment.

❖ AIDC has implemented various infrastructure projects like Export Promotional Industrial Park, Industrial Growth Centres and Industrial Infrastructure Development Centres to promote large, medium and small industries in the /state.

❖ The Corporation also been instrumental to attract mega investment in the State. At Industrial Growth Centre – Matia, 200 acres of land has been allotted to M/S Kohinoor Pulp & Paper Pvt. Ltd for setting up of a Pulp & Paper Plant with and investment of Rs. 1500.00 Crore and another 100 acres of land is allotted to Ind Swift Laboratories Ltd for setting up of a pharmaceutical unit with an investment of Rs.1285.00 Crores.

❖ Its mission is to facilitate continuous and speedy industrial growth through optimal utilization of available resources.

Advantage of being with AIDC

1. AIDC follows a simple and transparent allotment procedure.

2. AIDC offers reasonable allotment price for all the Industrial land.

3. AIDC offers Industrial land with quality infrastructure.

It has developed 7 Integrated Infrastructure Development Centre; 2 Industrial Growth Centres; 1 Export Promotional Industrial Park; 5 Industrial Parks and 9 Other Industrial Areas.

In addition to the Quality Industrial Infrastructure, all places have good support terms of power, transport and communication.

Joint Venture Companies of AIDC

i. AIDC is in the process of reviving the Joint Venture Company (JVM) M/s Prag Bosimi Synthetics Ltd.

ii. M/S. Calcom Cement India Ltd. (CCIL) is setting up at a cost of Rs.1,050 crores to utilize local raw materials for producing cement. It would make Assam self sufficient in cement and also be able to support the other states, including exporting to neighboring SAARC & ASEAN countries. The project would boost economic development of Assam and overall of the North Eastern region, by ensuring availability of cement at economical cost required for major infrastructural projects in the region. This project would also create ample opportunities of direct & indirect employment.

Investment made by State Govt. in the seven PSUs of AIDC

Sl. No.	Name of the PSU	Investment Amount (Rs. in Lakh)
1.	Assam Petro Chemicals Ltd.	2563.28
2.	Assam State Fertilizers Chemicals	1258.79
3.	Assam Syntex Ltd.	5942.87
4.	Assam State Weaving & Manufacturing Co. Ltd.	2502.81
5.	Cachar Sugar Mill	1800.89
6.	Fertichem Ltd.	1572.07
7.	Industrial Paper (Assam) Ltd.	767.10

Functions - Allotment of Land and Properties

Assam Industrial Development Corporation Limited has many Industrial Land/Plots which are available in the various Integrated Infrastructure Development Centres, Industrial Growth Centres like Integrated Infrastructure Development Centre, Titabor, Jorhat; Integrated Infrastructure Development Centre, Bhomoraguri, Nagaon; Integrated Infrastructure Development Centre, Demow, Sibsagar; Integrated Infrastructure Development Centre, Silapathar, Dhemaji; Integrated Infrastructure Development Centre, Tihu, Nalbari; Integrated Infrastructure Development Centre, Malinibeel, Cachar; Industrial Growth Centre, Balipara, Sonitpur; Industrial Growth Centre, Matia, Goalpara; Infrastructure Development Centre, Pathsala, Barpeta.

Udyog Sahayak Department of AIDC is an Implementing Agency for the Industrial Policy of Govt. of Assam for Medium and Large Industrial units.

The Industrial Policy provides two types of Support to the Entrepreneurs.

A. Financial support during initial operation period to overcome initial teething trouble faced by the industrial unit. The various incentives & subsidies under the respective schemes of Industrial & Investment Policy of Assam 2014 are: TAX Exemption; VAT Exemption under the provision of the Assam Value Added Tax Act, 2005; Entry Tax; Luxury Tax; Subsidy on Quality Certification/ Technical Knowhow; State Capital Subsidy; Additional Incentives for Mega Projects.

B. Render services during conceptual stages, project formulation and planning stage

Applications from Eligible Industrial units under the Industrial Policy, Govt. of Assam are processed by the Udyog Sahayak Department, AIDC and placed before the meeting of State Level Committee for consideration as per industrial policy of Assam 2014 to consider grant of Eligibility Certificate and other Incentives for Medium & Large units.

The Corporation also renders services during conceptual/project formulation and planning stages: Guidance to Entrepreneurs; Apprising central/State Govt. industrial policy, Rules & Regulations; Arrangement of seminars & Entrepreneurs awareness camp from time to time.

Some of the Schemes of AIDC are

Integrated Infrastructure Development Centre Scheme, Ministry of MSME; IGC Scheme, Ministry of Commerce & Industry; MoFPI Scheme, Ministry of Food Processing Industry; ASIDE Scheme, Ministry of Commerce & Industry; EDF Scheme, Ministry of Commerce & Industry; NLCPR Project, Ministry of DoNER; EPIP, Ministry of Commerce & Industry; CIB Scheme, Ministry of Commerce & Industry; IIUS Scheme, Ministry of Commerce & Industry; Cluster Development Programme, Ministry of MSME; Setting up of Plastic Park Scheme, Ministry of Chemicals & Fertilizers, Deptt. of Chemicals & Petrochemicals and Jute Technology Mission Scheme, Ministry of Textile.

Some of the Major Industries/Hospital/Hotels Projects are promoted by Assam Industrial Development Corporation Ltd. in various schemes since inception.

- Assam Industrial Development Corporation Limited on behalf of the Government of Assam carried out all the incubation services of works till the formation of company for the major projects in the state like Numaligarh Refinery Limited, Brahmaputra Cracker & Polymer Limited, Maniram Dewan Trade Centre of Assam Trade Promotion Organisation, Assam Hydrocarbon and Energy Company Limited etc.
- The following units are the major Dividend paying company after Equity participation
  - ❖ Assam Petrochemical Ltd.
  - ❖ Premier Cryogenics Ltd.
  - ❖ Assam Air Products Ltd.
  - ❖ Down Town Hospital Ltd.
  - ❖ Guwahati Neurological Research Centre Ltd. (GNRC)
- **Joint Venture Company** – Calcom Cement Limited, a subsidiary of Dalmia Bharat Group and Prag Bosimi Synthetic Limited promoted by Bombay Silk Mills Ltd. and Associates of Bosimi group had been established as joint venture companies.
- In service sector also, one of the premier Hotel projects was promoted by AIDC under Refinance Scheme.
  - ❖ Assam Ashok Hotel Corporation Ltd. (Brahmaputra Ashok Hotel), Guwahati.

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Life is Beautiful: First, believe in this world - that there is meaning behind everything. Everything in the world is good, is holy and beautiful.

DO YOU KNOW !

MAGIC OF ALPHABET 'E'

- In this world of E-mails, E-ticket, E-paper, E-recharge, E-transfer...
- Never Forget "E-shwar (God)"
- who makes e-verything e-asy for e-veryone e-veryday.
- E" is the most Eminent letter of the English alphabets.
- Men or Women don';t exist without "E".
- House or Home can';t be made without "E".
- Bread or Butter can';t be found without "E".
- "E" is the beginning of "existence" and the end of "trouble."
- It';s not at all in ';war'; but twice in ';peace';.
- It';s once in ';hell'; but twice in ';heaven';.
- "E" represented in ';Emotions'; - Hence, all emotional relations like Father, Mother, Brother, Sister, wife friends have ';e'; in them.

- "E" also represents ';Effort'; ';Energy'; - Hence to be ';Better'; from good both "e" ';s are added.
- Without "e", we would have no love, life , wife , friends or hope
- see; hear; smell; or taste; as eye; ear; nose; tongue; are incomplete without "e".
- Hence GO with "E" but without E-GO

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Exports rise at fastest pace in three months

Exports rose at the fastest pace in three months to reach $27.84 billion in August on account of healthy growth in petroleum products, engineering, pharma, and gems and jewellery shipments. Imports grew by 25.41% in August to $45.24 billion due to costlier crude oil shipments. In August, the growth rate in overseas shipments touched a three-month high of 19.21%. Earlier in May, exports had recorded a growth of 20.18%. Trade deficit during the month narrowed to $17.4 billion, against $12.72 billion in the same month last year, according to the data released by the commerce ministry. In July, the trade deficit was $18.02 billion.

Forex reserves rise by $1.2bn to $400bn

India's foreign exchange reserves rose by $1.20 billion to $400.49 billion in the week to September 14, 2018 on account of increase in foreign currency assets, according to the RBI. In the previous week, forex reserves had declined by $819.5 million to $399.28 billion. In the reporting week, foreign currency assets, a major component of the reserves, increased by $1.05 billion to $376.15 billion.

Industrial production grows at 6.6%

Despite remaining elevated, industrial output growth moderated slightly in July to 6.6 per cent as growth in the capital goods segment cooled suddenly. In the previous month of June, the Index of Industrial Production (IIP) grew at a slightly higher rate by 6.8 per cent, up from 3.92 per cent in May. The stable pace of growth can be attributed mainly to the manufacturing segment, constituting the bulk of the index at 77.6 per cent, growing by 7 per cent, marginally up from the 6.9 per cent in June. Among the 23 sub-sectors within manufacturing, only six recorded a year-on-year contraction, up from four in June. Industries such as electronics, auto, pharma, food, metals, non-metallic products, etc, continued to do well. The higher growth rates within manufacturing resulted due to favourable base effect of negative growth in 2017 for manufacturing and the overall industry.

Govt hikes import duties on 19 items

The government in September raised import duties on 19 items, including consumer electronics, diamonds, jewellery, jet fuel and leather footwear, to curtail the widening current account deficit. The import of these 19 items cost Rs.860 billion in 2017-18, according to the finance ministry and constituted 2.8 per cent of India's total import bill last financial year.

The highest number of items on the list belongs to the electronics category, which makes up the third-biggest chunk of the import bill after crude oil and gold. The customs duty on speakers, air conditioners, household refrigerators, and washing machines of less than 10 kg has been hiked from 10 per cent to 20 per cent. On the other hand, compressors for these household devices will now see a higher tariff of 10 per cent compared to 7.5 per cent at present.

India's Q1 GDP growth soars to 8.2%

Spurred by manufacturing, India's economic growth rose to a nine-quarter high of 8.2 per cent in the first quarter of 2018-19, surpassing analysts' expectations. Gross domestic product (GDP) had earlier grown by 7.7 per cent in Q4FY18. Manufacturing grew at a nine-quarter high of 13.5 per cent largely owing to a low base effect, while the services sector expanded at a slower pace.

Construction rose to 8.7 per cent in Q1FY19 as against 1.8 per cent in Q1FY18. Agriculture and allied activities registered 5.3 per cent growth rate in Q1FY19, up from 4.5 per cent in Q4FY18, due to a surge in production. The services sector grew at a slightly slower pace of 7.3 per cent in Q1FY19, down from 7.7 per cent in Q4FY18.

On the expenditure side, household demand as measured by private consumption expenditure grew at a healthy 8.6 per cent in Q1FY19, up from 6.7 per cent in Q4FY18.

Forex reserves rise by $445.4m to $401.293bn

The country's foreign exchange reserves rose by $445.4 million to $401.293 billion in the week to August 24 on the back of increase in currency assets, RBI said. In the previous week, the overall reserves had witnessed a drop of $33.2 million to $400.84 billion.

The reserves had been declining in the past few weeks as the RBI is selling the US dollar to contain depreciation in the rupee. In the week to August 24, foreign currency assets, a major component of the overall reserves, swelled by $386.6 million to $376.591 billion. Gold reserves rose by $35.7 million to $20.763 billion for the same week.

Textile exports turn around in July

The export of textiles and apparels has increased by 11% in July 2018 over the corresponding period, said the Confederation of Indian Textile Industry (Citi). Continuous support from the union government is expected to put the industry back on track with the textile and apparel exports growing by 7% while imports staying flat in 2018-19. Quoting the directorate general of commercial intelligence and statistics (DGCI&S), Citi said that the textile and apparel exports for July 2018 has touched Rs.19,636 crore as compared to Rs.17,692 crore in July 2017. The textile and clothing industry and it is finally witnessing positive momentum and is the single largest industrial employment provider with 10 crore people. The overall growth in exports during April-July 2018 has been 3% vis-a-vis the same period last year. Further, the MMF segment, which is expected to be the growth driver of the industry in the coming years has seen increase in production. Growth has been observed in production of man-made fibre, spun yarn and fabric during April to June 2018.

ADB approves $620-mn loan for Madhya Pradesh, West Bengal

Asian Development Bank (ADB) has approved $620 million loan to boost irrigation projects in Madhya Pradesh and supply clean water in West Bengal. ADB inked $375 million loan agreement with the Madhya Pradesh government that will be used to contribute to double farming income by expanding irrigation networks and system efficiency. It also approved a financing package of $245 million to provide safe, sustainable, and inclusive drinking water service in West Bengal. This is expected to benefit about 1.65 million people in three districts of West Bengal affected by arsenic, fluoride and salinity.

The Madhya Pradesh Irrigation Efficiency Improvement Project will develop 1,25,000 hectares (ha) of new, highly efficient and climate resilient irrigation networks, and improve water use efficiency in more than 400 villages, benefiting over 8 lakh people in the state.

"The ADB funds will be used to develop a large-scale pressurised and automated irrigation system for boosting irrigation efficiency." The project will help Madhya Pradesh sustain its extraordinary growth in the agriculture sector through support

to the state government's irrigation expansion and modernisation plan by maximising irrigation efficiency and water productivity.

ADB said more than 90 per cent of the rural population relies on groundwater, making it home to about 72 per cent of India's population at risk from arsenic and 5 per cent of the population at risk from fluoride contamination. The project will provide continuous potable water through metered connections to about 3,90,000 individual households.

FDI grows 23% in April-June this fiscal

Foreign direct investment in India grew by 23% to $12.75 billion during the April-June quarter of 2018-19. The foreign fund inflows in April-June 2017-18 stood at $10.4 billion, the Department of Industrial Policy and Promotion data showed. The country's current account deficit (CAD) is likely to touch 2.8 per cent of GDP in 2018-19 on surge in crude oil prices. FDI had increased at a five-year low growth of 3 per cent at USD 44.85 billion in 2017-18. A growth in foreign investment assumes significance against the backdrop of widening current account deficit and trade deficit.

Manufacturing eases to 51.7, a three-month low

Manufacturing growth eased for the second consecutive month in August, mainly on account of slower gains in output and decline in fresh orders. The numbers are in contrast to the strong manufacturing growth (13.1 per cent) in the first quarter (April to June, or Q1) of 2018-19 (FY19). The index fell to 51.7 in August from 52.3 in July, as operating conditions improved at the slowest pace since May. In GDP data, the domestic demand, as denoted by the private final consumption expenditure, rose at 8.6 per cent in Q1FY19, up from 6.7 per cent in Q4FY18.

Trade deficit widens to five-year high in July

A rise in the crude oil bill led to India's trade deficit widening to a 62-month high in July, despite exports growing by 14.32 per cent. After months of contraction, exports grew, helped by engineering, chemical products, and gems and jewellery. The trade deficit increased to $18.02 billion in July, up from $16.61 billion in June. This was due to a jump in the crude oil import bill, which rose more than 57 per cent to $12.35 billion in July, up from $7.84 billion a month back.

Total imports stood at $43.79 billion in July, $44.3 billion in June when it had seen a 21.31 per cent rise. This will put pressure on the current account deficit in the second quarter of the current financial year, after it stood at 1.9 per cent of gross domestic product (GDP) in the fourth quarter of 2017-18, compared to 2.1 per cent in the quarter before.

Value limit for exports via courier raised to Rs.5 lakh

An exporter can now ship goods worth Rs.5 lakh through courier service or post as against the earlier limit of Rs.25,000 per consignment, according to the commerce ministry. "The value limit for exports through courier service/post has been placed at Rs.5 lakh and the eligibility criteria for entitlement under MEIS for courier/ post exports have been increased to Rs.5 lakh per consignment from the earlier Rs.25,000 per consignment," the Directorate General of Foreign

Trade said in a notification. The limitation on the port of exports for courier shipments for the purpose of incentivisation under MEIS has been done away. This is expected to promote overseas shipments of products such as jewellery through courier and post.

Under the merchandise Export from India Scheme (MEIS), the government provides duty credit scrip to exporters. The rates vary from product to product and and the export destination, as envisaged in the foreign trade policy. Rewards under the scheme are payable as percentage of realised free-on-board value and MEIS duty credit scrip can be transferred or used for payment of a number of duties including the basic customs duty. "With the enhancement of the limit, the handicrafts exporters who are doing business through e-commerce will be benefited and many more will be encouraged to follow them."

India's forex reserves up $67.7mn to $405.14 bn

India's forex reserves increased by $67.7 million to $405.143 billion for the week ended July 20, mainly owing to a rise in foreign currency assets and gold reserves, RBI data showed. The overall forex reserves had decreased by $734.5 million to $405.075 billion in the previous reporting week. In the week under review, foreign currency assets, a major component of the overall reserves, increased $46.8 million to $380.049 billion, the data showed. Expressed in US dollar terms, foreign currency assets include the effect of appreciation or depreciation of non-US currencies such as the euro, pound and yen held in the reserves. Gold reserves increased for the second consecutive week, up $24.9 million to $21.140 billion. The special drawing rights with the International Monetary Fund (IMF) decreased by $1.8 million to $1.480 billion, while India's reserve position with the IMF also declined by $2.2 million to $2.474 billion, the central bank said.

Govt hikes import duty on textile items by up to 20%

The government raised import duties on 328 textile products by up to 20 per cent in August. India had raised basic Customs duties on 43 broad categories of goods, including electronics, in this year's Budget. Last month higher safeguard duties on solar cells imported from China and Malaysia was announced. It had also raised import tariffs on 76 textile products, including jackets, suits, and carpets, to 20 per cent.

This duty hike for products across the textile value chain is expected to give an edge to domestic manufacturers and boost the sector, currently employing an estimated 105 million people in the country. It is also aimed at pulling out textile exports from the doldrums they have been stuck in since October 2017. Export of the largest segment within textiles — ready-made garments — continued to drop in June, contracting by 12.34 per cent to $13.5 billion. This was lower than the 16.62 per cent fall seen in May.

Export credit plunges 47% in July even as priority sector lending up 7.5%

Export credit provided by banks fell by about 47% to Rs.21,900 crore as of July 20 from a year earlier. This is despite the fact that total lending to the priority sector rose 7.5%, according to the latest data from the RBI. The persistent decline in export credit, especially to small players in the current year so far has raised fresh concerns about adequate financial support to exporters. The growth in exports has slowed for a third straight month through July. Exports in 2017-18 came in at $303.5 billion, an increase of 10% over the previous year. Between April and July, exports have totalled $108.2 billion, up 14.2% from a year before.

The growth in non-food credit — or loans to companies and individuals — touched 10.6%

as of July 20, partly 23% jump in loans to the services sector. Export credit, however, was down 33.4% as of March 30 from a year before and the performance in this segment has worsened despite a steady rise in priority sector lending growth.

Merchandise exports growth slowed from 20.2% in May to 14.3% in July, as a rise in oil prices helped boost outbound shipment value. Still, the rise in exports failed to keep pace with that in imports, which touched a 14-month high of 28.8% in July to $43.79 billion and drove up trade deficit to a 62-month high. Exports from employment-sensitive sectors – such as textiles & garments, gems & jewellery, leather, stone, cement, ceramic, farm, plantation, marine and other allied segments — where MSMEs play a major role, witnessed a 1.6% drop in the first quarter of this fiscal, against a 14.5% jump in overall merchandise exports.

India is 6th largest, economy : WB

India emerged as the world's sixth largest economy in 2017, surpassing France and likely to go past the United Kingdom, which is at the fifth position, according to an analysis of data compiled by the World Bank. In 2017, India became the sixth largest economy with a Gross Domestic Product (GDP) of $2.59 trillion, relegating France to the seventh position at GDP of $2.58 trillion. The United Kingdom, which is facing Brexit blues, had a GDP of $2.62 trillion, which is about $25 billion more than that of India.

Now, only 35 goods in highest GST slab

The GST Council pruned the 28% slab by cutting tax rates on 191 goods over the last one year, leaving just 35 items, including AC, digital camera, video recorders, dishwashing machine and automobiles, in the highest tax bracket. There were around 226 goods in the 28% category when the GST was implemented on July 1, 2017.

Shri Rajesh Sharma, CGM (Finance), NHAI, New Delhi and Shri V.S.Radhakrishnan, CGM (CAG), SBI, Mumbai sign the MoU.

The 35 goods, which will be left in highest slab once the new GST rates were implemented from July 27, include cement, automobile parts, tyres, automobile equipments, motor vehicles. Yachts, aircrafts, aerated drinks, betting and demerit items like tobacco, cigarette and pan masala.

Direct taxes grow at 6.6%

Direct tax collections grew by 6.6 per cent during April-July of the current financial year against the Budget target of 14.4 per cent for 2018-19. Corporation taxes, 0.57 per cent, the lowest in the first four months in at least seven years. Corporation taxes are budgeted to yield 10.15 per cent more revenues to the coffers at Rs.6,210 billion in FY2019 against Rs.5,637.45 billion in the previous year. Personal income tax collections increased by 11.3 per cent in April-July period. It is budgeted to grow 19.8 per cent at Rs.5,290 billion in FY19 compared to Rs.4,412.55 billion a year ago.

Unsecured loan: NHAI to raise Rs 25k crore from SBI

The National Highways Authority of India (NHAI) has entered into an agreement with State Bank of India (SBI) to raise Rs.25,000 crore from the country's largest bank as an unsecured loan, mainly to finance fully-state-funded engineering procurement and construction (EPC) projects.

NHAI, which implements around a third of highway projects via the EPC route, gets a third of the funds from the Union budget and its borrowings have largely been through government-guaranteed bonds, lapped up by the likes of LIC and EPFO. The authority has already raised Rs.10,160 crore through bonds against its Rs.62,000-crore borrowing target for this fiscal. NHAI has a target to construct 6,000 km highways in FY19 compared with 3,500 km in FY18.

The 10-year loan from SBI, with a 3-year moratorium on repayments, is competitively priced at 7.99%, only marginally higher than the bank's one-month Marginal Cost of Funds Based Lending Rate (MCLR) of 7.9%. The SBI funds for NHAI would be cheaper than raised by the authority from LIC and National Small Savings Fund (NSSF).

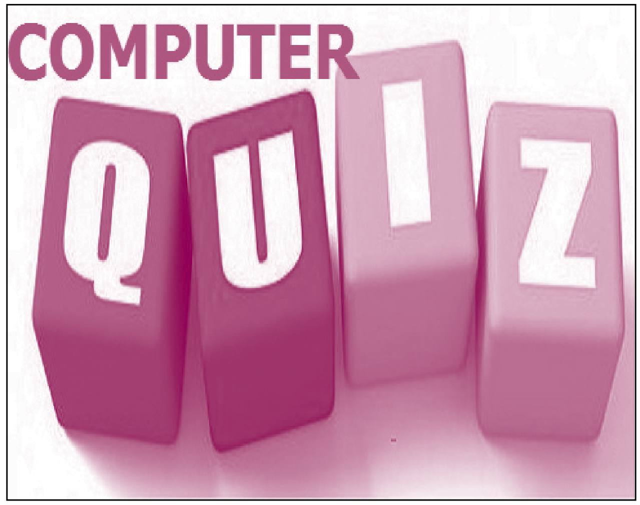
"NHAI's rating is at par with the sovereign government. If somebody is giving us unsecured loan, it is due to his perception (of us). NHAI has recently raised Rs.4,000 crore from LIC at 8.51% and Rs.5,000 crore from NSSF at 8.33%, with both loans having tenures of 10 and 30 years, respectively. It has also mobilised Rs.1,160 crore through the issuance of 54EC tax-saving bonds. The NHAI official said SBI and some other banks responded to a tender inviting expression of interest (EoI) from scheduled commercial banks for Rs.25,000-crore unsecured loan. While SBI itself offered the entire amount, the cumulative offers from others were to the tune of Rs.19,000 crore. NHAI would consider taking loan from these banks also in case it finds the offers lucrative.

NHAI can repay/prepay the SBI loan at any time without any prepayment penalty. There is no principal repayment liability for initial three years. After three years, the repayment would be done in 14 equal half yearly instalments. NHAI can draw the amount in any number of tranches, latest by March 31, 2019.

■■■

Daily meditation is not only to experience peace during that time, but to reprogramme our belief systems, chanelise our thoughts and prepare how you are going TO BE the entire day. Meditation energise us to be peaceful in the toughest of situation.

QUESTIONS OF CYBERQUIZ ~ 72



Qn.1. Which Company's ad line was "Geography is History" ?

[a] Iridium; [b] Lucent; [c] Sun Microsystem; [d] DEC.

Qn.2. Which company jointly owns Bell Labs with AT&T ?

[a] Western Electric Corporation; [b] General Electric; [c] General Dynamics; [d] IBM.

Qn.3. Which BPO company is the largest in India in terms of number of employees ?

[a] Nipuna; [b] GE Capital International Services; [c] Spectramind; [d] Daksh.

Qn.4. The above takeover attempt was engineered by Burroughs' CEO, a former US Secretary of Treasury. Who is he ?

[a] Alexander Hamilton; [b] James Baker; [c] Werner Michael Blumenthal; [d] Mindspace.

Qn.5. This non-profit organization of volunteers from around the world operates and contributes to a project to design, develop and maintain a free open-source HTTP Web server, What is it called?

[a] Open-source Group; [b] Apache Group; [c] Java Group; [d] Apache-Sun Group.

For Answer of Cyberquiz See Page No. 34

One must know oneself. If this does not serve to discover truth, it at least serves as a rule of life, and there is nothing better.

SUCCESS STORY OF MPFC ASSISTED UNIT

GEI Industrial Systems Ltd, Bhopal

GEI was established in the year 1970 by Mr. C.E. Fernandes with an idea to develop on its own - Indian substitutes for imported parts and to provide Innovative Engineering Systems and Solutions. The mission of GEI is to provide Innovative and Reliable Engineered Products and Services in the Global Energy Sector at competitive prices, enhancing shareholders' value.

The works is situated in the city of Bhopal in Central India. GEI is spread over 6.5 Acres having infrastructure for design, engineering, manufacturing and testing of medium and large Air Cooled Heat Exchangers and Air Cooled Steam Condensers. GEI is accredited with ISO – 9001-2000 Certification for quality system and hold ASME "U" and "R" Stamp Certificates for fabrication of Pressure Vessel and Heat Exchangers both in the factory and at the field or site. GEI is having about 650 qualified professionals and experienced workforce. GEI is one of the leading Companies dealing with Heat Transfer Products such as Air Cooled Heat Exchangers and Air Cooled Steam Condensers for the Energy Sector.

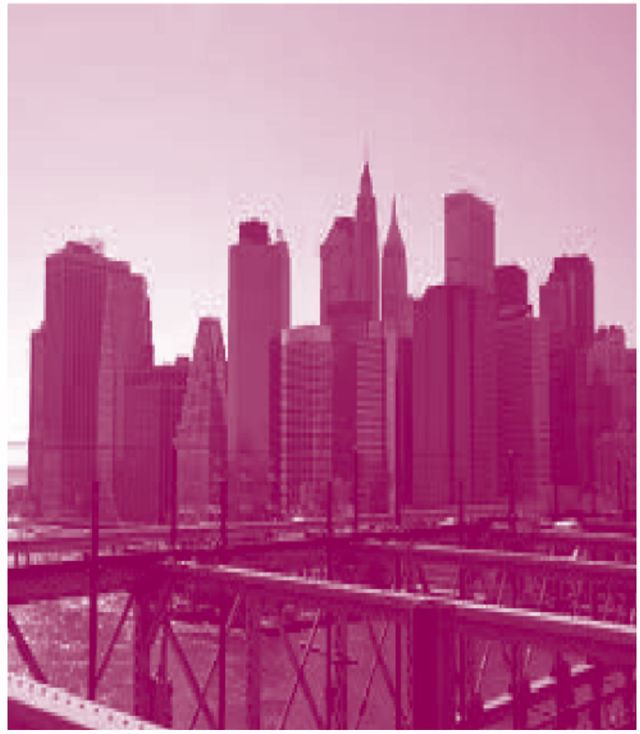
The products manufactured by GEI, finds application in Oil / Gas Production, Gas Processing, Oil / Gas Transport, Petroleum Refining, Petro-Chemical and Power Generation. GEI has supplied Heat Transfer Products to Africa, Australia, Europe, Middle East, South East and Far East Asian Countries and also to North and South America. Over the years GEI has had a consistent growth , which has made GEI to emerge a winner in the fields of design, engineering, manufacturing, erection and commissioning of the Air Cooled Heat Exchangers and Air Cooled Steam Condensers.

GEI offers optimum solutions of Steam Condensing using Atmospheric Air Thermal Power Plants. GEI has the credential of having installed more than 45 units of Air Cooled Vacuum Steam Condensers and the unique distinction of presently executing orders for 40 units of Air Cooled Steam Condensers which include 4 units, each of 150 MW Plant Capacity. Riding on import substitution of yesteryears, GEI has become a formidable player in Air Cooled Heat Exchangers and Condensers Market.

Madhya Pradesh Financial Corporation is associated with GEI since long and witnessed the phenomenal path of growth achieved by the Company. GEI has achieved turnover of INR 2500 Million. Madhya Pradesh Financial Corporation wishes GEI and its Associates to sustain the growth momentum.

RBI eases SLR norms for banks to tackle squeeze

With a view to infusing more liquidity into the system the RBI allowed banks to use a bigger share of their statutory liquidity reserves (SLR) in order to meet their liquidity coverage ratio (LCR) requirement. The banks can carve out up to 15% of holdings under the statutory liquidity reserves to meet their LCR requirements as compared to the earlier norm of 11-13%. As per current regulations, the banks need to maintain 19.5%SLR and 16% LCR. The liquidity deficit in the banking sector has gone past the Rs.1-lakh-crore mark on the back of advance tax payment and interventions in the forex market to stem the depreciation of the rupee.



Govt opts for AMC route

A panel of public sector bankers has suggested against setting up a bad bank and instead came up with a five-pronged strategy to resolve non-performing assets (NPAs), depending on the amount of stressed assets. The strategy to deal with NPAs included banks setting up a dedicated vertical to deal with smaller stressed assets of less than Rs.500 million, inter-creditor agreements to deal with loans between Rs.500 million and Rs.5 billion, and setting up asset management companies (AMCs) for loans above Rs.5 billion, with money raised through alternative investment funds (AIFs). It also suggested resolving bad debts under the Insolvency and Bankruptcy Code (IBC) and setting up a trading platform for assets. The recommendations have been accepted by the government, Union Finance Minister Shri Piyush Goyal said.

The panel, led by Punjab National Bank Non-Executive Chairman Shri Sunil Mehta, suggested an independent AMC with a minimum capital of Rs.200 million. Then, an AIF will be created to raise funds from foreign and institutional investors. Banks have an option to invest if they wish to participate in the upside. The price discovery of these NPAs will be through open auction by the lead bank, and in it asset reconstruction companies (ARCs), AMCs and other investors will be free to bid. "This AMC, AIF will become a market maker and thereby ensuring healthy competition, fair price and cash recovery. Security Receipts (SRs) will be redeemed within 60 days. The AMC/AIF will conduct an operational turnaround of the asset by itself or by engaging with an external party and can also bid for assets in the NCLT and thus play a broader role in resolutions". The panel also suggested a transparent asset-trading platform among banks to trade in solvent as well as toxic assets.

SIDBI profit rises 27.5% to Rs.1,429 cr in FY18

SIDBI reported that it has posted 27.5 per cent surge in net profit to Rs.1,429 crore for 2017-18. It was Rs.1,120 crore in the previous financial year. "The top line of the bank grew from Rs.6,346 crore in 2016-17 to Rs.6,600 crore in 2017-18, reflecting 4% growth over the previous year. Total assets of the bank have grown by 37 per cent to Rs.1,08,869 crore, as compared to Rs.79,682 crore as on March 31, 2017.

Govt to infuse Rs.113bn into five PSBs soon

The government has decided to infuse Rs.113 billion into five public sector banks, including Punjab National Bank, to help them meet regulatory capital requirements. The capital infusion will be a part of the Rs.2.11-trillion recapitalisation plan for public sector banks announced by the government last year. It is a result of the banks' inability to fund the interest payment to bond holders of Additional Tier 1 (AT-1) bonds.

AT-1 bonds are perpetual in nature and therefore provide higher interest rates to investors. A high-level of bad loans and widening losses have made it difficult for banks to service these bonds from their own earnings. As a result, public sector banks were facing the risk of breaching the regulatory capital requirement. The government would likely infuse Rs.28.2 billion in to Punjab National Bank, Rs.25.5 billion into Corporation Bank, Rs.21.6 billion into Indian Overseas Bank, Rs.20.2 billion into Andhra Bank and Rs.18 billion into Allahabad Bank, an official said. The government will issue recapitalisation bonds to infuse capital into these lenders and have sought regulatory approvals. The infusion would be part of the remaining Rs.650 billion out of the Rs.2.11-trillion capital infusion over two financial years.

Bank credit grows at 12.84%, deposits at 7.59%: RBI data

Bank credit grew by 12.84 per cent to 86.16 trillion in the fortnight ended June 22, according to RBI data. In the year-ago fortnight, bank loans stood at 76.35 trillion. The growth in advances was slightly higher than the growth registered in the previous fortnight ended June 8. It had risen by 12.67 per cent to 85.98 trillion. During the fortnight ended June 22, bank deposits had risen by 7.59 per cent to 113.53 trillion, compared with 105.51 trillion in the period ended June 23, 2017. The growth in deposits was slower than the period ended June 8, when it had increased by 8.35 per cent to 114.04 trillion. In May, non-food bank credit increased by 11.1 per cent year-on-year, compared with an increase of 4.1 per cent in May last year. Loans to industry rose by 1.4 per cent in May 2018, against a contraction of 2.1 per cent in May 2017.

Banks finalise inter-creditor agreement to deal with NPAs

With a view to fast track NPA resolution, bankers have finalised the inter-creditor agreement (ICA) framework that envisages effective communication among lenders. The ICA mechanism is expected to be enforced this month itself. The non-performing assets (NPAs) in the banking sector crossed Rs.9 trillion at end-December 2017 and the RBI has warned of further worsening of the situation. The agreement, a part of Project Sashakt, will be taken to boards of respective banks and would be cleared in couple of days, said PNB non-executive chairman Shri Sunil Mehta.

States told to reign in expenditure

RBI Deputy Governor Shri B P Kanungo warned of fiscal profligacy in states and said signs of fiscal imbalance in states were a “matter of concern”. Over the past decade the size of state government budgets had increased sharply “and they now collectively spend substantially more than the Union government”. The gross fiscal deficit to gross domestic product (GFD-GDP) ratio in 2017-18, which is above 3.1 per cent, is above the Fiscal Responsibility and Budget Management (FRBM) threshold for the third consecutive year. The aggregate expenditure of the state governments increased to Rs 30.29 trillion in 2017-18 from Rs 12.85 trillion in 2011-12. The expenditure, according to budget estimates, is further expected to increase to Rs 33.6 trillion in 2018-19. All these are resulting in states’ high market borrowing, which is the chief source of funding of their gross fiscal deficits. Including the redemption of around Rs 1.3 trillion, gross market borrowings by states are expected to cross Rs 6 trillion in FY19. This is slightly more than the Central government’s gross borrowing numbers for the fiscal year. States are also burdened by the liabilities of state power utilities under the UDAY scheme. In aggregate, states’ gross borrowings are budgeted to rise to Rs 5.5 trillion, which is 2.9 per cent of GDP, while net borrowings are expected to rise to Rs 4.2 trillion or 2.3 per cent of GDP in 2018-19.

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To replenish mental energies – pack up your mind about work once the task is done; deal only with that what is happening in the present and keep other things aside mentally; look at your life with higher perspective and avoid multi-tasking.

KFC cuts interest rates for manufacturing and service sectors

As a special drive to support industrial sectors of the state, Kerala Financial Corporation (KFC) has cut interest rates for manufacturing and service sector loans. The interest rates of service sector loans will come down up to 1% from existing rates. "This is the biggest cut in interest rates by KFC. It will benefit thousands of manufacturing, industrial and service sector units of the State. The corporation could reduce its cost of fund by mobilizing low cost funds from the market, FIs and Banks and the benefit is passed on to customers", said Shri Sanjeev Kaushik, CMD, KFC.

Currently Corporation's loans are linked to base rate of 9.5% and each loan is placed in one of the seven bands of interest structure based on their credit rating. Even though base rate system was introduced, some of KFC customers have not been benefitted in base rate system because of the higher spreads. Also some customers following PLR regime have not switched over to base rate system as they were not getting the interest benefit if opted for new base rate system. Now the interest rate structure is simplified by reducing the bands from seven to five bands. Also the rates of service sector were 0.5% higher than manufacturing sector. In revised system the rates of manufacturing and service sectors loans are merged and hence service sector customers will get benefit up to 1% reduction in interest rates. Since the bands are merged, many of the manufacturing sector loans will also get benefit up to 0.5%.

EDC Ltd.,Goa
Ignite –EDC Innovation HUB

EDC Limited, a Govt of Goa company will launch IGNITE-EDC Innovation Hub, its Incubation Center

Hon'ble Chief Minister, Shri Manohar Parrikar, with IT Minister, Shri Rohan Khaunte & Vice Chairman EDC Shri Santosh Kenkre

& Co-working space. It has been conceived to be a high quality Startup Incubation facility, to empower budding Entrepreneurs to succeed and grow strong, scalable & successful companies, thereby creating significant value for their founders, their growing teams and the State of Goa. It also offers a high quality Co-working space for more mature companies, teams, freelances & 'Digital nomads' a high quality facility of office or desk space, along with a range of services & facility to enable high performance working.

Aside from inaugurating the center and launching the IGNITE-EDC Innovation Hub brand, the center

also unveiled its launch website (www.edcignite.com), which will allow interested startups to submit their applications for Incubation online, starting 16th July 2018. The IGNITE-EDC Innovation Hub is a high quality, purpose designed 5,000 sqft workspace, that can seat 78 people, fitted out with ready private offices, individual desks, meeting rooms, pitch area, etc all of which are geared towards collaborative working, while also providing privacy and space for innovative, creative work. The facilities provided include, high bandwidth internet connectivity, guaranteed power supply which come built in and available 24x7. As are high security features incorporated into the network, to ensure bandwidth & safety to the users of our Center and their work. A 900 sqft Cafetaria and a 1,200 sqft Auditorium to host large events have also been made available. The Center will be guided by experienced professionals, supported by specialist Consultancy firms from Bangalore & Goa, with the aim of providing an efficiently managed Center and an open & supportive culture, towards innovation & high performance. The rates and offerings of the IGNITE-EDC Innovation Hub,are competitive and provide excellent value to enable young teams and companies to benefit from the facilities.

EDC Incubator

The EDC Incubator will have a comprehensive and growing ecosystem, which will comprise of a network of Mentors, Funding Sources, Service providers and Industry connects.

Incubation for Startups

Applications for incubation will be invited from smart & highly motivated teams involved in developing services & products, using technology as a backbone. These would be typically, in IT, Finance, bio medical fields, etc but could be in any area where an idea for an innovative product or service is being developed. Applicants can do this directly at www.edcignite.com/apply

Co-working spaces

There is a need in a range of situations, where companies, teams & individuals seek "plug & play" office space to work & interact in, without the expense and hassle of setting it all up themselves. Our co-working clients will benefit from the high quality workspaces and office facilities available, as well as being connected to the IGNITE-EDC Innovation Hub community and the larger ecosystem that it's a part of.

Established in the year 1975, the EDC Ltd., has been the main catalyst for economic and industrial growth in Goa. EDC not only powers industrial growth but also acts as a friend and guide to first generation entrepreneurs as well as industrialists who desire to establish themselves in Goa.

Over the years EDC has played a pioneering role through its joint ventures and subsidiary companies in the field of engineering, pharmaceuticals, electronics auto industry, information technology and so on. The development of Patto Plaza is yet another testimony of EDC's versatility. With the launch its IGNITE-EDC Innovation Hub, the Corporation is now focused on the process of setting up a Convention Centre at Dona Paula as mandated by the Government of Goa. ■■■

NEWS FROM STATES

Gujarat's financial services centre Gift City makes global cut

India's international financial services centre at the Gujarat International Finance Tech City (GIFT City) made its global mark by being named among the top three emerging business hubs in the world. It is located near Ahmedabad and is featured as one of the significant emerging international financial service centres (IFSCs) in the latest edition of 'Global Financial Centres Index 24 (GFCI)', released in London.

Capital expenditure by states set to cross Rs.5 trillion in 2018-19

Capital outlay by all states is expected to touch Rs.5.37 trillion in 2018-19 (BE), up from Rs.4.7 trillion in 2017-18 (RE), shows the latest RBI study on state finances. The spending amounts to 2.9 per cent of Gross Domestic product (GDP). By comparison, the Centre's capital expenditure is budgeted at Rs.3 trillion in 2018-19 or 1.6 per cent of GDP. A closer look reveals the changing priorities of states. Capital spending by them on transport has surged to Rs.1.11 trillion in 2018-19, from Rs.663 billion in 2014-15 — a rise of almost 68 per cent over the entire period. By comparison, spending on energy initially rose from Rs.338.7 billion in 2014-15 to Rs.531.3 billion in 2016-17, thereafter declining to Rs.445.6 billion in 2018-19. Over the period, states have ramped up spending on the social sector, which has risen from 6.7 per cent of GDP in 2014-15 to eight per cent in 2018-19. Again, capital expenditure as a proportion of social sector spending has risen from 10 per cent in 2014-15 to 13 per cent in 2018-19. Much of this

is focused on five areas — rural development, followed by water supply and sanitation, urban development, education and public health.

UP govt clears Rs.12,000-crore bank loan for Purvanchal Expressway

Easing the way for the Purvanchal Expressway, the Uttar Pradesh government has approved a proposal to get bank loan of Rs.12,000 crore from Punjab National Bank for construction of the project. Additional chief secretary, information, Shri Awanish Awasthi said in the first phase, Rs 7,800 crore would be given by the bank at the rate of 8.30% interest for 15 years. "The loan would be repaid in 48 installments with three years moratorium and installments would be paid through funds collected from toll on the expressway". The

state government has also approved to give state guarantee for the project. The construction is expected to be completed within 36 months. Clearances from all the departments have been received for the construction and 93% of the land has also been acquired.

Easiest to do business in AP, Telangana and Haryana

Andhra Pradesh, closely followed by Telangana and Haryana, topped the State Business Reform Assessment, 2017, which indicates ease of doing business in the country. Gujarat and Maharashtra slipped to fifth and 13th positions respectively with Tamil Nadu getting the 15th ranking. In the third edition of the annual exercise, which indicates progress in digitisation, transparency and investor confidence in the country, Telangana came second. Along with Jharkhand, it was among the only two states which managed to implement a hundred percent of reforms.

Last year, the Department of Industrial Policy & Promotion (DIPP) which is the nodal government body implementing the exercise along with the World Bank, had finalised 372 reforms in the regulatory processes, policies, practices or procedures. This is spread across 12 key reform areas such as ease in tax payment, registering property and land availability, providing a single window and labour regulations, among others. The final ranking is based on two separate scoring systems with the majority of the assessment conducted on the basis of states providing evidence of reforms in policies and procedures undertaken by them.

The National Capital Territory of Delhi continued to see only a third of reforms being implemented, and slipped to 23rd position from 19th position in the previous year. It ranked below Bihar (18th), Punjab (20th), and Kerala (21st). This is significant as the World Bank only considers the ease of setting up a business in Delhi and Mumbai while calculating its final score for India.

Tirupur's exporters set to raise prices by 10%

Exporters from the knitwear hub of Tirupur are set to increase prices by around 10 per cent against the backdrop of higher cost of raw materials, mainly cotton and other expenses. The price increase comes after nearly 5-6 years. Industry representatives have said that they need to go for at least 15 per cent price increase, but since competition is intensifying from Cambodia, Vietnam and other countries, they have decided to raise the prices by just 10 per cent. With cotton rates increasing globally, some competitors are also planning to raise prices, though not to the extent of the exporters from Tirpur. Exporters from Tirpur are already at a price disadvantage of around 10-12 per cent after drawbacks were withdrawn.

With rising cotton yarn prices, job working charges and accessories prices it was decided that the buyers be requested for 10 per cent increase while finalising new orders so as to compensate for the increase in prices.

The state of state finances

Farm loan waivers, implementation of Pay Commission awards and issuance of UDAY bonds have put pressure on states' fiscal position. The total farm loan waiver during FY18 amounted to 0.32% of the GDP as per revised estimates as compared with 0.27% to budget estimates.

The consolidated gross fiscal deficit of states overshot the budget estimates in FY18 due to shortfall in states' own-tax revenues and higher revenue expenditure. Data from RBI's state finance for FY18 and FY19 show states' gross fiscal deficit touching 3.1% of GDP in FY18 (revised estimates) compared with 2.7% in budget estimates. Fiscal pressures are emerging for several states on the expenditure side.

For FY19, states have budgeted a consolidated gross fiscal deficit of 2.6% of GDP, with 11 states planning to remain above the 3% threshold. In FY19, states' revenue capacity is likely to grow with the stabilisation of GST and the consequent expansion of tax base and efficiency.

Outstanding liabilities of states have been growing at double-digits consistently, barring FY15. The debt-to-GDP ratio of all states together increased from 22.8% in FY12 to 24.3% in FY19 (BE). State-wise data reveal that the debt-to-GDP ratio increased in FY19 for 16 states. States' borrowing costs have been rising steadily, with their bond issuances attracting premium on the Centre's bond yield.

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God's role is to give us knowledge, love and power. God does not control the situations of our life; they are a result of our own karmas. When we understand this truth, we shift from fearing God to loving God.

MICRO, SMALL & MEDIUM ENTERPRISES

MSMEs driving job creation

The MSME sector is driving job creation. Units employing 10-20 people created 4.5 lakh jobs on a net basis in July, while the entire universe of larger firms produced 9.5 lakh jobs, indicating the smaller units' higher labour-intensiveness reports Shri Surya Sarathi Ray in New Delhi. According to Central Statistics Office (CSO) data, the EPFO's pay-roll saw a net addition of 9.5 lakh till July, while the number of newly-registered workers under ESIC was 13.97 lakh.

After the deluge, Kerala MSEs face working capital problems

Kerala-based Micro and Small Enterprises (MSEs) will take a hit to their financial profiles following the deluge and floods across the state — especially the southern part — this year. Manufacturers, comprising 70 per cent of all MSEs in the state, will be worse off, especially in food processing, textiles, coir and footwear, which are largely unorganized and highly working capital-intensive, with average working capital (WC) days of close to 100 days, far higher than the all-India average of 66 days.

After the floods in Chennai, CRISIL-rated manufacturing MSEs in that region had seen a 10 per cent fall in revenue and a one per cent fall in their profit after tax margin in fiscal 2016. The worst-hit units saw a 40 per cent plunge in revenue and a five per cent fall in PAT margin, and many recorded losses. Segments such as textiles, leather and timber were the worst-hit (with average WC of 80 days), whereas those from the auto and electrical components industries (with average WC of 50 days) could cope with the shock. As per the National Sample Survey, 2016, Kerala had 2.379 million MSEs, employing 4.464 million people. It has a high dependency of enterprises from Kerala (significant number of MSEs) on self-finance.

GST Council sets up panel on MSMEs

The Goods and Services Tax (GST) Council has set up a six-member committee under Minister of State for Finance Shri Shiv Pratap Shukla to look into the problems of micro, small and medium enterprises (MSMEs). The Council also decided to test the feasibility of its proposal to offer cashbacks for digital payments, after some states voiced concerns about such a move impacting their revenues. Once implemented, customers making payments through Rupay cards and BHIM-UPI will get a cashback of 20 per cent of the GST amount, subject to a maximum limit of Rs.100. "The pilot (scheme) will run in the volunteer states."

MSME credit growth driven by services: RBI

While credit to the MSMEs has been seeing double-digit growth, much of it may have benefited MSME players in the services sector rather than those in manufacturing. Bank credit outstanding to MSMEs grew a mere 0.2% year-on-year (y-o-y) to Rs 3.61 lakh crore, as on May 25, shows data released by the RBI. This suggests there has been little improvement in manufacturing MSMEs' access to credit from a year ago. On May 26, 2017, bank credit outstanding to manufacturing MSMEs stood at Rs.3.6 lakh crore, 0.1% higher than a year ago.

Credit to MSMEs as a whole grew 9% y-o-y in May 2018, with the growth being driven almost entirely by enterprises in the services sector. Outstanding loans to services MSMEs grew 15% y-o-y to Rs.5.9 lakh crore. Credit growth in this category showed a significant improvement from the previous year, when it had grown by 5% y-o-y.

Govt to ask MSMEs under GSTN to obtain Udyog Aadhaar

The government will urge about one crore MSMEs registered under the GST Network to obtain Udyog Aadhaar number to avail benefits of various government schemes, a top official said. The finance ministry is likely to send an email to the micro, small and medium enterprises soon, detailing the services that can be obtained using Udyog Aadhaar. The move is aimed at convergence of the data-base of GSTN with Udyog Aadhaar and at procuring the MSMEs' contact details and information about their business verticals, so that government policies can be tailored to match their needs. Over 48 lakh MSMEs are presently registered under Udyog Aadhaar, which enables these units to seek information and apply online about various services.

Formalising MSMEs

With the introduction of the GST, micro, small & medium enterprises (MSMEs) are increasingly getting formalised as well as digitised, a trend that will boost lending to the segment. Lending from new private banks to MSMEs has grown at an impressive rate of 22% in FY18 and the total value of MSME digital lending is likely to touch $250 billion in next five years, according to the BCG-IBA-Ficci Annual FIBAC Productivity Report on Indian Banking Industry 2018.

Advances to small enterprises are currently witnessing the highest growth among sub-segments. The percentage of MSMEs using digital channels has increased to 47% after GST, as compared with 41% before the introduction of GST. At present, digital lending accounts for only 4% of total MSME lending. According to the report, it is expected to rise to 21% over the next five years. This significant jump will close the gap with digital retail lending, which is expected to reach around 48% of total retail lending in five years.

The report underlines that with a high degree of variability in the quality of assets in the MSME segment and the small ticket-size of advances, success in this market will belong to players who have the resources and capabilities for reliable credit underwriting, and a comparative cost advantage through end-to-end digitisation.

Public sector banks are showing a much higher exposure to micro enterprises, as compared to private sector banks. In MSME advances, loans to medium-sized enterprises have highest gross NPA of 16%. Despite high NPAs, banks continue to increase lending to medium enterprises. The report cautions there is a need to be vigilant in this segment.

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Our journey of self-transformation has to be checked in reference only to ourselves, no comparison with others. Appreciate yourself for the smallest change made.

Eight core sectors grow by 6.6% in July

Eight core sectors grew by 6.6% in July pushed by a healthy output in coal, refinery products, cement and fertiliser. The eight core sectors had registered a growth of 2.9% in the same month last year.

The output of coal, refinery products, fertiliser and cement grew by 9.7%, 12.3%, 1.3% and 10.8% respectively in July 2018. However, growth rate in production of crude oil and natural gas recorded negative growth in the month of July and the steel sector expansion came down to 6%, as against 9.4% in the year ago period.

DMIC Projects In Rajasthan Hit Land Hurdle

Nearly seven years after the Cabinet cleared a proposal to build the $100-billion Delhi-Mumbai Industrial Corridor (DMIC), the country's biggest infrastructure project, land for at least two of the initially-conceived eight nodes–or industrial centres–that run though Rajasthan hasn't yet been acquired by the state, casting a shadow over their development anytime soon. Sources said the Japan International Cooperation Agency (JICA), which had committed $4.5 billion for the DMIC, hasn't yet invested in any of the projects despite having shown "interest" in developing two metros-—one in Haryana and the other in Gujarat—for two years now. Thanks to slow progress in planning for the projects in initial years, the DMIC Development Corporation (DMICDC) could lease out the first chunk of land developed by it to companies in only 2017 (at Shendra-Bidkin in Maharashtra). In fact, after the idea of the corridor was first mooted in 2007, it took around four years for the Cabinet approval to come in 2011. The planning part for these nodes took another 3-4 years to be over and DMIC hardly had anything substantial to show on ground until 2014-15. "DMICDC starts work on developing land only after the state acquires and hands over the land for the project. Without land, no development is possible."

According to the model adopted by the DMICDC, states are required to offer land, while the Centre releases funds matching the land's worth for its development. Once the land is developed, it is allotted to willing investors for a price and with those funds, DMICDC acquires another chunk of land and starts developing it. Until the state concerned offers land for a project, the centre doesn't release its share of funds to the DMICDC either.

NABARD approves Rs.735.53 cr for Bengal infra projects

The National Bank for Agriculture and Rural Development (NABARD) has sanctioned Rs.735.53 crore under Rural Infrastructure Development Fund (RIDF) to West Bengal during the first quarter of 2018-19, according to an official release. The funding would help execute 86 projects, which include six solar power projects, works on one medium irrigation, five minor irrigation and 12 flood protection projects, besides 57 projects of widening and strengthening of roads and five rural bridges.

Solar parks a shot in the arm for renewables

The ministry of New and Renewable Energy's solar park scheme is helping developers manage risks relating to land acquisition and evacuation infrastructure. The lowering of these risks has also contributed to a significant fall in power purchase tariffs. The share of solar park projects rose from over 40% in 2015 to around 55% of total capacity tendered in 2017.

Andhra solar park

Three companies backed by global financiers have got the tenders to build 750 MW of solar power projects in Kadapa, Andhra Pradesh, with the lowest bid under the reverse auction process coming in at Rs 2.7 a unit.

The auction was conducted by the Solar Energy Corporation of India, which would sign 25-year power purchase agreement with these firms and sell the electricity to various state-owned distribution companies.

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Daily study of spiritual knowledge helps us to create right thoughts. Daily meditation empowers us to implement the right thoughts into right actions.

ANSWERS OF CYBERQUIZ ~ 72

Ans.1[a] Iridium : Iridium was promoted by Motorola to provide satellite telephone service across the world.

Ans.2[a] Western Electric Corporation : This legendary Lab is the birth place of many revolutionary technologies like transistor, laser, and the UNIX operating system.

Ans.3[b] GE Capital International Services : The employee strength of GE Capital International Services is more than 13,000. It is an Indian subsidiary of General Electric, USA.

Ans.4[c] Werner Michael Blumenthal : He served as United States Secretary of the Treasury under President Jimmy Carter from 1977-1979.

Ans.5[b] Apache Group : The group introduced a free open-source HTTP server called Apache in 1995. An Apache is a member of Athapaskan tribes that migrated to the southwestern desert. They fought a losing battle from 1861 to 1886 with the United States and were resettled in Okhahoma.

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Situations are external stimulus. The internal mental response to the situation is our own choice. Depending on our response we will perceive it as just a normal situation or a crisis.

Learn how to relieve hip pain

How to relieve hip bursitis pain

You are in extreme hip pain and not sure what is causing your hip pain but the pain is always there and the only relief that you get is from painkillers or by exercising or sitting down. This pain is known as hip bursitis and I am going to help you to relieve your hip bursitis pain. It is possible that the hip pain is caused by arthritis so a Doctor will give you a diagnosis or refer you to a specialist to diagnose your condition.

WELLBEING
HEALTH & FITNESS
BE YOU • BE WELL

For today I am going to focus on hip bursitis pain and what you can do to relieve the hip pain.

First, let me explain what hip bursitis is, one of the most common spots for bursitis is the side of the hip, the bony bump is covered by a large tendon. We call the bony bump the greater trochanter, when inflammation occurs between this and the tendon we call it trochanteric bursitis. As we age this becomes more of a problem but sometimes we see it in younger people who are very active and take part in exercises like running, biking or walking. Hip bursitis pain will occur when there is friction between tendons, muscles and bones, within this trio we have what is known as a bursa. A bursa (a small sac of tissue) contains fluid to reduce friction and to lubricate the area. The bursa is normally found there and the body can produce more bursar to respond to friction.

When we have too much friction because of wear and tear or injury a bursa may become inflamed because of injury or too much friction in that area. As a result of this the inflammation can cause pain and swelling and standing or walking will not help with the pain. There are other circumstances where the bursa can become inflamed, for example by falling on the hip, this can lead to a bleed in the bursa and form a hematoma. Whilst this isn't serious the bursa may become inflamed which can lead to the bursa becoming thickened and this can lead to regular irritation and over time may become chronic.

Symptoms of hip bursitis pain

The first sign of trochanteric bursitis is pain in the hip area right over the bump that where the greater trochanter is located, at times the pain will be felt down the side of the leg or outside of the thigh. As the pain worsens there may be hip joint stiffness and limping, eventually the hip bursitis pain will lead to ever present pain and may interrupt sleep.

Hip bursitis relief

If the condition is brought on by overuse it can be remedied by changing the way you do your activities or by doing less activity. In tandem try doing a stretching and exercising program, in young people a course of anti-inflammatory tablets will usually help with the hip pain. A physical therapist will use treatments like ice applications or heat to calm the inflammation. Alternatively, hand massage therapy will help by improving strength in the hip and buttock areas which will enable the femur to move smoothly in the socket and reduce friction on the bursa area. Treatment can take up to six weeks depending on the individual.

Cortisone injection

If rehab doesn't reduce the bursitis hip pain the doctor will inject cortisone into the bursa to give temporary pain relief, it may not cure the hip pain but it will reduce the pain for a while. Serrapeptase has been known to help with pain and inflammation for a number of years, well worth a try.Serrapeptase is the miracle enzyme,I suffered for years with hip pain, now it has gone completely.

It's Your Outlook That Matters: It is our own mental attitude, which makes the world what it is for us. Our thoughts make things beautiful, our thoughts make things ugly. The whole world is in our own minds. Learn to see things in the proper light.