COSIDICI COURIER

BI MONTHLY JOURNAL OF COUNCIL OF STATE INDUSTRIAL DEVELOPMENT and INVESTMENT CORPORATIONS OF INDIA

VOL. LV NO. 5 | SEPTEMBER–OCTOBER, 2017

Editorial Board

Contents

MOVE FAST ON NATIONAL SKILLS QUALIFICATIONS FRAMEWORK ENACTMENT

***Abhishek Pandit**

The need for a shift in our approach towards skills and qualifications has been understood by key stakeholders in the educational and vocational system. The National Skills Qualifications Framework (NSQF) is the next logical step to create a dual system which will, unlike the current system, include more youth than it excludes. NSQF is a competency-based framework that establishes all qualifications in accordance with a range of levels of knowledge, skills and aptitude. These levels, from 1 to 10, are in terms of learning outcomes that one must possess regardless of whether they are secured through formal, non-formal or informal learning. After a full-fledged roll-out of NSQF, all existing educational frameworks stand superseded by it. Under NSQF, a learner can acquire the certification of excellence needed at any level through formal, non-formal or informal learning. In that sense, NSQF is a quality assurance framework with a futuristic outlook.

Ideal ideation

Working with the ministry of skill development and entrepreneurship (MSDE), the ministry of human resource development (MHRD) has launched the Skills Assessment Matrix for Vocational Advancement of Youth (SAMVAY) that provides seamless movement from education to skills. Its NSQF outline has defined a vocational course's equivalence to a formal education course counterpart. Two similar qualifications will be eligible for certain 'skill certification levels' on a scale of 1 to 9. A third-year student in a formal degree programme, an advance diploma in a vocational course holder and a degree in vocational course holder will all be treated similar and allocated level '7' under the upcoming framework. This will help create a nationwide acceptability of vocational training certifications along with formal education certificates. Each level of certification, from 1 to 9, is dedicated 1,000 hours per annum. Each level is a combination of skill development and educational hours. Currently, NSQF levels defined by MSDE and MHRD are not in sync with each other. It is important that the levels are the same and there is a seamless credit transfer between MHRD and MSDE.

The underlying need

The problem remains with acceptability of certifications other than the regular ITI or university certificates at both ends of the value chain—the youth and the industry. Any market-driven programme would require an inherent demand of the certificate that is being provided, apart from the skill being offered. The certification is always accompanied with a base level skilling, further skilling or up-skilling, which generally translates into a progression in the organisational hierarchy in terms of job role and salary. Moreover, the system of vocational training we have also had (for a lot of courses) a minimum 'matriculation pass' criterion, but only 50%, on average, clear the 10th standard exams in our country. In the US, community colleges cannot deny admission to anyone who is 18 and above and has a sound mind. It is also possible for a community college graduate to ultimately pass out of a Harvard University and this is similar in other countries such as Germany, Australia, etc, with advanced vocational education systems. Simply put, this is not possible for anyone in India yet.

The advantages of NSQF framework include enhanced mobility between vocational and general education, a standard training process, global mobility of skilled workforce from India, cross-sectoral progress mapping, revised approval of NOS/QPs (National Occupational Standards/ Qualification Packs) as national standards for skill training, etc. Also, Recognition of Prior Learning (RPL) will help a person transit from non-formal market to organised market through assessment of the concerned person's industrial competencies. Such a setting would prove immensely beneficial for individuals who have developed skills equivalent to a certain grade level, but in the unorganised job market.

Better late than never

Policy makers must pay attention to an effective roll-out of NSQF as soon as possible. After its notification in December 2013, it was decided that NSQF would be fully implemented within five years. As per the official notification target, the recruitment rules of the government of India and PSUs of the central government would have been amended by 2016 to define eligibility criteria for all positions in terms of NSQF levels, a target that has not been achieved till date.

The journey from education to employment is marked with illustrious milestones. On the one end of the spectrum we have students, graduates or job aspirants, and on the other end the industry with a range of jobs in private and public sector. NSQF would enable meeting the market demand for skilled workforce through industry-approved training curriculum and placement options, thus helping both ends meet with lesser friction.

The author is Director, Business Services, AISECT.
Source: The Financial Express.

QUESTIONS OF CYBERQUIZ ~ 68

Q.1 What is a Qubit ?

[a] Quatity bit; [b] Quanlity bit; [c] Quantum bit; [d] Question bit.

Q.2 What has actually happened to a computer program that has been 'bogotified' ?

[a] The program has undergone a through debugging; [b] The program has become disorganised because of too many changes; [c] The program has outgrown its initial objective; [d] The program has been commercialized.

Q.3 When or where do you find a "ballon help" ?

[a] When the cursor is pointed to a button or clickable area on the monitor or a Webpage, a small box pops up describing the option; [b] On the main menu bar of an application program; [c] Small windows popping up while browsing the Net; [d] On certain operating systems where the help program has a ballon icon.

Q.4 What are jaggies ?

[a] The grey characters that represent text and other characters of a document when viewed in the "fit in the window" mode; [b] The "stair steps" that appear in diagonal lines and crves drawn at low resolutions in computer graphics. [c] Bullets used to highlight important points; [d] Autoshapes available in word processing and presentation programs.

Q.5 What does the acronym ABEND stand for ?

[a] ABnormal END; [b] Active Bit at the END; [c] Action Based END; [d] ABstract END.

For Answer See Page No. 21

RECAPITALIZING PUBLIC SECTOR BANKS

*B. Mahapatra

The state of affairs at public sector banks (PSBs) is known to everyone by now. The current stress in their balance sheets has considerably eroded their capital and has incapacitated them for further lending, apart from the usual fear of three "C"s (CBI, CVC and CAG). What should be done now? The easy answer that comes to everyone's mind is "recapitalisation".

There are several proposals floating around for recapitalising PSBs. The first and foremost is injection of capital by the government of India, the majority owner of these banks and statutorily required to maintain at least 51% equity capital in these banks. Publicly, the government is committed to provide adequate capital to PSBs for their survival and growth, and maintain Basel III capital standards, thereby aiding the growth of the economy. However, the government is constrained by its fiscal deficit. In 2015, it promised under the Indradhanush programme to inject Rs.70,000 crore into PSBs over 2015-19. So far, it has injected about Rs.48,000 crore, and budgeted for Rs.10,000 crore for the current financial year and plans for another Rs.10,000 crore in the next. The government probably will not be able to inject more capital into PSBs given its own fiscal constraints.

Under the Indradhanush programme, PSBs were required to mobilise capital of Rs.1,10,000 crore of their own from the market. However, PSBs (except SBI) have failed miserably in this regard, and probably have raised about Rs.3,000 crore only. One can appreciate that PSBs are scary about lending because of the three "C"s mentioned earlier, but why are they not been able to raise capital from the market, particularly when the stock markets are booming, with Nifty 50 surpassing the 10,000 mark? The answer lies in lack of appetite by the market to lap up PSB shares. Most of PSBs' existing shares are trading at a huge discount or a little higher than the book value, where their private sector peers are trading at a range about 2-7 times the book. PSBs feel probably this is not the "best" time to enter the market, and sell "family silver" at throwaway prices! One does not know when the good times will come for PSBs—probably after the clean-up of their balance sheets from the NPA mess.

Therefore, PSBs' dependence on governmental budgetary support will only increase, which the government may not able to fulfil due to fiscal constraints. If the only source of capital is the government, it must try innovative ways to recapitalise PSBs. One such way is perhaps recapitalisation bonds. The government of India tried this method during mid-1990s. However, even if transactions were cash-neutral, and the government was funding the interest cost on the bonds from the budget, it did not pass the muster of international watch dogs for not being included as part of fiscal deficit. This is an opaque way to recapitalise PSBs and probably the government may not tread the same path again.

If the government cannot inject capital from its budget into PSBs because of fiscal deficit constraints, how about a PSB holding company, set up by the government, injecting capital into PSBs ? If the government puts equity into the holding company, which, in turn, injects equity capital into PSBs, there is no added advantage as the government will face the same fiscal deficit constraint while injecting equity into the holding company. The logic here is perhaps the holding company will borrow from the market and inject the borrowed money as capital in PSBs. If the borrowings by the holding company require the government guarantee to keep interest rate low on such borrowings, again the government may hit with FRBM limit of guarantees not exceeding 0.5% of GDP.

The PSB holding company is like a bank holding company. From prudential regulation point of view, capital adequacy is seen not only at solo bank level, but also at consolidated bank holding company level. The very fact that the PSB holding company will hold majority shareholding at PSBs, capital adequacy will be seen at the consolidated holding company level also. In a simple arithmetic line-by-line consolidation, if all PSBs are adequately capitalised, the holding company is also likely to be adequately capitalised. This is true so long as the holding company down streams the equity capital received by it from the government to PSBs. But if the holding company raises debts (bonds) on its balance sheet and down streams that as equity capital at the level of PSBs, even though PSBs will look well or adequately capitalised, the holding company will run short of capital as debt (bonds) issued by it will not be treated as equity capital in its books.

Another issue is from accounting consolidation point of view. Cross-holding of capital instruments among PSBs will be nullified at the holding company level, resulting in capital shortage at the holding company. There is already some cross-holding of tier-2 bonds among banks in general and PSBs in particular. Other issues that might emanate from this structure is how many times the holding company can leverage itself. As a holding company, it will be treated as a core investment company (CIC) by RBI and will have to follow CIC norms, which stipulates a leverage of 2.5 times. Above all, the holding company structure will require amendment to Bank Nationalisation Acts and SBI Act. If it is not possible to inject equity capital, PSBs may think of obtaining from other investors as much Additional Tier-1 capital as possible under Basel norms. This form of capital is available, but at a higher cost, because of risk-absorbing features built into these instruments. PSBs can also maximise their limit of tier-2 capital, including subordinated debt.

PSBs are taking steps to partly or fully offload their investments in subsidiaries and associates so that these investments are not deducted from their capital for regulatory purposes. Some PSBs are also restructuring their business models to reduce risk-weighted assets requiring higher capital. RBI has amended its instructions to remove some of the provisions that were more stringent than Basel III norms, such as treating revaluation reserves, foreign currency translation reserves, etc, as tier-2 capital instead of tier-1. The government is also trying to improve corporate governance at PSBs in line with the recommendations of the P.J. Nayak Committee. The Government is also taking steps for consolidation of PSBs.

All these efforts are like drops in the ocean. Consolidation of PSBs will not solve capital shortage. Time is not opportune for consolidation, and can wait till the stressed asset problem of PSBs is resolved, otherwise it would divert attention of PSB management. There are different estimates of capital requirement by PSBs till 2019, depending on the normal requirement and hair-cut PSBs would take in resolving their stressed assets. The capital requirement of PSBs will only grow over time. Once the NPA stress in their balance sheets is hopefully resolved, the stress of capital shortage will impede their growth. PSBs did not glow under the Indradhanush. If the government is not able to recapitalise PSBs to the fullest extent, it should look into alternative methods. Instead of throwing good money after bad, what is a better alternative than to privatise them? The timing of privatisation is of essence, if not for political reasons then from the economic point of view of salvaging some value left with PSBs—unlike the case of Air India—before it gets too late.

■■■

The author is Former Executive Director, RBI.
Source : The Financial Express

APPOINTMENTS

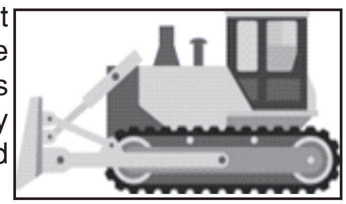
- Shri Rajiv Kumar, IAS has been appointed as Secretary, Deptt. of Financial Services, Ministry of Finance vice Smt. Anjuly Chib Duggal.
- Shri Ajay Kumar Jha, IAS has been appointed as Secretary (Expenditure), Ministry of Finance vice Shri Ashok Lavasa.
- Shri C.K. Mishra, IAS has been appointed as Secretary, Ministry of Environment, Forests & Climate Change vice Shri Ajay Narayan Jha.
- Smt. Preeti Sudan, IAS has been appointed as Secretary, Deptt. of Food & Public Distribution , Ministry of Health & Family Welfare vice Shri C.K. Mishra.
- Shri Rabul Prasad Bhatnagar, IAS has been appointed as Secretary, Deptt. of Sports & DG, SAI, Sports Ministry vice Shri Injeti Srinivas.
- Shri Gopal Krishna, IAS has been appointed as Secretary, Ministry of Shipping vice Shri Ravi Kant.

■■■

MICRO, SMALL & MEDIUM ENTERPRISES

Govt. to focus on credit for MSMEs to create jobs

The government will push credit growth in the medium and small enterprises (MSMEs) sector to generate more employment. Banks will come out with sector-specific Mudra financing products and a special campaign will be launched in 50 high employment clusters of MSMEs. Launched in 2015 Pradhan Mantri Mudra Yojna (PMMY), aims to provide formal access of financial facilities to non corporate and small business sector. Financial services secretary Shri Rajiv Kumar said MSMEs and SMEs are the backbone of the economy and the bank recap plan would also directly benefit them. "MSMEs face two major problems, first getting access to finance and hence cash crunch, and second is access to markets". "This is likely to improve the cash flow of the MSMEs to a large extent," said Shri Kumar. The government will also update udaymitra.in, a web portal where MSMEs can list their projects and banks can compete to finance that project. The government will also develop sector-specific Mudra financing products such as Mudra textile and Mudra manufacturing to give a boost to credit growth. "These will be customised for MSMEs which is a great provider of employment". To aggregate products of MSMEs, the government will initiate a drive to put them on government e-marketplace where procurement of goods and services is done by ministries, PSUs and autonomous bodies.



MSMEs may get loans at higher cost

Working capital needs for all businesses will go up under goods and services tax (GST), but micro, small and medium enterprises (MSME) will face the prospect of loans at higher cost due to weak credit profiles, rating agency India Ratings and Research (India-Ra) said. It expects that large businesses would find the transition to GST easier due to better financial flexibility. Additionally, the working capital requirement for the majority of the participants in the manufacturing sector (steel, textile, auto and auto ancillary) will go up owing to the requirement to pay the entire tax at the point of the dispatch of goods from factory gates, and also for the movement to warehouses. However, increased working capital requirement for large corporates in the manufacturing sector is also likely to drive the bank credit growth. These businesses would also benefit from seamless input tax credit (ITC), which would lead to some savings in working capital and partially offset the impact of higher working capital.

PROFILE OF MEMBER CORPORATIONS

KERALA FINANCIAL CORPORATION {KFC}

Kerala Financial Corporation (KFC), incorporated on 01.12.1953 under the State financial Corporations Act of 1951, is a pioneer in the field of industrial financing. The main objective of the Corporation is rapid industrialization of the state through promotion of Micro, Small and Medium Enterprises (MSME), both in manufacturing and service sectors.

Shri Premnath Ravindranath
Managing Director (I/C)

Our Strengths and Achievements :

- Consistently posting profits
- Assisted over 45000 units.
- Positive attitude towards first generation entrepreneurs/green field projects.
- Longer gestation and repayment period.
- Lower Interest rates (starts at 10.5%pa).
- Wide delegation of powers for Branches and Zonal Offices (Rs.2.5 Cr and 5 Cr respectively for sanction of loans).
- Time-bound sanction and disbursement.
- Only one time processing fee and no hidden charges.
- Technology driven appraisal, monitoring and MIS.
- Special package for women and SC/ST entrepreneurs.
- Concessional support to Energy Saving Projects(loans @6%pa)
- An ISO Certified organization.

Performance of Kerala Financial Corporation. An analysis of the operational performance of the Corporation during the last three years is given below :

			(Rs. In Crores)
Financial Year	**2017-18 (as on 30.09. 2017) (unaudited)**	**2016-15**	**2015-16**
Disbursements	241.84	655.27	838.36
Recovery	409.04	874.28	758.26
Interest Income	133.73	305.16	272.06
Total Income	150.07	364.73	308.47
Total Expenditure	116.81	356.30	261.21
Operating Profit	33.27	7.87	47.27
Net Profit	-	5.69	5.33

KFC has a low level of NPAs with a gross NPA of 8.5% and net NPA of 4.25% as on 31.03.2017. The size of the portfolio is about Rs.2500 Crores. The capital adequacy ratio as on 31.03.2017 is 16.84% against the minimum norms of 9% prescribed by RBI. The increase in profit was achieved despite KFC charging competitive rates of interest on Term Loans. This was achieved through reduction in establishment costs, higher efficiency in Funds Management and resource mobilization under a robust Asset Liability Management (ALM) frame work. The Corporation could deliver a reasonably better performance when viewed against the backdrop of macroeconomic challenges the financial institutions faced throughout the year. Due to policy changes undertaken by previous Government in cancelling bar licenses, closing metal crushers, issuing stop memo to construction activities in the tourism areas citing environmental issues, changed economic scenario due to demonetization, implementation of GST, etc resulted in a difficult year for the Corporation. The strategy followed was to slow down the sanction and disbursement during the year without any compromise on the asset quality and concentrate more on the recovery front with the aim to improve the recovery and reduce NPA. Hence a very cautious approach was followed in sanctioning new loans and managing undisbursed commitments. Effective recovery strategies were put in place and as a result recovery has touched an all time high. The remarkable growth in recovery and reduction in NPAs throws light on the effective functioning of the organization irrespective of the prevailing adverse market conditions.

Sectors for Financial Assistance. The Corporation extends financial assistance to Manufacturing Sector, Service Sector, Hospitality Sector, Entertainment Sector, Infrastructure Sector, Power Sector, Housing Projects, Construction Industry, Cinema/Serial Production, Theaters/ Multiplexes construction, Diagnostic Labs, etc.

Type of Loans. Based on the activities permitted under the SFCs Act, the Corporation has formulated various schemes for extending financial assistance depending upon the market potential. Through various schemes, Corporation extends Term Loans, Working Capital Revolving Fund Loans, Working Capital Term Loans, Short Term Loans, Special Working Capital Loans, Contractor Loans, Top up loans, etc.

KSEDM (Kerala State Entrepreneur Development Mission). Kerala State Entrepreneur Development Mission (KSEDM), was a scheme of the Government of Kerala, started in 2011, aimed to build entrepreneurial confidence among youth of the State through the process of selecting persons with aptitude, training them and enabling them avail interest free loan from Banks/Financial Institutions. The selected entrepreneurs were given interest free financial assistance by Banks/ Financial Institutions up to 90% of the project cost subject to a maximum of 20 lakhs. The repayment period was five years including one year moratorium. Kerala Financial Corporation (KFC) is the implementing agency for the said scheme. Under the scheme more than 2000 micro units were setup and Rs.208 Cr was sanctioned as financial assistance by KFC/Banks/FIs. More than 20 banks/FIs participated in the scheme.

Other Financial Service Activities. IRDA has approved the Corporation for acting as Corporate Agent for procuring or soliciting insurance business. The Corporation has now reregistered itself with IRDA as per IRDAI (Registration of Corporate Agents) Regulations 2015 and the registration is valid till 13th July 2019.The Corporation mobilized substantial premium in general insurance activity by marketing the insurance products.

Corporate Social Responsibility(CSR). Under Corporate Social Responsibility initiatives, the Corporation has conducted a wide range of social activities both in rural and urban areas to serve the community at large. The Corporation believes that contributing value back to the society is our responsibility and has started a number of initiatives by stepping out from the traditional operational area to the vast arena of Corporate Social Responsibility. The corporation is engaged in CSR activities through KFC Care, a society formed by KFC with its employees, both existing and retired as the members. KFC Care undertakes activities for empowering youth and supporting entrepreneurial abilities of young minds, which will directly benefit the society and indirectly generate more business for the Corporation. Recently KFC implemented a Virtual Studio cum Digital Hub in Alappuzha District of Kerala for an amount of Rs. 6.9 lakhs.

IT Initiatives. The Core Financial Solutions and integrated Administrative System(CFS&IAS) , implemented by KFC with the support of TCS, connects all the branch, zonal and head offices and also automates all activities of KFC with centralised database under secured environment. The system consists of rich MIS system as a ready monitoring tool for the performance of the Corporation. KFC is now using the Government's e-Procurement system for all tendering process to make it transparent. KFC also have a detailed IT policy to support the effective usage of IT resources within the corporation. Corporation has excelled in e-governance through implementation of the Core Financial Solutions, centralised connectivity, dynamic website, m-governance, e-auction, etc thereby transforming KFC in to more customer friendly organization. The Corporation has also taken adequate security measures to take care of the disruptive cyber attacks targeting the IT system.

Adoption of CFS by other SFCs. After the successful implementation of CFS package at Corporation, many other SFCs have approached the Corporation for the adoption of CFS at their end. KFC has decided to extend support for implementing CFS on a common software package across SFCs at a concessional rate. To start with, an agreement was executed with APSFC for adopting CFS application by them. Corporation has also decided to document the implementation of CFS & IAS as a good governance practice so that it can be adopted by similar financial institutions / SFCs in the country with minor modifications.

Youth Business accelerator. As continuation of supporting entrepreneurship developmental activities, Corporation has created infrastructure and environment required for setting up a Business Accelerator for young entrepreneurs in the IT/ITeS domain. Corporation intends to offer affordable space to operate IT/ITeS enterprises going through the second phase of their entrepreneurial journey at its Ernakulam Office. The infrastructure is now ready for occupation and will be given to these young Entrepreneurs on a License basis.

RR Online. The government of Kerala launched the RR online portal for all government Depts/ Local bodies/PSUs etc to recover the dues from the defaulting clients as per the provisions of the Kerala Revenue Recovery Act 1968. KFC is one of the first institutions to successfully implement the RR online portal in all its branches.

ISO Certification. The Quality Management Certificate was validated and changed over to new version IS/ISO 9001-2008 by Bureau of Indian Standards (BIS) after conducting surveillance/ renewal audit. The current license has been renewed for another 3 years by BIS till 21st June, 2019. At present, all the offices of the Corporation continue to hold the Quality Management System Certificate. The work for change over to IS/ISO 9001-2015 is going on.

Future Plans. During the FY 2017-18, Corporation plans to sanction Rs.900 Crore and to disburse around Rs. 800 crore to manufacturing sector, IT and other service sectors. The corporation has unveiled plans to reach out to lines of business beyond tried and tested ones. The Corporation has been contemplating to achieve a portfolio size of over Rs.5000 crore by 2021. Special thrust will be given to women and young entrepreneurs, Food Processing sector renewable energy projects while exposure to CRE sector will be reduced. Corporation will also work along with clusters. KFC's strategic objective is to build a sustainable organization that remains relevant to the growth of industrialization and promotion of entrepreneurship in the state.

- Non SLR Bond issue. The corporation proposes to raise Rs.250 crore from the debt market by issuing Non SLR Bonds during financial year 2017-18 under credit enhancement mechanism without Government Guarantee.
- Youth Entrepreneurship Development Programme. Kerala Financial Corporation will formulate 'Youth Entrepreneurship Development Programme(YEDP)', with Government support to create a start-up atmosphere in the State connecting all Innovation and Entrepreneurship Development Centres (IEDCs), Technology Business Incubators (TBIs), Kerala Start-up Mission, Kerala State Industrial Development Corporation (KSIDC), Kerala State Council for Science Technology and Environment (KSCSTE) and other start-up supporting/ funding agencies, with an aim to set up at least 1500 micro enterprises per year, creating more than 15,000 direct and indirect employment opportunities per year in the State.
- Up-gradation of hardware. The Core Financial Solution infrastructure up-gradation process is in progress with latest versions of Software and engineered hardware which integrates software, computer, storage, and network resources. Once the process is over, Corporation aims to improve system performance which will help to reshape the way services are offered to its customers. The technical evaluation of the requirements is in progress with the support of Kerala State IT Mission.
- Online Loan Application. The advancements in technology have brought mobile and online services to the fore. KFC's Online Loan application portal development is over and its security audit is cleared by CERT-K/KSITM to go live. Once the domain registration process is over the customers can access the same through onlinekfc.org or through kfc.org website.
- Customer Portal and Payment gateway system. KFC is now in the final stage of developing the customer portal by which customers can login to the portal and know the details of transactions, due statement etc. The payment gateway is also being integrated with the system so that the customers can make repayment online. KFC has already signed the agreement with South Indian Bank in this regard. Once the security audit is completed the same can be accessed through www.kfc.org website.
- Implementation of e-Office. Corporation implemented the e-office (version Lite) from NIC. The e-Office package includes File management System (e-File), Knowledge Management System (KMS) and Collaboration and Messaging Service(CAMS) and purchase of Digital Signature Certificate (DSC) for all officers for signing electronic files.

Conclusion. The Corporation has to juxtapose two conflicting considerations. On the one hand it has to promote First Generation Entrepreneurs where the risk is high. At the same time it has to generate profits to survive. The Corporation has been able to strike a balance between the two objectives. During its 64 years of existence the Corporation has given financial assistance to more than 45000 units. With its innovative schemes, customer-friendly procedures, consultancy services etc, KFC has now become a single point contact for financial solutions to the aspiring entrepreneurs of Kerala.

■■■

DO YOU KNOW !

Making roads from refuse

* Isher Judge Ahluwalia & Almitra Patel

Young Abhishek Gautam and his friends Deepak and Amit were out riding their bikes on the road beside East Delhi's garbage dump at Ghazipur last September, when a garbage slide from the steep mountain of mixed solid waste (50 metres high, about the height of a 16 storey building and more than twice the permissible height for landfills) pushed them into the Kondli canal nearby. Deepak and Amit were fortunately rescued by the locals, but Abhishek could not be saved. Ms. Rajkumari, a 32-year-old woman, also lost her life in the chaos that followed, as heaps of garbage full of slippery wet plastic slid into the canal, creating giant waves which hit the road, disrupted traffic and caused damage to life and property.

We have heard of landslides in the hills of Himachal or Uttarakhand. But garbage slides? Is this the new normal? It need not be, if only we get to the root of the problem. We do not need rocket science to correct the situation, nor too much additional finance, but only civic engagement, better governance and a diligent search for least-cost technical solutions, which do exist.

We should not be looking for more land to create a new "landfill" which in India is a euphemism for a dumping site. This is not just a bad idea; it is an idea that will not work. After the recent garbage slide, for example, in response to the orders of the Lieutenant Governor to stop dumping garbage at Ghazipur, East Delhi Municipal Corporation tried to start dumping at Rani Khera. But residents of five nearby villages gathered in protest, blocking traffic and deflating tyres of vehicles carrying waste. It was a no-go.

The powers-that-be should have seized the Ghazipur crisis as an opportunity to urgently implement a sustainable strategy of solid waste management. It involves building awareness at the household level for not mixing biodegradable waste with dry waste, and to enable the recycling of dry waste like paper, plastic, glass, and metal. We have in these columns spelt out the rationale for composting and decentralised processing of biodegradable waste, so that after taking care of recyclables, far less of the solid waste generated in our cities finds its way to processing sites and to properly designed landfills.

Barely a month after the garbage slide, just before Diwali, a massive fire broke out at the same place in Ghazipur from where the garbage had collapsed, adding to the air pollution woes of the city. Indeed minor and major fires in these dumpsites are only to be expected every now and then given the methane trapped in the accumulated heaps and combustibles in the mixed waste. It is still not too late to communicate to all citizens the reasons why a sustainable strategy of waste management is crucial for their own health and safety.

We saw some emergency action to stop dumping at the Ghazipur dumpsite following an order from the LG of Delhi. The LG also talked of the need to increase the capacity of waste to energy plants. Since the Solid Waste Rules clearly mandate the use of high calorie non-recyclables for waste to energy plants, these plants cannot use mixed waste without pre-sorting.

The National Green Tribunal (NGT) issued an order to reduce the mound height by at least 10 feet and use the material for highway construction. The NGT directed the NHAI (National Highway Authority of India) to lay a trial 2-km stretch of NH-24 using the Ghazipur waste for its widening.

Bringing down the height of tall garbage hills is not difficult, but it requires careful bio-remediation and bio-mining before the recovered material can be put to productive use. The first step is to reduce the volume of waste and to dry it out through bio-remediation using composting bio-cultures. This makes possible the second step of screening the waste, which is called bio-mining. The different fractions (usually through screens of 80 mm, 35 mm, 16 mm and 4 mm) obtained from the stabilised waste after it is screened, and the light thin plastics which are collected as a dry fan or a separator blows them out, include useful material for compost, road building, and refuse derived fuel (RDF). The fractions between 16 mm and 80 mm which contain mostly inerts (stony and sandy material) are good for road building. The finer fractions below 16 mm containing organics can be used as planting covers for grassy side slopes of the highway.

The fractions coarser than 80 mm consist mostly of combustibles like cloth and coconut shells and are useful for making RDF. A less-known and highly innovative application in building roads is that of soiled and torn thin plastics which are blown out from the bio-mining process. Though not useful for recycling like clean plastics which are collected from dry waste separately at the doorstep, these thin plastics can more than double or triple the life and quality of bitumen (tar) roads thanks to an innovation by Shri R. Vasudevan at Thiagarajar College of Engineering, Madurai.

Thin-film plastics including metallised multifilms are finely shredded to 2-4 mm size (like tea leaves) and used in hot-mix plants that supply ready asphalt/bitumen mixes which are spread and compacted for road-making. In such plants, stone aggregates of various sizes are blended and sent by conveyor into a heating chamber, where tar is poured onto the hot stones and mixed for three to four minutes before loading onto a vehicle for transport to the road laying site.

The key to making long-lasting “plastic roads” is that the shredded thin-films are not added into the bitumen, but added onto the hot stones. The flakes soften and in 30 seconds of mixing form a baked-on polymer coating over each stone. The bitumen adheres so much more strongly to these coated stones that potholes do not form during rains and road edges remain straight and firm. Such “plastic roads” withstand breakup in snowy regions and far outlast normal roads. With their capacity to handle tanks and heavy vehicle traffic, such roads are ideal for border roads. One km of single-lane tar road can consume one tonne of waste plastic, when added at 10 per cent of required bitumen quantity.

The good news is that Tamil Nadu, Himachal Pradesh and some other states are regularly laying plastic roads. In Tamil Nadu, 1,400 km of rural tar roads used plastic in 2003-2004 alone. The Central Pollution Control Board has put out guidelines for making such roads (PROBES/101/2005-06) and the results of comparative testing (PROBES/122/2008-09) after three years of laying. The results have been so good that on November 9, 2015 the Central Road Research Institute mandated plastic roads for all National Highways up to 50 km from cities that have a population over five lakh. Bengaluru has resolved to spend Rs.2,220 crore for fixing rain-battered roads in the next four months. There is a lesson here: Plastic roads will not only withstand future monsoon damage but will also solve the city’s problem of disposing of non-recyclable plastic.

If salvaged waste from dumpsite hills can be thus consumed nationwide at the bottoms and tops of our highways, that will be a wonderful way to usefully manage waste and save scarce land.

■■■

** The author Ms. Ahluwalia is chairperson, ICRIER, Delhi, and former chairperson of the high-powered expert committee on urban infrastructure and services. Ms. Patel is member, Supreme Court committee on solid waste management. Courtesy : The Financial Express.*

Manufacturing sector growth stagnant in September

Growth in manufacturing remained intact in September compared to August, but job generation accelerated at the fastest pace in almost five years, according to the Nikkei Purchasing Managers' Index (PMI). Investments continued to be subdued, indicating that the economy will take time to recover. The PMI stood at 51.2 in September, the same as its August reading. The figure was below the long-run trend of 54.1. a reading below 50 denotes contraction and one above that means expansion.

JICA offers Rs.6k crore to Western DFC

The Japan International Cooperation Agency (JICA) has signed an agreement with the government of India to provide a development assistance loan of Rs.6,000 crore to procure 200 electric locomotives for the Western Dedicated Freight Corridor (WDFC) Project.

With this, JICA has so far extended concessional official development assistance loans of about Rs.26,000 crore for development of the Western DFC Project. The loan is offered at a rate of 0.1 per cent for project activities with 30 years of repayment period, including 10 years of grace period. JICA is currently supporting the construction of civil and track works, electrification, including signalling and telecommunication system for the WDFC between Delhi and Mumbai.

The DFC project is expected to enhance freight capacity, making it a revolution for the industrial corridor. The project will focus on constructing approximately 1,500-kilometer track of the Western Corridor between Delhi and Mumbai, connecting major cities in the states of Maharashtra, Gujarat, Rajasthan and Haryana, as well as introducing new electric locomotives capable of high-speed and high-capacity transportation.

Indirect tax share in GDP increased 10.5%

There has been a steady rise in indirect taxes (net of subsidies) in recent years, pushing up retail prices of commonly used goods and services. The combined share of Customs and excise duties, service tax, and value-added tax (VAT) in India's gross domestic product (GDP) reached an all-time high of 10.5% during the financial year 2016-17, up from 7.7% three year ago. The previous high was 10.1% in 1987-88. Experts say this could be one of the reasons for a demand slowdown in the economy, as higher indirect taxes raise retail prices, hurting demand as well as production.

The past three years have witnessed a steady rise in Customs or excise duty on commonly used goods, such as petroleum products, metals and sugar, automobiles and consumer durables, among others. Besides, service tax has been hiked steadily to 18% (under the goods and services tax, or GST, regime) from 12.4% in 2014. The period also saw a sharp cut in government subsidies on fuel, farm inputs, and agri-procurement. This has resulted in an increase in indirect tax collections, which grew at a compounded annual growth rate (CAGR) of 22.3% in the past three years, against 10.6% annualised growth in GDP at current prices during the period.

Credit to services shrinks 9.1% in April-August

Commercial bank credit to the services sector contracted 9.1 per cent in April-August 2017, against 1.2 per cent growth in the year-ago period, reflecting a slowdown in the economy. RBI data showed that outstanding credit to the services segments, including trade, tourism and transport operators, declined to Rs.16,37,500 crore at the end of August 18 from Rs.18,02,200 crore at the end of March. There has been a slowdown in credit off-take across sectors — particularly agriculture, industry, services and retail — for about five months since April. Overall credit has declined 2.5 per cent to Rs.69,59,900 crore till August 18 from Rs.71,34,700 crore at the end of March. In the previous fiscal year, credit had shrunk 0.3 per cent in April-August 2016.

GST council revamps tax regime

The Government announced a significant revamp of the goods and services tax (GST) regime three months after it was rolled out, addressing key complaints, especially those of small-scale industry and exporters.

The GST Council raised the composition scheme threshold to Rs.1 crore from Rs.75 lakh, allowed smaller businesses with a turnover of up to Rs.1.5 crore to pay tax and file returns quarterly instead of monthly, exempted exporters from payment of tax under various promotion schemes, defe rred implementation of the tax deduction at source and collection at source provision to April 1 next year and suspended the reverse charge mechanism until the fiscal year-end.

The council also slashed tax rates on 27 items including sliced dried mango, khakhra, manmade yarn, stationary items, e-waste, plastic waste, rubber waste and job-work services while deciding to adopt a concept paper on the tax rates that would form the backbone of all changes in future.

Govt lowers GST burden

The GST Council has approved the creation of an e-wallet for each exporter with a notional advance refund amount. E-wallet for exporters is to be implemented by April 1, 2018, till then a nominal 0.1% GST will be applicable to exports. Moreover, exporters will continue to get the pre-GST exemptions under the Advance Authorisation and EPCG schemes while importing goods for the purpose of exports.

It is expected to resolve the liquidity problem. The increase in threshold limit and quarterly returns will augur well for small exporters and job workers as they can focus on business and not procedures.

On the compliance front, the GST Council has allowed SMEs with turnover of up to Rs 1.5 crore to file quarterly returns instead of monthly filings. India's exports rose 10.3% on year in August on the back of pre-GST contracts, the composite duty drawback facility available till September 30 and low base effect.

Jica to give Rs.6k-cr loan for 200 electric locomotives

Japanese government's official lending arm JICA will extend a Rs.6,000 crore loan to India for procuring 200 electric locomotives for Western Dedicated Freight Corridor (WDFC). "The ODA loan's conditions are very concessional, i.e. JPY LIBOR + 10 basis points interest rate (Japanese Yen London Inter-Bank Offered Rate + 0.1 per cent) for project activities and 30 years of repayment period (including 10 years of grace period)," the statement said. JICA is currently supporting the construction of civil & track works, electrification, including signalling & telecommunication system for WDFC between Delhi and Mumbai. JICA assisted WDFC Project aims to cope with the increase of freight transport demand in India, thereby promoting comprehensive regional economic development along the freight corridor. Inter-modal logistic handling systems are expected to improve and modernise through WDFC.

Factory output stages recovery

Industrial output expanded to a nine-month high of 4.3 per cent in August while the consumer price index (CPI)-based inflation rate remained stagnant at 3.28 per cent in September. The food inflation rate declined to 1.25 per cent in September from 1.52 per cent in August, while the widely tracked core inflation (inflation in manufacturing items sans food products) rate increased to 4.6 per cent from 4.5 per cent. The index of industrial production (IIP) grew by 0.9 per cent in July after de-stocking due to pre-goods and services tax (GST) implementation.

Electricity and mining helped boost IIP growth in August. While mining rose 9.4 per cent against 4.5 per cent in July, electricity expanded 8.3 per cent against 6.6 per cent. Manufacturing, which accounts for more than three-fourths of the IIP, recovered to 3.1 per cent in August from a contraction of 0.2 per cent in July.

Indian economy on 'very solid track', says IMF chief

IMF Managing Director Ms. Christine Lagarde has said the Indian economy is on a "very solid track" in the mid-term, days after the International Monetary Fund lowered its growth forecast for the current and the next year. Describing the two major recent reforms in India - demonetisation and Goods and Services Tax (GST) – as a monumental effort, Ms. Lagarde said it is hardly surprising that there "is a little bit of a short-term slowdown" as a result.

The IMF last week lowered India's growth projection to 6.7% in 2017, 0.5 percentage points less than its previous two forecasts in April and July, attributing it to demonetisation and introduction of the GST. It also lowered the country's growth for 2018 to 7.4 per cent, 0.3 percentage points less than its previous two forecasts projections in July and April. India's growth rate in 2016 was 7.1 per cent, which saw an upward revision of 0.3 percentage points from its April report. IMF feels that India is for the medium and long-term on a growth track that is much more solid as a result of the structural reforms that have been conducted in India in the last couple of years.

Securitization fell by 20% in April-Sept

Transaction volumes in the Indian securitisation market fell by nearly 20 per cent in April-September, the first half this financial year, to Rs.36,000 crore, from Rs.45,000 crore for the same period in 2016-17. According to rating agency ICRA, this was majorly due to two factors. First, a sharp pick-up in Priority Sector Lending Certificates (PSLCs) market – an alternate route for banks to meet their Priority Sector Lending (PSL) requirements. Second, lack of clarity around the Goods and Services Tax (GST) on the 'assignment' of secured loan (to individuals) volumes could get affected in 2017-18 due to the growing comfort in using PSLCs. These volumes had touched an all-time high of Rs.90,000 crore in FY17.

The securitisation market in India is characterised by two types of transactions, in rated Pass-through certificates (PTCs) and in unrated Direct Assignment (DA) transactions, the latter being bilateral assignments of retail loan pools.

External debt down 3% to $472 bn in FY17

India's external debt came down by USD 13.1 billion or 2.7 per cent to USD 471.9 billion at the end of March this year on annual basis mainly due to decrease in NRI deposits and commercial borrowings.

The external debt-GDP ratio fell to 20.2 per cent at the end of March 2017 from 23.5 per cent at March 2016. At end-March 2017, long-term external debt was USD 383.9 billion, showing a decrease of 4.4 per cent year-on-year. Long-term external debt accounted for 81.4 per cent of total external debt at end-March 2017. "Short-term external debt increased by 5.5 per cent to USD 88 billion at end-March 2017. This is mainly due to the increase in trade related credits, a major component of short-term debt with a share of 98.3 per cent.

Exports Climb 25.67% in Sept, Imports Up 18%

India's merchandise exports climbed 25.67% in September, exceeding an 18.1% increase in imports, helping to narrow the trade deficit to $8.98 billion from $9.07 billion in September 2016. In absolute terms, India's exports were pegged at $28.6 billion dollars in September against $22.8 billion a year ago, according to data released by the commerce department in October 2017. Imports were up at $37.6 billion from $31.8 billion.

In rupee terms, both exports and imports grew at a slower pace – 21.3% and 14% respectively – from a year ago, showing the impact of the sharp appreciation of the rupee over this period. The increase in exports was driven by a broad-based performance, with 26 of 30 categories posting positive growth. Outbound shipments of engineering goods grew 44.2%, chemicals (46%), petroleum products (39.7%), pharmaceuticals (14.7%), readymade garments (29.4%) and gems and jewellery (7.1%). Gold imports moderated to $1.7 billion from $1.8 billion in September last year.

Higher exports will support India's economy, which expanded 5.7% in the April-June quarter. Oil and non-oil imports grew 18.5% and 18% to $8.18 billion and $29.4 billion, respectively. Exports during April-September rose 11.5 % to $147.18 billion, while imports grew 25.1% to $219.31 billion, leaving a trade deficit of $72.12 billion.

ECO Council lists 10 areas to push Growth

The Economic Advisory Council to the Prime Minister (EAC-PM) has identified 10 priority areas for reviving growth and employment in the next six months viz. 1) Economic Growth; 2) Employment and Job Creation; 3) Informal Sector and Integration; 4) Fiscal Framework; 5) Monetary policy; 6) Public Expenditure; 7) Institutions of Economic Governance; 8) Agriculture and Animal Husbandry; 9) Patterns of Consumption and Production and 10) Social Sector. The council will give specific implementable recommendations to the PM after consulting all stakeholder ministries.

Forex reserves cross record $400 billion

India's foreign exchange reserves crossed the $400-billion mark in September from $371 bn last year, data released with a lag of seven days by the Reserve Bank of India (RBI) showed. As of September 8, 2017 the forex reserves with the central bank stood at $400.73 billion, up $2.6 billion from a week earlier. Most of the reserves — about $376.20 billion — are held in foreign currency assets such as the US dollar, euro, pound sterling, Japanese yen, etc, and is valued in terms of the American greenback. While the RBI does not provide a break-up of its foreign currency assets, analysts peg the share of the dollar to be between 60 per cent and 70 per cent of the total foreign currency assets. The value of gold in the total reserves was about $20.7 billion, while the Special Drawing Rights (SDR) of the International Monetary Fund (IMF) stood at $1.5 billion. The reserve position in the IMF, which is the quota allotted to India minus the IMF's rupee holding, was $2.3 billion.

Direct tax collections increase by 16% to Rs.3.86 lakh cr in Apr-Sep

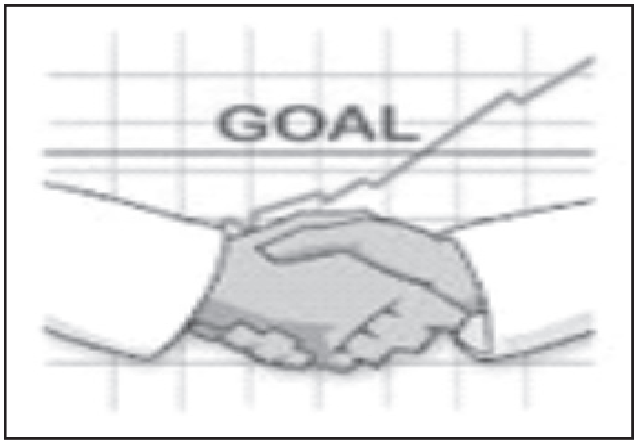
India's direct tax collections for April-September rose 15.8 per cent to Rs.3.86 lakh crore, buoyed by a healthy growth in advance tax mop-up, the finance ministry said. The net direct tax collections constitute 39.4 per cent of the total budget estimate of direct taxes at Rs.9.8 lakh crore for the current fiscal. The provisional figures of direct tax up to September 2017 show that net collections stood at Rs.3.86 lakh crore which is 15.8 per cent higher than the corresponding period last year, the finance ministry said in a statement. Advance tax collections till September stood at Rs.1.77 lakh crore, reflecting a growth of 11.5 per cent over the corresponding period a year ago. The growth in Corporate Income Tax (CIT) Advance Tax is 8.1 per cent and that in Personal Income Tax (PIT) Advance Tax is 30.1 per cent. Refunds amounting to Rs.79,660 crore have been issued during April-September 2017.

■■■

The biggest gurumantra is : Never share your secret with anybody. If you cannot keep secret with you, do not expect that others will keep it. It will destroy you.

SUCCESS STORIES OF WBFC ASSISTED UNITS

EKO X- RAY, EKO DIAGNOSTIC PL, KOLKATA MEDICAL & IMAGING INSTITUTE LIMITED



Dr S K Sharma, an eminent Radiologist of Kolkata, is the chief promoter of the group. Dr Sharma started the diagnostic center at the heart of Kolkata in 1987 avaling a loan of Rs.30.00 Lakh from this Corporation. Subsequently, EKO group availed of several loans from this Corporation to keep on adding most updated diagnostic equipment including MRI, PET CT, CT Angio etc at regular intervals at its different centers. The Corporation had a total exposure to this group to the tune of Rs.34.20 Crore. Gradually it has emerged as one of the leading diagnostic centers in Kolkata. The group had modest earnings of Rs.0.32 Cr when it approached WBFC for the first time and now it has clocked an earning level of Rs.40.74 Cr.

ATC LOGISTICS PL, ATC GALAXY INFRASTRUCTURE PL, ATCIS TECHNOLOGY, VIGNESHWARA PROPERTIES PL AND DIFFERENT OTHER GROUP COMPANIES.

The key person of the group is Mr Tutul Chowdhury. The group is engaged in providing logistic services to different MNCs and big houses with modern ware houses and updated facilities and running call centers and different other establishments in different parts of West Bengal and in other states. The group started its business in 2008 with a loan of Rs.190 Lakh from WBFC and subsequently availed several loans from the Corporation to undertake different expansion schemes and diversify in other activities also. WBFC has an exposure of Rs.34.20 Cr. to the Group. While the group had a turnover of Rs.20.00 Cr in 2008, it registered an impressive growth during this period and at present the turnover of this group turnover is about Rs.200 Cr.

Once you start working on something, don't be afraid of failure and don't abandon it. People who work sincerely are the happiest.

SIDBI to broaden scope of MSME lending portal

SIDBI plans to broaden and deepen its scope of lending to small and medium businesses by upgrading its lending portal Udyamimitra. The upgraded portal will put in place a digital financial market place for micro, small and medium enterprises (MSMEs) to leverage the presence of new-age NBFCs, fintechs along with conventional banking channels for easy access to financial products. The upgraded version of Udyamimitra, is aimed at promoting transparency, deepen outreach and reduce cost of credit for micro and small enterprises at the bottom of the pyramid. It will focus on delivering value through risk assessment using data and analytics by leveraging external sources of data such as payments, GST, utilities.

Fee income pushes Bandhan Bank net by 18.2 % to Rs.331 cr

Kolkata-based private sector lender Bandhan Bank reported an over 18 % growth in net profit for the quarter to September at Rs.331 crore on a substantial rise in both net interest income and non- interest income. Net interest income for the quarter rose nearly 22 % to Rs.694 crore from Rs.569 crore a year ago, while non- interest income rose a higher 66.42 % to Rs.223 crore from Rs.134 crore. Its current accounts-saving accounts deposits rose to 28.18 % of total deposits from 16.71 % in the year-ago period.

Total advances (including IBPCs and assignment of the portfolio) in the quarter rose 23.42 % to Rs.22,111 crore, while deposits grew at a higher 42.29 % to Rs.25,442 crore. Gross non-performing assets also inched up to 1.26 % from 0.82 % and so was net NPAs which rose to 0.67 % from 0.49 %. Capital adequacy ratio stood at 26.25 % with tier 1 capital ratio at 24.86 %. Bandhan Bank operates 864 branches across 33 states and Union territories, 2543 doorstep service centres and 386 ATMs and serves 11 million customers. Bandhan Bank is the first micro-finance entity to transform itself into a universal bank in June 2015.

Govt. set to capitalize PSBs with Rs.2.11 lakh crore

Helped by balance sheets much cleaned up under Reserve Bank of India (RBI) tutelage, public sector banks (PSBs) will have their capital base bolstered by Rs.2.11 lakh crore through FY19, the government announced in October 2017 – a move that analysts said would accelerate fresh advances by PSBs and crowd in elusive private investments.

As part of the plan approved by the cabinet Rs.1,35,000 crore will be mobilized through the issuance of recapitalization bonds are around Rs.5,800 crore by the dilution of government equity in various PSBs. The government will provide a budgetary support of Rs.18,139 crore under the existing Indradhanush plan (excluding the close to Rs.1,900 crore already provided this fiscal), which will be raised if the situation so warrants. The bonds and much of the proposed infusion of the mobilized capital will be front-loaded, possibly over the next four quarters; the release of the budgetary support may be even earlier.

Since the MSME sector is the largest generator of jobs, the government said, with the enhanced capitalization, banks will be in a better position to raise lending to such small and medium businesses. The bank would undertake a drive to finance MSMEs in 50 clusters. Sector-specific Mudra financial products (such as Mudra Leather, Mudra Textiles, etc) will be announced and 100 bank-approved MSME project templates will be developed to help speed up credit disbursement to MSMEs. Gross non-performing assets in PSBs rose from 5.43% (Rs.7,33,137 crore) as of June 2017. Consequently, provisioning for expected losses grew substantially. Between FY15 and Q1FY18, provisioning of Rs.3,79,080 crore was made, much higher than that of only Rs.1,96,937 crore made during the preceding 10 years.

SBI extends Rs.2,317 crore for rooftop solar power projects

The State Bank of India (SBI) has announced sanction of Rs 2,317-crore credit facilities to JSW Energy, Hinduja Renewables, Tata Renewable Energy, Adani Group, Azure Power, Cleantech Solar, and Hero Solar Energy, for executing rooftop solar projects with aggregate capacity of 575 Mw. The sanction is towards financing grid-connected rooftop solar projects under the SBI-World Bank (WB) Programme. SBI has availed a line of credit of $625 million from World Bank for lending to viable grid-connected rooftop solar projects undertaken by photovolatic (PV) developers and end-users. Financing is being provided to those with sound technical capacity, relevant experience, and creditworthiness meeting SBI standards.

SBI has so far sanctioned 43 projects with aggregate credit facilities of Rs.2,766 crore under the programme. This would add 695 Mw of solar rooftop capacity to the grid, and is a significant step towards meeting the government's target of 40 Gw of solar rooftop installations. With this programme, SBI aims to contribute to the development of the burgeoning rooftop solar market in the country which until now was being held back by lack of targeted financing.

SIDBI has a vision 2.0 for MSME well-being

SIDBI, has embarked on an ambitious makeover plan that includes the creation of a new advisory division, a sentiment index to gauge the MSME business mood and an intech platform to bring together borrowers and lenders.

Shri Mohammad Mustafa, chairman, said the agency's board had approved this vision 2.0 in a meeting on September 22, 2017, which had decided to strengthen the advisory services for MSMEs. Advisory would be in terms of technology, taxation issues and issues which a normal business encounters. SIDBI is calling it a credit plus approach and will give a host of services that will empower MSMEs to develop capacity, proper guidance, technology marketing and other options.

"Once we lend money, SMEs make a produce and it has to be marketed. We will give them a complete picture of where and how it is to be marketed. We are looking for partners like agreements with specialised advisory services. These could be technology and consultancy firms," Shri Mustafa said.

Biggest creditor calls the shots

The Insolvency and Bankruptcy Code may have prescribed a minimum vote of 75 per cent in a creditors' committee before any decisions are taken in the insolvency process, but the country's courts are interpreting this quite differently. Two benches of the National Company Law Tribunal (NCLT) have interpreted the law to mean the biggest creditor calls the shots. While this might hurt the interests of the smaller creditors, the benches seem to be arguing that it will hasten the process of winding-up.

In June this year, Raj Oil Mills approached the NCLT in Mumbai, asking to be declared insolvent. As part of this process, UVG Nayak was appointed as the interim resolution professional who was to look after the company's operations till such time that it was wound-up. As part of the procedure, a creditors' committee is set up which then takes a call on whether the interim resolution professional is to be retained as the Insolvency Resolution Professional (IRP); once the IRP has come up with a plan, the creditors' committee votes on this as well, and the same 75 per cent rule applies.

In this case, two of the financial creditors — Edelweiss ARC and IFCI Factors — wanted Shri Rajendra M Ganatra to be the IRP but they commanded only 61.84 per cent of the votes that were decided on the basis of the loans given by them. Two meetings were held to resolve the issue, but it didn't help.

When the case went to NCLT's Mumbai bench, it ruled that the intent of the law was to favour the financial creditor that had the largest stake even if it did not say so explicitly. “As a result, in our opinion”, the bench ruled, “a viable solution is to give preference to the decision taken by the largest percentage in voting rights of the Financial Creditor(s)”.

In a similar case, of Sree Metaliks Limited in the Kolkata bench, the voting share was 62.27 per cent but the decision was to allow this vote to go through even if it did not satisfy the 75 per cent rule.

Cooperative banks brace for high NPAs

Many of the states have announced a debt waiver schemes for farmers. This has had an adverse impact on the repayments on the crop loans, as farmers anticipate more waivers in the coming days. Already the sector is reeling under stress for high NPAs and poor infrastructure. Data from the National Federation of State Cooperative Banks (NAFSCOB) showed, absolute NPAs of district central cooperative banks (DCCBs) at the end of March 31, 2016, stood at Rs.22,406 crore, while that of state cooperative banks stood at 5,147 crore. Data for the primary agricultural credit societies (PACS) was not available. PACS are the smaller cooperative credit institutions and work at the grassroot level.

As of March 31, 2016, about 9,015 branches of district cooperative banks were in profit, while about 4,322 branches were loss-making. The total losses of the DCCBs were around Rs.688 crore, while the profit-making ones posted a profit of around Rs.2,126 crore, according to NAFSCOB. Data showed as of March 31, 2016, out of nearly 93,367 PACS, about 62,050 were viable to run. About 37,112 PACS had reported a loss of Rs.7,009 crore, while 44,896 societies reported a profit of Rs.4150 crore. Cooperative credit institutions are divided in two categories — urban and rural. The rural category is further sub-divided in short (along with medium-term) and long-term credit categories. The short-term rural credit follows a three-tier structure — state cooperative banks, DCCBs and PACS. The long-term credit is further sub-divided in two categories — State Cooperative Agriculture and Rural Development Banks and Primary Cooperative Agriculture and Rural Development Banks.

Capital stimulus for govt banks

The government in October 2017 unveiled a Rs.2.11-lakh crore support for public sector banks (PSBs), struggling with mounting bad loans, in order to spur “genuine” infrastructure lending for upcoming mega projects. The move is aimed at creating jobs and boosting economic growth, which slumped to a three-year low of 5.7 per cent in the first quarter of the current financial year. Facing a resource crunch and the target to rein in its fiscal deficit at 3.2 per cent of gross domestic product in FY18, the government will pump in Rs.1.35 lakh crore of this recapitalisation through bonds. Whether this would have a bearing on the fiscal deficit or not will depend on the contours of the bond. The government will soon come out with “recapitalisation bonds” to support public sector banks, which account for 70 per cent of non-performing assets (NPAs) in the banking system at Rs.7.33 lakh crore.

The support, to be extended over a two-year period, is aimed at “cleaning up the legacy of NPAs”. Another Rs.76,000 crore will come from budgetary support and banks tapping the market. While Rs.18,000 crore will come from the government’s recapitalisation plan under Indradhanush, banks will raise the remaining Rs.58,000 crore from the market by diluting government equity. The performance and potential of PSBs will be key to capital infusion. PSBs that can lend effectively to the private sector will be given priority in fund infusion.

■■■

Do not reveal what you have thought upon doing, but by wise council keep it secret being determined to carry it into execution.

NEWS FROM STATES

Kerala to manufacture electronic hardware manufacturing

The Kerala government is readying for a foray into electronics hardware manufacturing, and Hardware Mission submitted its detailed report. The state government is likely to ink a bunch of MoUs on joint ventures in hardware manufacturing with the likes of Intel and UST Global. "The plus points for the state would be its skilled human resources, emerging entrepreneurial culture and high consumption." According to the report, Kerala's import-dependent, consumption-driven economy could potentially leverage the high aggregated domestic demand to grow its internal manufacturing system. It also has higher wages and worker-related costs compared with other regions, but the availability of skilled manpower and better socio-political climates favours high-end manufacturing in niche areas. If such units are given an initial boost by providing early market in government-driven projects, they could reach the threshold to achieve a sustainable model. "The gap between the policy and actual implementation was cited as concern and demands were put forward for a directory of services-related hardware available in Kerala (such as PCB manufacturing, assembling). Kerala is betting heavily on electric mobility. The projects linked with converting state-owned Kerala Automobiles (KAL) to an electric vehicle (EV) manufacturing line for two- and three-wheelers have evinced strong response. The report also recommends utilisation of potential for an power electronics cluster in the State.

■■■

ANSWERS OF CYBERQUIZ ~ 68

1.[c] Quantum bit : In quantum computing, a theoretical design for computers based on quantum mechanics, each bit can represent more than one value at the same time, unlike the current digital computers where each bit represents a value of 1 or 0.

2.[b] The program has become disorganised because of too many changes.

3.[a] When the cursor is pointed to a button or clickable area on the monitor or a Web page, a small box pops up describing the option.

4.[b] The 'stair steps" that appear in diagonal lines and curves drawn at low resolutions in computer graphics.

5.[a] ABnormal END : It means abnormal or premature end of a program because the system has failed or there is a programming error.

Core sector growth rises 4.9% in August

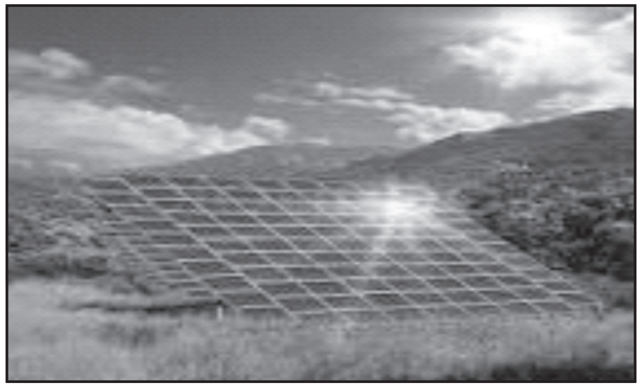
Output of the eight major core sectors in the country rose by 4.9 per cent in August compared to the 2.6 per cent rise seen in July. This was due to a jump in coal production and subsequent rise in electricity generation. Economists suggested this represented industrial revival in the country, especially after the Index of Industrial Production bounced back into growth territories in July after a 48-month low output in June. Data issued by the commerce and industry ministry in October showed the eight core segments — coal, crude oil, natural gas, refinery products, fertiliser, steel, cement and electricity — cumulatively grew 3 per cent in the first five months (April-August) of financial year 2018. This was lower than the 5.4 per cent growth in the corresponding period of 2016-17. The core sector Contributs 40 per cent to total industrial production.

Exports from SEZ up 15.4% in Apr-Jun

Exports from special economic zones (SEZs) rose 15.4 per cent to Rs.1.35 lakh crore during the first quarter this fiscal. Industry analysts stated that exports were growing from these zones, but observed that the government should do more to step up shipments. Exports grew about 12 per cent to Rs.5.24 lakh crore in 2016-17, against Rs.4.67 lakh crore in the previous fiscal year. These SEZs have attracted investments worth Rs.4.33 lakh crore up to June this year.

Commerce min gives more time to Navi Mumbai SEZ

The commerce ministry has given more time to special economic zone developer Navi Mumbai SEZ, which has planned eight projects



in Maharashtra. These SEZ projects are facing certain operational and regulatory issues. The Maharashtra government had sought more time from the Board of Approval (BoA), to resolve all the issues faced by Navi Mumbai SEZ Ltd (NMSEZ). The BoA, in its meeting on September 18 "approved extension" of validity of formal approval for setting up eight SEZs by NMSEZ for further period of "three months". Earlier, the developer — Navi Mumbai SEZ Ltd — had intimated the board that it has not been able to operationalise the proposed SEZs because the Maharashtra government did not enact the state SEZ Act. In absence of the legislation, entrepreneurs were not willing to set up units in the zones. Development Commissioner of Navi Mumbai SEZ had stated that the state government, City and Industrial Development Corporation (CIDCO) and NMSEZ are in the process of resolving operational and regulatory issues. CIDCO had said the matter is now referred to Advocate General of the state to seek his legal advice on issues, which may take some more time. The developer has planned eight SEZs. Out of this, six zones got formal approval from the BoA in 2007, while the remaining two were approved in 2009.

■■■

God is not present in idols. Your feelings are your god.
The soul is your temple.

Walking Has Benefits

Achieving 10,000 steps per day is a standard goal of many in today's society. This goal has become part of most fitness tracking devices that you can set and try to achieve on a daily basis! These fitness devices will motivate you and even give you achievement awards. While this can be a great marketing ploy, daily walking has many benefits that you may not be aware of. You don't need to sign up for every 5K or run a marathon to get the health improvements that you are looking for. A daily walk will do.

Walking is something most of us do every day. Regardless of your level of physical activity, adding walking into your schedule has many significant short term and long-term health benefits. Walking between 7500 and 10,000 steps per day is a key to fitness. The following are some of the benefits of adding walking into your daily routine.

- Helps Lose Weight- Walking five days a week will assist in burning quit a few calories. A faster pace will help in burning more calories and increase metabolism. Of course, diet along with walking will yield better results; however, you will still get results from a daily walking routine. If you are looking to lose more weight, speed walking or walking with weights are great ways to increase weight loss.

- Improves Sleep- If you have a hard time falling and staying asleep, walking will help. Ensure you do not walk too close to bedtime, rather walk in the morning or early afternoon. Walking produces a rise in temperature and it can take hours for this to drop. This rise and fall enables sleeping. Walking also helps with a smoother transition of one phase of sleep to the next and allows you to spend more time in the deeper sleep stage. Your legs will also act as tranquilizers and assist in falling asleep faster.

- Reduces Stress- Walking will help you boost endorphins and give you more energy! It gives you time to think and allows you to get away from everyday stressors. Walking outside or with a friend can further reduce stress levels. If you can let go, your mind will forget all the stress and focus on your environment.

- Decreases Hypertension/Reduces Risk of High Blood Pressure- Studies show that just 40 minutes of walking per day can lower blood pressure in people with hypertension. You will see the same benefits if you walk a few times per day. Walking can lower your risk of high blood pressure, high cholesterol and diabetes, which are all risk factors for heart disease and stroke. It has been shown to increase your HDL and lower your LDL. Walking will help keep your heart healthy!

- Tones Muscles- Walking helps to build, shape and tone muscles of the legs, hips and buttocks. It also boosts the strength and endurance of those muscles, which means you, can do more with less fatigue. This tone and strength will assist in decreasing the chance of injury as well.

- Easy on the joints- Walking is a low impact exercise and those with arthritis, bad knees or other injuries will be able to endure exercise with less pain.

As you can see, there are many benefits to a regular walking routine. Ensure you make it an enjoyable part of your day that you look forward to. Take a walk in a scenic area, beach, park, forest or anywhere that makes you happy. Make it a habit and add it into your daily schedule when you don't feel rushed. Finding a friend to go can make it more entertaining unless you want the time to relax and think. Using a fitness tracker or pedometer will help track your steps, distance and time. Ensure you have good shoes that fit well and are comfortable. Your legs and feet will thank you! Don't forget to stay hydrated and drink plenty of water. Overall, walking will help improve the quality of your life! Walk on !

MISCELLANY

India is eighth most valuable nation brand

India is ranked the eighth most valuable nation brand while the United States retained its top position and China took the second spot in the league of nations according to Brand Finance's Nation Brands 2017. India went down one spot over the previous year, the report said, because the economy grew at its slowest pace. India switched places with Canada and its brand value dropped by one percentage point while that of Canada's rose 14 per cent. China, the fastest growing nation brand in 2017, saw valuation grow 44 per cent.

The report says that China has gained because "in a virtuous circle, Chinese brands and the transformed national image of China as an emerging global power are reinforcing each other." India, on the other hand, has taken a hit on several fronts. Reforms must be introduced to maximise job creation, provide fiscal support and to boost economic growth.

India improved its brand rating from 'AA-' to 'AA' though, but failed to make it into the top ten 'best performing' or 'strongest' brands. Brand analysts list democracy, diversity, young population and technological receptivity as the pillars of India's brand value.

The report also said that India is seen stronger in attributes related to culture and weaker in attributes related to business. "India needs rapid economic growth, accelerated employment, exponential increase in infrastructure and a do-or-die spirit of enterprise".

The report points out that the dynamic between American and Chinese nation brands is mirrored by the broader trends of Western stagnation and Asian advance. Established European nation brands, such as Germany, Netherlands, Belgium, Switzerland, Sweden, Austria, record either a decline or a negligible growth of value. At the same time, Asian nation brands grew at breakneck speed. One of the most interesting stories among nation brands in 2017 is that of Iceland. Its tourism industry is booming, post the success of Game of Thrones that was shot in the country, helping it become the fastest growing nation brand of 2017, up 83 per cent from last year.

Education is the best friend. An educated person is respected everywhere. Education beats beauty and the youth.

The fragrance of flowers spreads only in the direction of the wind. But the goodness of a person spreads in all direction.