

# COSIDICI COURIER

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



## FROM THE DESK OF THE EDITOR

### Enhancing Competitiveness of MSME Sector Through Cluster Development

#### Background

The Micro, Small & Medium Enterprises (MSMEs) in India have seen a vast development in the last five decades. The MSMEs have registered tremendous growth as also progress in terms of quality production, exports, innovation, product development and import substitution, very much beyond the expected objectives of setting up MSMEs by the planners of industrial production base in the country. Entrepreneurial efforts have made it possible to produce number of items, which hitherto were imported. In quite a few cases new variants so produced are having additional attributes than their original versions and are capable of solving a multitude of user problems. This all has become possible owing to the ambitions and visionary spirit of entrepreneurs of MSMEs

The Micro, Small & Medium Enterprises (MSMEs) contribute significantly to value addition, employment generation, exports and overall growth and development of the country's economy. The MSME sector accounts for about 40 per cent of the exports and 45 per cent of the total manufacturing output in the country. Realizing the significance, a separate Ministry of Micro, Small & Medium Enterprises has been set up by the Government of India at the Centre with an objective to facilitate, promote and enhance competitiveness of MSMEs in the state. It is basically a State initiative to give topmost priority and thrust for facilitating and co-coordinating the growth and development of the MSME sector.

#### Cluster Development :

UNIDO, the UN specialized industrial agency,

defines a cluster as “a sectoral and geographical concentration of small/medium enterprises facing common opportunities and threats”. Clusters are thus a sectoral and geographical concentration of micro, small and medium enterprises with inter-



V.S. RATHORE  
Secretary General, COSIDICI

connected production system leading to firm/unit level specialization and developing local suppliers of material inputs and human resources. Availability of the local market, inter-mediaries for the produce of the cluster is also a general characteristics of the cluster. As a 'cluster' is a sectoral assemblage of enterprises which are facing common opportunities and challenges, MSMEs in a cluster can access skilled and highly educated labour and pooled business services via enterprise clusters and networks MSMEs having particular interests.

As a whole, cluster facilitates to face market challenges, quicker dissemination of information, sharing of knowledge and best practices and better cost effectiveness due to distribution of common costs. It also provides an effective and dynamic path for inducing competitiveness by ensuring inter-firm cooperation through networking and trust. The geographic proximity of the enterprises with similarity of products, interventions can be made for a large number of units that leads to higher gains at a lower cost, which in turn helps in their sustainability. The cluster approach thus aims at a holistic development covering areas like



infrastructure, common facility, testing, technology & skill upgradation, marketing, export promotion.

The Cluster Development approach has played an important role in enhancing the competitiveness of the MSE sector. Apart from the benefits of deployment of resources and economy of scales, the cluster development approach helps in weaving the fabric of networking, cooperation and togetherness in the industry, and thus enabling the industry to achieve competitiveness in the long run. The Micro and Small units are generally not in a position to install costly machinery for their critical operations, accept large orders, or infuse large capital due to their limited capital base and limited domain expertise. However, collectively through cluster development approach, the micro and small enterprises can attain the desired goal of being competitive in the present global scenario.

The Ministry of MSME, Govt. of India, has adopted cluster development approach as a key strategy for development of micro and small enterprises in various clusters. The Ministry is administering two cluster development programmes, namely, Micro and Small Enterprises - Cluster Development Programme (MSE-CDP) and Scheme for Upgradation of Rural and Traditional Industries (SFURTI).

The objectives of the scheme is to support the sustainability and growth of MSEs by addressing common issues such as improvement of technology, skills and quality, market access, access to capital, etc.; to build capacity of MSEs for common supportive action through formation of self help groups, consortia, upgradation of associations, etc., and to create and upgrade infrastructural facilities in the new and existing industrial clusters of MSEs.

The cluster development initiatives in various clusters have reportedly delivered remarkable results. The guidelines of the MSE Cluster



Development Programme (MSE-CDP) have been comprehensively prepared to provide higher support to the MSMEs. With this, more than 500 clusters spread over across the country have so far been taken up for diagnostic study, soft interventions and setting up of CFCs under the programme. The efforts under the scheme are focused on covering more and more clusters across the country.

Lack of satisfactory and timely banking finance, unavailability of needful technology, low production capacity, limited knowledge, toothless marketing strategy, non-availability of skilled labour, etc are not the only challenges faced by the micro and small medium enterprises (MSMEs). As liberalization prevails in the global economy, small firms are also under tremendous pressure of other factors like innovation, restructuring of operations and problem in achieving production efficiencies.

The competition between a small and big firm is not only in price and size, but also compete on the basis of their ability to innovate. Hence, in order to maintain sustainability in this ever-changing global economy, SMEs should also adopt innovative techniques and should undergo with continuous improvement in their product, process, like big players. However, non-availability of resources is the major roadblock in the growth of SMEs. Analysts feel that 'cluster development' has potential to address the issue of resource-gap.



## **Objectives of a cluster development scheme: Cluster Development Programmes**

Cluster development programme is aimed to mitigate various challenges faced by industries in the MSME Sector. The main objectives include:

- Extending support to boost MSMEs' businesses by addressing general issues like improvement of technology, skills and quality, market access, access to capital, etc.
- Building MSMEs' capacity with the formation of self help groups, consortia, upgradation of associations, etc.
- Creating and upgrading infrastructural facilities in the new/existing industrial areas/ clusters of MSME
- Setting up of common facility centres for testing, training, complementing production processes, etc.

In addition, clustering of units also helps services providers, like banks and credit agencies, to facilitate their services to small firms.

### **Cluster Composition**

The process of cluster development usually consists of the following steps :-


- Choosing Cluster Development Agent
- Diagnostic Study
- Developing action plan
- Smoothing the process of technology shift from producer to end user
- Setting up of Common Facility Centres (CFCs)
- Organising workshops, seminars, training and research visits for faster dissemination of technology across the cluster of small enterprises.

As mentioned earlier, industrial clusters are recognised as an effective means of business development and promotion of small firms. The easy reach to specialized suppliers of raw materials, parts and components, machinery, skills and technology as well as other supporting services can enable enterprises to improve competitiveness. Cluster development not only improves the competitiveness of industry, rather it also acts as an instrument for alleviation of poverty, generation of sustainable employment, fostering innovation, enabling better, effective and sustainable credit flow.

Cluster development enables SMEs to establish a strong position in the global market in a number of traditional products such as shoes, leather handbags, knitwear, apparel, furniture, tiles, musical instruments, food processing and also in the industries which supply machinery to these sectors.

### **Conclusion**

In order to maintain sustainability in this ongoing liberalized era of the Indian economy, it is essentially required that the MSME units in India come up with novel approaches and ideas. Here the 'cluster development initiative' plays a vital role as clustering and networking among enterprises not only promotes enterprise competitiveness but also enhances access to global markets. Hence, both private and public sector institutions at the Central as well as the state levels should progressively undertake and promote the cluster development initiatives.

  
**(V.S. RATHORE)**



## LETTER TO THE EDITOR

Dated : 23/10/2016

Dear Editor,

It is heartening to learn that in order to propagate their endeavours, COSIDICI is publishing its Journal titled – 'COSIDICI COURIER', which contains comprehensive information on various promotional and development activities of different States in the country. There is an imperative need to further promote and nurture these enterprises for sustainable and inclusive growth in the country.

It's extremely delighting and elating to see the Journal rendering such a platform for the new entrepreneurs. My hearty congrats for bringing out the issue by this Council in a creative manner without compromising on the content.

Best Regards,



Shrey Gupta

Yours sincerely,

Sd/-

( **SHREY GUPTA** )

Chartered Accountant

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New Delhi

*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.*



## INSOLVENCY AND BANKRUPTCY CODE : A LEGISLATION TO PROMOTE INVESTMENTS, DEVELOP CREDIT MARKETS

*\*Ashok Vanahalli*

India is today the world's fastest growing major economy. Yet, there is a dearth of private investment, both by domestic and foreign investors. This is closely linked to the inability of banks to finance new investments, because they are saddled with huge non-performing assets (NPAs). Gross Non-performing assets of listed banks touched Rs.3.5 lakh crore and grew to a 12 year high of 7.6% of advances at the end of March 2016. RBI estimates this to swell further to 8.5% by March 2017. The central bank has directed to provide for stressed loans, so that their balance sheets are clean by 2017 and be realistic in declaring their results.

This has resulted in making additional provisions against NPAs to the extent of around 70,000 crs during F.Y. 2015- 16. However, the regulatory authority and Central Govt., have not limited their banking reform strategy to just provide for NPAs in the Balance sheets. Central Govt. has assured the required recapitalization to the affected Banks.

### **Weak Legal framework**

Apart from this, the more heartening is the step of the Central Government successfully pushing the legislation for Insolvency and Bankruptcy Code. The Government realized, that moot cause of slow NPA resolution, is delayed justice in the recovery process. The current weak legal framework for asset resolution has been a key structural credit weakness for Indian banks. It is high time that a new legislation is brought in to deal with insolvency and bankruptcy as the existing framework is "inadequate, ineffective and results in undue delays in resolution". An effective legal framework for timely resolution of insolvency and bankruptcy would support development of credit markets and encourage entrepreneurship.

Currently, there is no single law dealing with insolvency and bankruptcy in India. Liquidation of



companies is handled by the high courts; individual cases are dealt with under the Presidency Towns Insolvency Act, 1909 and Provincial Insolvency Act, 1920.

Other laws which deal with the issue include SICA (Sick Industrial Companies Act), 1985; Recovery of Debt Due to Banks and Financial Institutions Act, 1993, SARFESAI (Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest) Act, 2002 and Companies Act, 2013.

As a result, four different agencies, the high courts, the Company Law Board, the Board for Industrial and Financial Reconstruction (BIFR), and the Debt Recovery Tribunals (DRTs), have overlapping jurisdiction, giving rise to the potential of systemic delays and complexities in the process. A strong bankruptcy law can help overcome these challenges.

There are bankruptcy procedures in place at the moment. These, however, suffer from several infirmities. One, there are different laws for different entities—a company, limited liability partnership, an individual, etc. This makes the task of creditors cumbersome.



### **The new legislation**

The 'Insolvency and Bankruptcy Code, 2016' that provides for resolution of insolvency in a speedier and time-bound manner was passed by parliament which is now pending the President's signature. To start with the basics, the value of a firm is the total value of its debt and equity. When the value of a firm drops to the value of debt, equity reduces to zero, meaning the shareholders get wiped out. Thereafter, it is only the debtors or creditors who have a claim on the company's assets. The bankruptcy process, which the bankruptcy code seeks to address, is all about how best can creditors recover their claims on a firm that has gone bankrupt. The bill aims at promoting investments, freeing up banks' resources for other productive uses, boosting credit markets and improving ease of doing business in India. The bill also provides for setting up of an 'Insolvency and Bankruptcy Board of India' to regulate professionals, agencies and information utilities engaged in resolution of insolvencies of companies, partnership firms and individuals. "The Code also proposes to establish a fund to be called the Insolvency and Bankruptcy Fund of India..." as per the document tabled, it creates mechanisms that require speedy action on the part of debtors.

Today, banks can wait for 90 days after default on payments in order to recognise an asset as a non-performing asset (NPA). Thereafter, they need to wait for 30 days before they can take action. The bankruptcy code allows creditors to recognise insolvency on the first date of default. Thereafter, the insolvency process has to be completed within 180 days, which can be extended by 90 days.

The bankruptcy code seeks to reduce the discretion of the banks by interposing a trained Insolvency Professional (IP). The IP's fee is linked to recovery, providing every incentive to expedite resolution and maximise recovery.

### **Other key features of the Act**

The IP is part of the new institutional structure



proposed for bankruptcy. Other key features of the structure are :

- Insolvency professional agencies that will train and certify IPs
- Information utilities (IUs) that will collate and disseminate financial data on debtors
- The Insolvency and Bankruptcy Board of India, a regulatory authority that will regulate and supervise the different entities created under the code
- Two adjudicating authorities, one for companies and another for individuals and partnership firms.

These features are positive for Indian banks because they will act as an incentive for corporate borrowers to avoid loan default and improve the recovery of assets as per a review. In addition to increasing banks' influence over the restructuring process, the mandated replacement of the existing management during the process should act as a key disincentive for debtors to default in the first place. Moreover, the limited time frame strengthens the banks' bargaining power over delinquent borrowers.

"The government's move to pass the Bankruptcy Law is a welcome step, given the relatively long duration of insolvency proceedings in India vis-



à-vis other OECD (Organisation for Economic Co-operation and Development) countries,” The bankruptcy code seeks to consolidate the existing framework and create a uniform institutional structure to deal with insolvency.. The Code also seeks to balance the interest of all the stakeholders including alteration in the priority of payment of government dues.

The Code seeks to provide for designating National Company Law Tribunal (NCLT) and Debt Recovery Tribunal (DRT) as the adjudicating authorities for corporate persons and firms and individuals, respectively, for resolution of insolvency, liquidation and bankruptcy.

Till the Insolvency and Bankruptcy Board of India is set up, the central government will exercise the powers of the Board or designate any financial sector regulator the powers and functions.

The bill also provides for priority with regard to distribution of proceeds following liquidation of the company. In the order of priority, the first charge will be insolvency resolution process cost and liquidation costs to be paid in full.

Liquidation proceeds will then be used to clear debts owed to secured creditors, and then to pay workmen’s dues for 12 months, unpaid dues to employees other than workmen, and financial dues owed to unsecured creditors, in that order. Government taxes for two years, other debts, preference shareholders and equity shareholders will receive last priority for payment.

It also provides for monetary penalty and jail term of up to five years for concealment of property, defrauding creditors and furnishing false information.

The Code also provides for fast track corporate insolvency resolution process to be completed in 90 days. It is envisaged that a robust insolvency resolution mechanism can help creditors recover a larger part of their investment faster, allowing them to reinvest in other businesses, thereby facilitating the efficient flow of capital across the economy.

### **Limitations and challenges ahead**

Significant infrastructure constraints have to be overcome before the framework can become fully operational, including;

- Development of the required infrastructure
- Required support for new restructuring procedure, particularly legal resources and information utility.
- Time required for various stakeholders to accumulate the requisite legal experience and precedents for the new system to be fully up and running
- Limited impact that the new law may have on the liquidation process.
- The proposed law will have limited benefit in addressing the current asset quality issues facing Indian banks.
- The architecture will take a long time to evolve. The bill is not very clear on how the transition is to be handled. It does suggest that one of the financial regulators could take care of the regulatory functions until a separate board is in place. But it is silent on who can take the place of IPs and IUs until these are created.
- The code can do little to tackle the mountain of NPAs that banks are dealing with—it can at best address NPAs of the future. More importantly, it cannot address failings in public sector banks that come in the way of speedy resolution.
- Banks lack the expertise to replace the existing management with another one. Given these realities, it is not clear how banks can adhere to the 180-day time frame for completing insolvency processes. The Ministry of Finance has proposed the creation of an independent authority to approve loan settlements. This will, perhaps, do more to expedite recovery than the provisions of the code.
- While the code lays down that no civil court will have jurisdiction in matters covered





by the code, it does provide for Appellate Tribunals.

Further, it allows for appeal in the Supreme Court against the tribunals on a matter of law. The present Debt Recovery Tribunals and Appellate Tribunals have been bogged down by the sheer number of cases. Moreover, firms can challenge their judgements in civil courts. It helps that resort to civil courts will no longer be possible. However, matters can still get clogged up at the Adjudicating Authorities and Appellate Tribunals themselves. For bankruptcy resolution to be effective, the administration and governance of

adjudicating authorities and appellate tribunals need considerable improvement.

In a nutshell, a good beginning is made to create an environment, wherein the public should feel that the loans are no more charity and banks be serious in deployment of their resources to productive use and get the same back in time with interest.

The code is a big positive for the banking sector, which is currently burdened by stressed assets as it provides banks with a legal frame work for recovering their dues in time bound manner.

*Source : KSFC News. The author is Deputy General Manager, Karnataka State Financial Corpn. (KSFC), Bangalore.*

## QUESTIONS OF CYBERQUIZ ~ 62

Q.1 What term was taken from a 1970s science fiction novel by John Brunner entitled The Shockwave Rider ?

[a] Virus; [b] Worm; [c] Spam; [d] Search Engine.

Q.2 What is the name of the computer virus which originated from Lahore, Pakistan in January 1986 and which can infect only 5.25 inch floppies ?

[a] Den Zuk Virus; [b] Brain Virus; [c] Zero Bug Virus; [d] Pixel Virus.

Q.3 The beta version of some software includes a feature that renders the software unusable after a certain period of time. What is this feature called ?

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

Q.4 Now more commonly called embedded systems, these programs control some pieces of equipment, particularly those with military applications. What was the original name of such programs?

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

Q.5 This project was launched in 1960 by Ted Nelson as the original hypertext project. It has been dubbed the longest running vaporware story in the history of computer industry by Wired Magazine as it took the project 28 years to release the software, that too an incomplete one ! This project was supposed to be a word processor capable of storing multiple versions, and displaying the differences between these versions. Name this project.

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

For Answer See Page No. 17



## CSR FUNDS FOR STRENGTHENING MSME SECTOR ?

*Dr . A Jagan Mohan Reddy*

“There is no such thing as the viability of states or of nations, there is only a problem of viability of people: people, actual persons like you and me, are viable when they can stand on their own feet and earn their keep”.

-E. F. Schumacher

### *Introduction*

In a developing country like India, the role and importance of small-scale industries is very significant towards poverty eradication, employment generation, rural development and creating regional balance in promotion and growth of various development activities. It is estimated that this sector has been contributing about 40% of the gross value of output produced in the manufacturing sector and the generation of employment by the small-scale sector is more than five times to that of the large-scale sector. This clearly shows the importance of small-scale industries in the economic development of the country.

### *Some of the important role played by small-scale industries in India.*

- Employment generation: Being labour intensive in character, they generate huge number of employment opportunities.
- Mobilization of resources and entrepreneurial skill: SSIs can mobilize a good amount of savings and entrepreneurial skill from rural and semi-urban areas.
- Equitable distribution of income: Being widespread small-scale industries ensure equitable distribution of income and wealth in the Indian society.

- Regional dispersal of industries: SSIs utilize local resources and bring about dispersion of industries in the various parts of the country thus promoting balanced regional development.



*Dr. A. Jagan Mohan Reddy*

- Opportunities for development of technology: Small-scale industries provide ample opportunities for the development of technology and technology in return, creates an environment conducive to the development of small units.
- Indigenisation: Small-scale industries make better use of indigenous organisational and management capabilities by drawing on a pool of entrepreneurial talent that is limited in the early stages of economic development. They provide productive outlets for the enterprising independent people and are a seed bed for entrepreneurial talent and a testing ground for new ventures.
- Promotes exports: Small-scale industries have registered a phenomenal growth in exports over the years.
- Supports the growth of large industries: They support the growth of large industries by providing, components, accessories and semi finished goods required by them.
- Better industrial relations: There is hardly any



strike and lock out in these industries due to good employee-employer relationship.

### **What's the Issue?**

MSMEs are critical growth drivers in the Indian economy and have displayed remarkable progress creating over 100 million jobs across the 49 million units in India, contributing 37% to country's manufacturing unit (Annual Report 2014-15 of the Ministry of MSMEs, Government of India). The Government in the past few years has undertaken several measures to bolster the MSME sector of the country, including extending the benefits of the existing schemes for MSMEs, launching new policy initiatives to overcome the structural problems of this sector and undertaking sector-specific policy measures, so as to provide focused efforts for the development of the key MSMEs of the country.

Besides focusing on the existing schemes like National Manufacturing Competitiveness Programme (NMCP), Credit Guarantee Scheme for Micro and Small Enterprises, Credit Linked Capital Subsidy Scheme (CLCSS), MSE Cluster Development Programme, the Government of India launched various new initiatives including ASPIRE: A Scheme for Promoting Innovation and Rural Entrepreneurship and the Udyog Aadhaar Memorandum (UAM). However, there exists further scope to address the multiple bottlenecks that the sector is facing.

As per a study report based on Micro Small and Medium Enterprises (MSME) titled "Bolstering MSMEs for Make in India – with special focus on Corporate Social Responsibility" only 59% employees working in MSMEs are skilled. The report was launched by PHD Chamber, a catalyst in the promotion of industry, trade and entrepreneurship in India, and Avian Media, a leading Indian communications and advocacy firm. The key findings of the research report are :-



- Around 59% of employees working in MSMEs are skilled, 21% are on job training, and 20% are unskilled.
- About 42% of the respondent MSMEs conduct skill development training programmes for their employees, of them 69% believe that these structured programmes benefit their organisations in terms of improving know-how, reducing knowledge gaps among employees and enhancing their capabilities to handle responsibilities.
- Info Technology Communication (ITC) tools are used by MSMEs across different business verticals such as finance, sales/marketing, supply chain, market research and human resource.
- Make in India programme aims to facilitate investments, foster innovation, enhance skill development, build world-class infrastructure in the country and to make India a global manufacturing hub for the entire world economy. In this regard, the government has identified various sectors, which are to be focused, including automobiles and auto components, food processing, leather and textiles among others. Since, almost



all these identified sectors are majorly operating under the MSMEs segment of the country; this sector will play a critical role in making the Make in India initiative a success.

The report concluded that CSR funding to the MSMEs will give the sector exposure to new methods, processes, technology, excellence and other key parameters of large enterprises, which would enable the SMEs to enhance their capacities and overall productivity. This process of enhancing associations between large enterprises and SMEs will generate the desired results in the direction of making Make in India a great success.

### **What More?**

Data released by the Central Statistics Office recently showed that the economy grew at 8.7 per cent in F.Y. '16 (with 2011-12 as base year) to cross the \$2.02 trillion mark, compared to \$1.9 trillion a year ago. Ideally, a growing economy should create jobs and spur investment cycle. But that doesn't seem to be happening. Banks are saddled with stressed assets; capacity utilization is low and corporate investment bleak. Manufacturing, accounting for nearly 40 per cent of total employment, witnessed a de-growth. So did mining, construction and non-financial services.

As rightly said by Prof Vaidyanathan of IIM-B, in one of his interviews, "Growth largely comes from MSMEs. Corporates' share in GDP is much lower and even if GDP grows at over 7 per cent, their employment isn't significant. Large firms are increasingly outsourcing. It's the MSMEs that drive growth, but are starved of capital. If this is addressed, we can grow at 10-11 per cent."

### **Conclusion**

There is a huge scope for MSMEs to become the recipient of Corporate Social Responsibility (CSR) funds. It is an effective and growth-oriented opportunity that offers MSMEs both a way forward and a sustainable social impact. If the country has to achieve double digit growth, then it is important to extend MSMEs the much-needed infrastructure and finance. Reforms in the four factors of production including land, labour, capital and entrepreneurship to bolster MSMEs would be critical to the fruitful outcomes of Make in India programme. The time is most opportune to generate demand in the economy vis-à-vis significant decline in the costs of raw materials and to absorb a major chunk of skilled and unskilled labour in the MSMEs sector. And utilizing CSR funds for strengthening MSME would be a step in the right direction.

*Dr. A. Jagan Mohan Reddy, Associate Professor (HR),  
Institute of Public Enterprise, Hyderabad*

*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.*



## PROFILE OF MEMBER CORPORATIONS

### Tamilnadu Industrial Investment Corporation Ltd. [TIIC]

Tamilnadu Industrial Investment Corporation Ltd. [TIIC] is a premier State Financial Corporation established in the year 1949. TIIC fosters industrial development in Tamilnadu by providing financial assistance to industries for purchase of land, machinery and construction of buildings. TIIC provides assistance to micro, small, medium and large enterprises of which 40% goes to first generation entrepreneurs. TIIC acts as a catalyst for industrial promotion within the State by creating a new generation of entrepreneurs. TIIC has so far assisted 1,19,767 units with a cumulative sanction of Rs.14,549.80 crores upto 31.03.2016. Under the able stewardship of Shri Md. Nasimuddin, IAS, CMD, TIIC, the Corporation is scaling new heights of achievements.

#### **General Term Loan Scheme :**

The Scheme: The scheme is intended to provide financial assistance for new projects or to expand/modernise / diversify the existing projects.

Eligibility: All small scale / medium / large scale industries and service sector units are eligible for financial assistance. Proprietary concern, Partnership concern, Private Limited Company and Public Limited Company are eligible for financial assistance.

Purpose: The loan shall be considered for purchase of land, construction of building and purchase of machinery / equipments, electricals, etc.

#### **Single Window Scheme**

The Scheme : The Corporation considers financial assistance for creation of fixed assets and working capital assistance for Micro and Small units.

Eligibility : The Micro and Small units with venture outlay i.e. aggregate cost of the project (excluding working capital margin) and total working capital requirement shall be upto Rs.200.00 lakhs. If the units have bank facility, they are not eligible for working capital assistance under Single Window Scheme. However, they can be accommodated under other working capital schemes of the Corporation.

Project Cost : The total venture outlay i.e. project cost (excluding working capital margin) and working capital requirement shall not exceed Rs.200.00 lakhs.

Debt Equity Ratio : The Debt Equity Ratio shall be 3 : 1 for loans upto Rs.10 lakhs (including working capital loan). The Debt Equity Ratio shall be 2 : 1 for loans above Rs.10 lakhs.

Promoter's contribution : Promoter's contribution shall be 35%.

#### **Micro/Small Enterprises Funding Scheme :**

Scheme: The scheme is to extend financial assistance to New / Existing Units in Micro and Small Enterprises with overall project outlay of Rs.50.00 lakhs.

#### **Eligibility:**

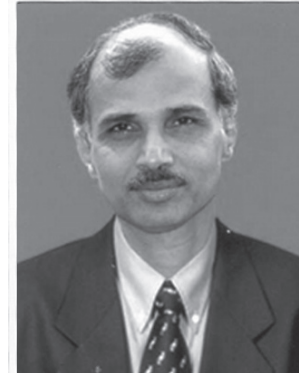
- New Enterprises in Micro / Small scale sector for manufacture, preservation or processing of goods irrespective of location and service sector projects like Hospitals, Fast Food restaurant etc. except Small Road Transport Operators [SRTOs].
- Existing Micro and Small Scale Industrial Units and Service Enterprises, undertaking Expansion, Modernization, Technology Upgradation and Diversification irrespective of locations.

Purpose: For Creation of Fixed Assets

#### **Bill Financing Scheme :**

The Scheme : The scheme aims at financing the MSME and non-manufacturing enterprises with whom purchase orders have been issued by TNEB / TWAD / TANSI (TNEB - for the supply of ACSR conductors / AAC conductors / distribution transformers / power transformers / cables / AB Switches, Pillar boxes, Grills) / TNPL. The scheme also covers execution of work contract and turn key projects, repairs and reconditioning of sick transformers of TNEB and work contract of TWAD. In respect of TNPL service providers, bills are also discounted.

Eligibility : MSME units as well as service providers to whom TNEB / TWAD / TANSI / TNPL has issued



**Md. Nasimuddin, IAS  
CMD, TIIC**



orders for the supply of eligible materials / for the execution of work contract.

#### **Entrepreneur Development Scheme :**

Objective: This scheme has been introduced with the specific aim of encouraging entrepreneurship amongst persons from economically and socially disadvantaged backgrounds who wish to promote their own enterprise, to generate income and to lead a life of dignity.

#### **Eligibility :**

- Persons without any asset back up but having relevant qualifications and experience for implementing viable project i.e., first generation entrepreneurs. Ideally entrepreneurs who are engaged in some manufacturing/service/value addition activity shall be targeted under the scheme.
- The promoters should have knowledge/ experience in the particular line of proposed activity.
- Existing small units requiring assistance for additional machinery / needs additional working capital
- For transport loan cases, assistance shall be considered only for "OWNER DRIVEN" category i.e., entrepreneur should have valid license with badge for Auto and Tourist Taxi endorsement for the purchase of Tourist Taxies.. Assistance for subsequent vehicles to the same individuals can be considered under Non-owner driven category. For small industrial units requiring load vehicles, assistance can be also considered under Non-owner driven category. The vehicle should be registered as Private Vehicle in the name of the applicant unit.

#### **Working Capital Term Loan for Manufacturing Sector including Rice Mills :**

Scheme : To extend financial assistance for TIIC assisted and non-assisted units engaged in manufacturing and processing industries including Rice Mills, to meet their working capital / additional working capital requirements.

#### **Eligibility :**

- The unit should be in existence and in operation for the past two financial years and should have earned cash profit for the last two years.

- The unit should be in standard assets category of TIIC / Banks for the last two years.
- The networth of the unit should be positive.

#### **Corporate Social Responsibility Policy (CSR)**

Preamble: CSR is an institutionalised effort to contribute to social well being. It covers all activities through which an organisation brings about overall enhancement in the quality of living in the society and also contributes to environmental good. CSR does not merely mean undertaking charitable activities or giving donation, but is aimed at aligning the business processes with the overall social goals.

Purpose of the Policy: The policy outlines the type and scope of activities to be undertaken as part of the TIIC's commitment to contributing to the overall progress of the society, people and the environment while aligning the same with the general policy prescriptions of the Government of Tamilnadu in the matter of growth and development. It also aims at complying with the requirements of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules 2014 and allied notifications issued by the Government of India.

The CSR Committee: The Board of Directors of the Corporation has constituted a Board level CSR Committee in compliance with Section 135 of Companies Act, 2013, which comprises independent directors also. At present there are four members in the committee.

#### **CSR Expenditure :**

- In every financial year, TIIC shall spend a prescribed percentage as required under the Companies Act 2013.
- CSR Expenditure shall mean all expenditure incurred in respect of specific projects/ programs relating to the approved CSR activities.
- CSR Expenditure shall not include expenditure on an item not in conformity or not in line with activities which fall within the purview of the CSR activities listed in Schedule VII.
- CSR Expenditure shall not include Projects or programs or activities undertaken outside India.
- The surplus arising out of the CSR activities or projects shall not form part of the business profit of TIIC.



## DO YOU KNOW !

### WINNERS VERSUS LOSERS

The Winner is always part of the answer;  
the Loser is always part of the problem.

The Winner always has a program;  
the Loser always has an excuse.

The Winner says, "Let me do it for you";  
the Loser says, "That's not my job."

The Winner sees an answer for every problem;  
the Loser sees a problem for every answer.

The Winner says, "It may be difficult but it is possible";

The Loser says, "It may be possible but it is too difficult."

When a Winner makes a mistake, he says, " I was wrong";

when a Loser makes a mistake, he says, "It wasn't my fault."

A Winner makes commitments;  
a Loser makes promises.

Winners have dreams;  
losers have schemes.

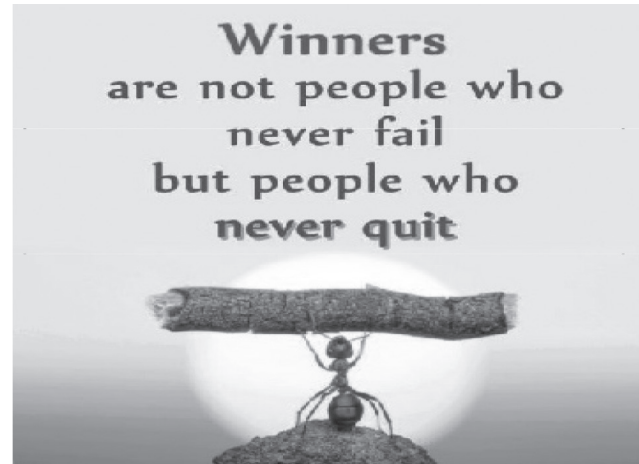
Winners say, "I must do something";  
losers say, "Something must be done."

Winners are a part of the team;  
losers are apart from the team.

Winners see the gain;  
losers see pain.

Winners see possibilities;  
losers see problems.

Winners believe in win/win;  
losers believe for them to win someone has to lose.



Winners see the potential;  
losers see the past.

Winners choose what they say;  
losers say what they choose.

Winners use hard arguments, but soft words;  
losers use soft arguments, but hard words;

Winners stand firm on values but compromise on petty things;  
losers stand firm on petty things but compromise on values.

**Winners follow the philosophy of empathy:**

"Don't do to others what you don't want them to do to you";

losers follow the philosophy,

"Do it to others before they do it to you."

Winners make it happen;  
losers let it happen.

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

## ECONOMIC SCENE

### **India jumps 16 spots on competitiveness index**

India jumped 16 places for the second year in a row to the 39th rank on the World Economic Forum's (WEF) Global Competitiveness Index 2016-17. It was ranked 55th in 2015-16. Switzerland was ranked the most competitive country for the eighth consecutive year, followed by Singapore, the United States, the Netherlands and Germany. The rankings measure countries' performance on three indicators — basic requirements, efficiency enhancers, and innovation and sophistication factor. Performance on these in turn is measured through sub-indicators.

"Thanks to improved monetary and fiscal policies, as well as lower oil prices, the Indian economy has stabilised and now boasts the highest growth among G20 countries. Recent reform efforts have concentrated on improving public institutions (up 16), opening the economy to foreign investors and international trade (up four), and increasing transparency in the financial system (up 15)," said the report.

On basic requirements, India jumped from 80th position in 2015-16 to 63rd this year, with improvements seen in indicators such as institutions, infrastructure and macroeconomic environment. However, a mild slippage was observed on the health and primary education indicators. On institutions, the country has jumped from 60th rank last year to 42nd, driven largely by improvements in indicators such as diversion of public funds and irregular payments and bribes, efficiency of legal framework in settling disputes, strength of auditing and reporting standards, and protection of minority shareholders.

### **Govt notifies tax rebate for seven Andhra districts**

The government on September 30, 2016 said it is extending tax incentives for seven districts in Andhra Pradesh to boost industrial activity. The incentives have been extended for four districts of Rayalseema and three districts of the North coastal region of the state under the Andhra Pradesh Re-organisation Act, 2014.



### **Forex reserves rise \$ 1.2 b to \$ 371b**

The country's foreign exchange reserves rose by \$1.17 billion to reach \$370.77 billion during the week ended September 23, aided by a rise in foreign currency assets, according to data released by RBI on September 30, 2016. Forex reserves had dropped by \$1.68 billion to \$369.60 billion in the previous week ended September 16, 2016. Foreign currency assets (FCAs), which constitute a significant chunk of the overall forex reserves, rose \$1.17 billion to \$345.24 billion during the reporting week.

FCAs, expressed in dollar terms, account for fluctuations in non-US currencies such as the euro, the pound and the yen, which are held in the reserves. Gold reserves remained unchanged at \$21.64 billion over the week. India's special drawing rights with the International Monetary Fund fell by \$1 million to \$1.49 billion. The reserve position fell by \$1.4 million to \$2.39 billion.

### **Exports arrest two month fall, grow 4.62%**

Export grew by 4.62 percent to \$22.9 billion in September. Cumulative export for April-September, first six months of financial year 2016-17, was \$131.4 billion, compared with \$133.7 billion for the corresponding period in F.Y.'16. The commerce ministry noted that apart from Japan, where export rose 1.9 per cent, many major economies (America at minus 6.4 per cent,





European Union at minus 8.4 per cent, China at minus 4.4 per cent) were experiencing falling export, according to World Trade Organization data for July. Apart from a global slowing in merchandise trade, the extended fall is blamed on a commodity price crash and sluggishness in the Chinese economy.

India's import, however, continued to see decline, by 2.5 per cent to \$31.2 billion in September, compared with the year-ago period when it was \$32 billion. Cumulative import in the first six months of this financial year reached \$174.4 billion, compared with \$202.3 billion the previous year.

**Indirect tax collections grow 25.9%, direct up by 8.95%**

The indirect tax collections, which comprise central excise, service tax and customs, have shown a growth of 25.9% till September 2016 at R4.08 lakh crore against the same period last year. Till September, 52.5% of the budget estimates of indirect taxes for 2016-17 have been achieved. Finance Minister, Shri Arun Jaitley has pegged collection from indirect taxes in the current financial year at Rs.7.79 lakh crore. The net central excise collections stood at R1.83 lakh crore during April-

September, 2016 as compared to R1.25 lakh crore during the corresponding period in the previous year, a growth of 46.3%. At the same time, net service tax collections during April-September, 2016 stood at R1,16,975 crore as compared to R95,780 crore during the corresponding period last year, a growth of 22.1%. For customs, the net collection during April-September 2016 is recorded at R1.08 lakh crore as compared to R1.03 lakh crore during the same period in the previous Year, a growth of 4.8%. Net direct tax collections during April-September FY17 stood at R3.27 lakh crore, 8.95% higher than the corresponding period last year. Till September, 2016, 38.65% of the budget estimates of direct taxes for FY17 has been achieved.

The corporate income tax has seen a growth of 9.54% in this period, while personal income tax saw a rise of 16.85% on a gross basis. However, after adjusting for refunds, the net growth in corporate income tax is 2.56% while that in personal income tax stands at 18.6%. Till September, 2016, advance tax collections have reached R1.58 lakh crore showing a growth rate of 12.12%. The growth in corporate advance tax is 8.14% as against 44.5% in personal advance tax collections.

## ANSWERS OF CYBERQUIZ ~ 62

1[b] Worm : The book describes programs known as "tapeworms" which spread through a network for the purpose of deleting data. Researchers writing an early paper on experiments in distributed computing noted the similarities between their software and the program described by Brunner, and adopted the term.

2[b] Brain Virus : It was written by two brothers, Basit and Amjad Farooq Alvi from Lahore, Pakistan.

3[b] Time Bomb : It is a subspecies of logic bomb that is triggered by reaching some preset time, either once or periodically.

4[a] Command Control Programs : These command control programs were using command control languages such as JOVIAL and Ada for military applications.

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



## SUCCESS STORIES OF KSFC ASSISTED UNITS

### **M/s. Aadya Comforts, Channarayapatna**

Smt. L. M. Sushilamma W/o. Late G.L. Jayagopal, aged about 61 years, had not dreamt of becoming a business woman when she completed her higher secondary decades ago. Smt. L.M.Sushilamma began her business career by helping her son to manage the hotel which is financed by the Corporation and gained rich experience in hotel industry. The knowledge gained through her struggle in the hotel industry kindled her desire to start her own hotel in Hassan district. With lot of



enthusiasm and vigor she started Aadya Comforts with financial assistance from Karnataka State Financial Corporation, Branch Office, Hassan during 2009 for construction of the hotel building and acquisition of hotel equipment. Her success in hotel venture gave her courage to approach KSFC for additional finance between 2012 and 2016 to expand her hotel. The hotel is equipped with 18 double rooms, veg & non-veg restaurant with self service counter in the hotel. The hotel created employment for more than 35 to 40 persons in the region.

Aadya Comforts is one of the good hotels around B.M.Road, Channarayapatna, Hassan district and Smt. L.M.Sushilamma is one of the successful women entrepreneurs of Karnataka State Financial Corporation. KSFC is proud to be a partner in her progress and wishes success in her all future endeavors.

### **M/s. Ranganatha Rice Mill, Belur & M/s. Sri Channakeshavaswamy Binny Rice Mill**

Hassan District in Karnataka lies partly in the hilly, 'Malnad' tract and partly in the southern plains region. The varied agro climatic zones and bimodal rainfall pattern helps in growing short and long duration crops in the district and also for adopting multiple cropping patterns. The district is a rich producer of cereals including paddy, ragi, jower, pulses, oilseeds, commercial crops etc. The Agriculture and allied sector in the district contributes 4.3% to the state's GSDP. The favourable weather and congenial environment for an agro based industry invited Smt. H.D. Shantha W/o. Sri V Thimmegowda to set up a rice mill in Mudugere village, Belur taluk of Hassan district during November 1995.

Smt. Shantha started her business career

at an early age of 28 by becoming a partner with M/s Ranganatha Rice Mill in Hangarahalli Holenarasipura, Hassan district. The experience gained, prompted her to set up a new rice mill with financial assistance from Karnataka State Financial Corporation, Branch Office, Hassan. She continued her courageous journey by availing several loans from KSFC and put up her second rice mill M/s. Sri Channakeshava swamy Binny Rice Mill in the year 2002 at Angadihalli, Hassan – Belur Road, Belur Taluk, Hassan. She has been running her industries successfully apart from repaying the loan regularly. Today, Smt. Shantha is surely one of the successful women entrepreneurs assisted by KSFC and is a role model to many women in the State. The Corporation wishes her success in all her future ventures



## ALL INDIA INSTITUTIONS

### **MUDRA lends over Rs. 42,000 cr in 5 Mths, sees pickup in H2**

MUDRA which was established as a subsidiary of Small Industries Development Bank of India by Shri Modi in April this year has disbursed over Rs.42,000 crore in the five months of the current financial year. This is one fourth of its annual target of Rs.1,80,000 crore. The agency was set up with an initial corpus of Rs.5,000 crore to provide capital to all banks seeking refinancing of small business loans under Pradhan Mantri Mudra Yojna. There are three types of loans under the scheme: Shishu (loans up to Rs.50,000), Kishore (Rs.50,000 to Rs.5 lakh) and Tarun (Rs.5,00,000 to Rs. 10,00,000).

The lending agency's disbursements nearly doubled in the last two months to about Rs.27,000 crore from the Rs.15,000 crore it disbursed in the first quarter of the current fiscal year. Mudra has so far disbursed loans over Rs.1.3lakh crore to 35 million borrowers. 35% of the total loans sanctioned last year were disbursed by MFIs. Among 45% of total loans disbursed by PSUs, 20% was disbursed by SBI alone while 23% was disbursed by private banks. Of the planned disbursement of Rs.1.8 lakh crore this fiscal year, public sector banks would disburse Rs.77,700 crore, followed by Rs. 21,000 crore by private and foreign banks, Rs.15,000 crore by regional rural banks and 64,240 by MFIs.



### **United Bank receives Rs.608-cr funds infusion**

United Bank of India (UBI) has received Rs.608-crore capital infusion from the Central Government towards preferential allotment of 26,74,87,901 equity shares of Rs.10 each at a price of Rs 22.73 per share.

This is part of the government's plan to infuse Rs 5,050 crore in public sector banks. The government in July had announced the first round of capital infusion of Rs.22,915 crore for 13 banks.

The capital infusion exercise for the current fiscal is based on an assessment of need as assessed from the compounded annual growth rate (CAGR) of credit growth for the last five years, banks' own projections of credit growth and an objective assessment of the potential for growth of each PSBs.

*The original potential of each soul is to be 100% pure, powerful, loveful and peaceful. Today we are depleted from our original strength. Connecting with HIM, the power house restores our original powers.*



## NEWS FROM STATES

### **Centre announces financial package for Andhra Pradesh**

The Centre in September, 2016 announced a financial package for Andhra Pradesh that includes full funding of Pollavaram irrigation project, tax concessions and a special assistance. Andhra Pradesh, which financially suffered because of creation of separate state of Telangana in June 2014, will get a railway zone as also all cost incurred on the irrigation part of Pollavaram project. The state government will, however, implement the project.

The Centre will also give an amount equivalent to what the state's special at categorisation would have fetched, to Andhra Pradesh in the form of a Special Assistance Measure for five years. This will be in the form of externally aided project. The State would also get two tax concessions, details of which will be notified by the CBDT. Andhra Pradesh has been demanding a Special Category State (SCS) status from the Centre ever since the State's economic powerhouse Hyderabad, which housed several IT and pharmaceutical companies as well as PSUs, went to Telangana in the bifurcation. Running a revenue deficit and no capital to boast of, a special status would have given the State preferential treatment in getting central funds assistance and tax breaks. The 14th Finance Commission has raised States' share of central taxes from 32 percent (in 13th Finance Commission recommendations) to 42 percent. The commission had stated that in view of the increased devolution of central assistance it does not make any sense to grant SCS.



### **Ease of doing business: 12 states implement 75% of reforms**

12 States have implemented 75% of the reform initiatives under the ease of doing business programme, reflecting positive sentiments, commerce minister Ms. Nirmala Sitharaman said in September. These are Uttarakhand, Rajasthan, Jharkhand, Telangana, Madhya Pradesh, Haryana, Chhattisgarh, Maharashtra, Andhra Pradesh, Gujarat, Punjab and Karnataka.

The ranking of states is an assessment of the regulatory performance of states and a measure of how they improve over a period of time. Importantly, the rankings don't accurately reflect the level of business-conducive nature of the states; rather, it shows how the states fared in implementing an action plan adopted by them with the help of the Centre within a particular time frame. The ranking is based on indicators including the ease of starting a business, registering a property, getting credit, paying taxes and resolving insolvency. The World Bank, has been entrusted with ranking states on their performance.

*Counseling is best done by someone who is detached from us and from the people and situation because of whom we are creating anxiety.*



## INFRASTRUCTURE

### **Govt approves Rs.1,660 crore worth of highway projects**

The Government approved Rs.1,660 crore worth of highway projects on 30th September, 2016 in eight states including Uttar Pradesh, Maharashtra and Assam. Of the 8 projects 5 will be undertaken on the engineering, procurement and construction (EPC) mode. The other states covered by the projects are Andhra Pradesh, Tripura Sikkim, Meghalaya and Nagaland.

### **Singapore government aid sought to development port infra for cruise tourism**

Major ports in the country are set to get a facelift, as the ministry of shipping is planning to exploit the tourism potential of the marine sector. The government might soon collaborate with the Singapore government to promote cruise tourism by modernising infrastructure at all major and minor ports. The modernisation exercise is expected to begin with the Mumbai Port. Currently, cruise services operate at three ports — Mumbai, Goa and Kochi. To begin with, cargo traffic at the Mumbai port would soon be terminated. The port infrastructure would only be used for handling passenger traffic. Steps will be taken for easy movement for passengers, which includes reducing time for grant of visas at ports, receiving all mandatory customs and excise clearances.

A Singapore government-assigned authority would develop a tourism circuit at major and non-major ports. Shipping Minister Shri Nitin Gadkari said Rs.5,000 crore would be spent to develop infrastructure at the Mumbai Port Trust. The port trust will be developing 500 hectares of its 1,800-hectare land holding as part of the project. Of this, 150 hectares have been identified for initial development.

### **Govt. plans Rs.3L-cr corridor for 35,000-km road network**



Government is set to come up with Rs.3-lakh-crore Economic Corridor project to develop 35,000 km of highways for faster movement of freight. This would be the second largest project in the sector after the flagship road building programme of NHDP which saw development of 50,000 km of National Highways network as per global standards including the Golden Quadrilateral project.

The project aims at connecting all four metropolises and North-South Corridor connecting Srinagar to Kanyakumari and East-West Corridor joining Porbandar to Silchar. “A Road Transport and Highways Ministry-appointed study for economic corridors by global consultancy firm AT Kearney has identified 40 such economic corridors totaling about 35,000 km”.

The project is aimed at faster movement of cargo and would develop economic corridors with a length of about 21,000 km as well as 14,000 km of feeder routes, i.e. providing connectivity to logistic hubs.

The economic corridors include Mumbai-Cochin-Kanyakumari, Bangalore-Mangalore, Hyderabad-Panji and Sambalpur-Ranchi to name a few.



## POLICY POINTERS

### **Additional incentives to exporters announced**

The government on 22nd September, 2016 announced additional incentives worth Rs.1,500 crore for exporters to help them fight the continued slowdown in global demand. The Merchandise Exports from India Scheme (MEIS) has been increased with the number of tariff lines or export products covered going up from 5,012 to 7,913. The rate of incentives has also been increased for certain products.

“The total support extended by the Centre under the scheme has been enhanced from the present Rs.22,000 crore to Rs.23,500 crore per annum.” Under MEIS, which was introduced in April 2015, exporters get duty-free scrips to import input goods, which go into the production of export items.

The percentage of duty credits earned is based on a percentage of value of their exports — currently pegged at fixed rates of two per cent, three per cent, and five percent depending on the product and country. The earned scrips can be freely transferred to others or sold. Exporters have continued to maintain that more government help is needed to sustain India’s falling outbound trade.

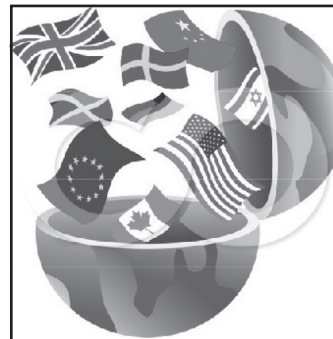
Merchandise exports fell for the second consecutive month in August, going down by a marginal 0.30 per cent. Due to a global fall in commodity prices and sluggish demand, exports had contracted for 19 consecutive months till May this year, before rising marginally by 1.27 per cent only once in June.

### **NITI for 10-year tax holiday for coastal economic zones**

NITI Aayog, a policy think-tank of the government, is pushing for a 10-year corporation tax holiday for proposed coastal economic zones (CEZs) provided these generate a threshold of employment. It is still being debated whether CEZs would come up through an Act such as special economic zones (SEZs) had come or will these would be built through an executive order.

Basically, the proposed CEZs, which would be of much bigger size than SEZs, are being planned on coastal lines of India to set up labour-intensive industries such as clothing, electronics as well as electrical manufacturing, light manufacturing to tap export markets.

In this year’s Budget, finance minister Shri Arun Jaitley had said the new manufacturing companies which are incorporated on March 1, 2016 onwards would be given an option to be taxed at 25 per cent provided



they do not claim profit linked or investment linked deductions and do not avail of investment allowance and accelerated depreciation.

The argument in favour of these zones is that India has not been able to generate employment in manufacturing since large players are missing in those areas which generate jobs and hence face absence of economies of scale. “Unfortunately, large firms are missing in India in precisely the sectors in which they are needed the most: employment-intensive sectors such as apparel, footwear, electronic and electrical products and host of other light manufactures,” according to Aayog vice-chairman Shri Arvind Panagariya.

An important advantage of locating the zones near the coast is that they would attract large firms interested in serving the export markets. These firms would bring with them technology, capital, good management and links to the world markets. They would help create an ecosystem around them in which productive small and medium firms would emerge and flourish, says Shri Panagariya. It may make sense to initially limit the number of zones to a few, perhaps two or three. This would help ensure that many sector-specific zones and clusters emerge within each CEZ to fully exploit economies of scale and agglomeration. Simultaneous creation of too many zones would spread the available public resources thinly while also diffusing economic activities with potential synergies. The Aayog vice-chairman says the domestic market still remains small and fragmented so that it will not give rise to genuinely large firms. For example, home market in electronic goods is \$65 billion of which \$26 billion is already supplied by domestic firms. In comparison, the world market in electronic goods is \$2 trillion. Domestic market can serve as an attractive complement; it cannot substitute for the large world market.



## HEALTH CARE !

### *Get Fit without a Gym - Advantages of Working Out at Home*

While everyone knows the importance of exercise in general, a lot of people don't seem to find time to develop a daily fitness routine. They don't have time to drive to a fitness center on a regular basis. Or they have other reasons why they can't go to the gym. The good news is that you don't need to go to the gym to stay fit. The alternative way is to work out at home. You can do your personal fitness routine while at home through the use of different fitness techniques. Below are just some of the benefits of working out at home.

#### **Save Time and Money**

One of the advantages of working out at home is that you will be able to save a lot of time and money. Going to the gym means you need to get dressed, drive or commute to the gym, and change into gym clothes. Then after the workout, you need to do everything again in reverse. More often than not, this ritual takes more time than the actual gym session.

You also need to factor in the gym membership fee. The costs are much more expensive because it includes activities and features that you don't need such as group classes. More often than not, you only spend a couple of hours lifting weights each week.

#### **Flexible Schedule**

Another benefit of working out at home is that you can do so whenever you want to. You don't need to show up at a specific time at the gym for a workout class. You can do whatever workout routine you want to do, any time of the day.



#### **Be More Focused**

When working out at home, you will be able to push yourself to the limits and be more focused. There will be no distractions, unlike when you do your exercises at the gym. And you don't need to wait for someone to finish using the gym equipment. You will not feel rushed or be self-conscious. That way you will be able to concentrate on the movements to get maximum results.

It is easy to plan your own workout at home. Most workouts done at home don't need equipment. You just need to have enough space to do your home work out safely. The ideal workout at home must be performed in a circuit, which means that you need to do one set with rest in between. Each circuit must be done three to four times or as many as you can within 20 minutes.

As you can see, working out at home can be advantageous to you in so many ways. You don't need to leave your home to improve and maintain your fitness level. And the best thing about it is that you can do the exercises whenever you have some free time.

*I am beginning to learn that it is the sweet, simple things of life which are the real ones after all.*



## Miscellany

### Financial Literacy

- Which of these points is incorrect with respect to the upcoming Union budget (2017)?
  - There will be no separate Railway Budget
  - It will be presented earlier than February 28, 2017
  - To dispense with distinguishing between plan and non-plan expenditure
  - The Prime Minister will present the Budget
- The Elephant Chart devised by Branko Milanovic depicts \_\_\_\_\_?
  - Income inequality
  - Consumption patterns
  - Trade tariffs
  - Illegal poaching
- Big Bazaar recently purchased 'Sangam Direct' in September, 2016. It paid for this in the form of \_\_\_\_\_?
  - An all-cash transaction
  - A Stock swap
  - A lease transfer
  - A shop swap
- The Bretton Woods conference of 1944 was instrumental in \_\_\_\_\_
  - Ending the gold standard
  - Japan's rise as an economic force
  - The introduction of exchange-traded derivative contracts
  - Creation of the International Monetary Fund
- The bank of Japan recently announced a target of maintaining zero interest rates for \_\_\_\_\_.
  - Japanese government bonds (JGBs)



- Commercial paper
- Inter bank deposits
- Reverse repo transactions

### Solutions

- It will be announced by the Finance Minister, as usual.
- First published in a 2012 World Bank working paper, it details which segments of the global population saw a rise in real incomes from 1988 to 2008.
- As currency of the purchase (in lieu of cash), Big Bazaar has agreed to pay all the lease rentals of Sangam Direct from now onwards.
- The Conference, held in July 1944 aimed at setting up a system of rules and institutions to regulate the international monetary system, post the Second World War. The IMF was one of these institutions.
- It stated last month that it wants to keep the yield on a 10-year JGBs at zero and will adjust the pace of its bond buying as needed to achieve that.

