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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

FARM CRISIS - EMPOWERMENT OF THE POOR FARMER

Introduction

India is primarily an agrarian country with around 60% (earlier 75%) of its people depending directly or indirectly upon agriculture. Agriculture plays a vital role in the Indian economy and the total share of Agriculture & allied sectors (including agriculture, livestock, forestry and fishery sub sectors) in terms of percentage of GDP is around 14 percent during 2013-14. Even though the contribution of agricultural sector has decreased to 14 percent of GDP, still its absolute contribution to GDP has increased manifold. Besides, it has substantial contribution to rural employment and rural livelihood. Rural development and inclusive growth is a national priority and for achieving this, agricultural development is crucial.

Despite the focus on industrialisation, agriculture remains a dominant sector of the Indian economy, meeting the food requirements of our growing population and also being a major source of employment to millions across the country. Agricultural exports constitute a fifth of the total exports of the country. The country is the largest producer, consumer and exporter of spices and spice products in the world. The Indian spices market is pegged at Rs 40,000 crore (US$ 6.42 billion) annually and spice exports from India are expected to reach US$ 3 billion by 2016-17. With an annual output of 130 mt, India is the largest producer of the milk in the world. It also has the largest milk-producing animal population of over 118 million. However, milk yields per animal are among the lowest in the world. From canned, dairy, processed, frozen food to fisheries, meat, poultry, and food grains, the Indian agro industry has plenty of areas to choose for business.

Market Size

In 2013-14 India achieved a record food grain production of 264 mt., surpassing the previous year's (2012-13) production of 257 mt. There are multiple factors that have predominantly worked in tandem leading to the growth of the Indian agriculture sector in recent years. These include growth in income and consumption, growth in food processing sector and increase in agricultural exports. Also, agricultural profitability has increased over the last decade with record increases in MSPs (minimum support prices) for agricultural produce. More food crops are being produced now and our country is now not only self-sufficient in the matter of food crops but is also an exporter of agricultural produce.

V.S. RATHORE
Secretary General, COSIDICI

Support to Agriculture

The Government needs to augment the growth of agriculture sector to fulfill the demands of the growing population. The growth and success of agriculture sector will certainly reduce rural poverty and inequality. In order to ensure sustained agricultural development, following key areas need to be strengthened **:**

Agricultural Credit - Agricultural credit is one of the key determinants of agricultural production and its growth. Thus, to empower the farmers, availability and access of easy credit is essential for growth in agricultural production necessary to meet the rising need of food requirement for the growing population and to meet the industry requirement. The provision of agricultural credit is on a continuous rise, having increased from Rs.3,75,000 crore (2010-2011) to Rs.8,50,000 (planned for 2015-16), a substantial growth of more

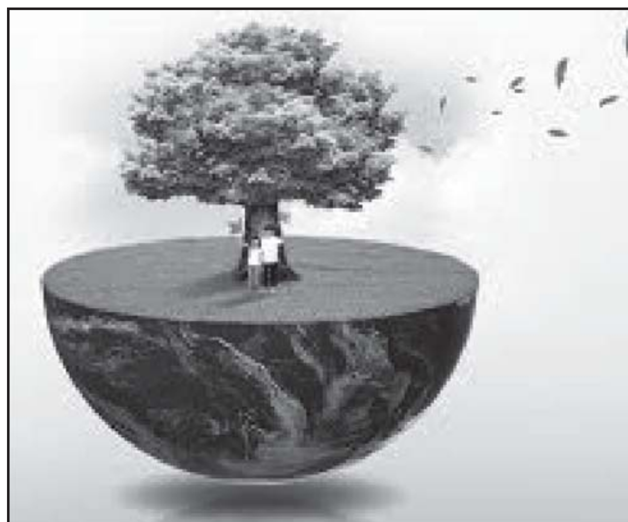
than two times within a period of five years. However, there is still a need to improve the reach and efficiency of agricultural credit delivery.

Irrigation - In India, agriculture is still greatly dependent on rainfall. Irrigation is essential to enhance crop productivity and minimize incidence of drought. Only around 45% of total arable areas are being irrigated and the distribution of irrigation facilities across States is highly imbalanced. To overcome this problem, there is a need to focus on micro-irrigation systems like drips and sprinklers which would increase the efficiency and productivity of water usage. Micro-irrigation enhances crop productivity, reduces energy consumption, soil erosion and cost of cultivation. There is also an urgent need for efficient management of irrigation potential already created.

Fertilizer and Soil Health - For the enhancement of agricultural production, Government has formulated various subsidy schemes from time to time - a positive move in favour of agriculture as farmers are able to get access to cheaper fertilizers. Another initiative taken by the Government is soil testing and checking upon the fertilizers before their use on a particular soil, so as to maintain and improve the quality of soil. In order to improve soil fertility and soil health on sustainable basis, the proposed implementation of organic farming is a step in the right direction.

Unified National Agricultural Market - At present, farm producers, due to lack of knowledge and information asymmetry, are forced to sell their produce in the market even below a price that can cover the cost. Thus, farmers often feel distressed and discouraged to continue in farming. To overcome this problem, there is a need to create a unified national agriculture market where farmers can discover the price and are able to sell their produce at a remunerative price. Once the unified national agriculture market gets established, farmers would not have to depend upon local produce marketing committees.

Modernisation - Our farmers do not know how to



cultivate the land scientifically; they must learn the principles of scientific agriculture as adopted in Western countries where farming is mechanised. The old method of cultivation should be changed and our farmers should be trained to use motor tractors to till the land, use improved manure to make the soil fertile, so that the land yields more crops.

Fragmented holdings - In Western countries the agricultural land is not divided into small plots. A farmer has got many acres of land and it is economical to cultivate big plots with tractors. In our country, the farmers have got small plots of land and the plots of a cultivator are situated at different places. Motor tractors cannot be used in such small plots and the cost of cultivation also is higher. Hence the farmers should join together and till their land with tractors. This is the concept of collective farming and it has been done in Russia with great success.

Poor farmers - how to improve their condition

Education - Generally our farmers are poor and cannot even bear educational expenses of their children. Government must provide free and compulsory primary education to the farmers and their children so that they know how to read, write and do figure work. Our farmers should learn to be thrifty as they spend more than what they earn. When they reap the harvest, they sell the crops

and get money which they spend without planning and without thinking of the future. Within a short time they spend all their money and later on they are compelled to borrow money, thus running into debt. They should learn some trade/craft as they are not engaged for all the time round the year in cultivating their land, so that they can earn some money during periods when they remain idle and supplement their income from cultivation.

Agripreneurs - Today, when our farmers are unable to make both ends meet, making an agriculturist into an entrepreneur can create huge income-generating opportunities, as farmers will become job providers than job seekers. Unfortunately, we have not been able to make agripreneurs. Agriculture offers varied ways for promoting *agro-industries* which vary from those operated at the village level by individual farmers to small scale to those operating at a larger scale involving high investments. What is needed is the correct post harvest practices such as good processing techniques, proper packaging, transportation and storage. All this, besides creating employment opportunities for masses, can play a significant role in reducing spoilage and extending shelf life of food. It would help the farmers to have higher yield, better revenues and would lower their risks substantially. Consumers, in turn, would have access to a greater variety, better prices and new products.

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

Conclusion

India is mainly an agricultural country and her prosperity depends largely on the improvement of agriculture. This can be done if the condition of farmers is improved and they get every facility to improve productivity and grow more food. While agriculture contributes about 14 percent of India's GDP, the percentage of food processing and value addition is very low (only about two percent of the food is processed in India) as compared to developed countries where more than fifty percent of the produce is processed. Development of *agro-industries* can help stabilize and make agriculture more lucrative, profitable and create employment opportunities for millions and most important – raise the living standards of our farmers.

(V.S. RATHORE)

Kindness is the seed from which friendship grows, and where the shoot of friendship grows, the flower of love soon blossoms.

APPOINTMENTS

- Smt. Gitanjali Gupta Kundra, IAS has been appointed as Chairperson & Managing Director, Delhi State Industrial & Infrastructure Development Corporation {DSIIDC}, New Delhi vice Shri Amit Yadav, IAS.
- Shri W.V. Ramana Murthy, IAS has been appointed as Managing Director, Andhra Pradesh State Financial Corporation {APSFC}, Hyderabad vice Shri J.S.V. Prasad, IAS.
- Shri Sanjeev Chopra, IAS has been appointed as Chairman & Managing Director, Industrial Promotion & Investment Corporation of Odisha Ltd. {IPICOL}, Bhubaneswar vice Shri G. Mathi Vathalan, IAS.
- Shri Kapil Mohan, IAS has been appointed as Managing Director, Karnataka State Financial Corporation {KSFC}, Bangalore vice Smt. Vandita Sharma, IAS.

- Shri Shamsher Singh Rawat, IAS has been appointed as Vice-Chairman & Managing Director, Andhra Pradesh Industrial Development Corporation Ltd., {APIDC}, Hyderabad vice Shri J.S.V. Prasad, IAS.
- Shri S.F. Pyngroupe has been appointed as Managing Director, Meghalaya Industrial Development Corporation {MIDC}, Shillong vice Shri W. Langstang.

QUESTIONS OF CYBERQUIZ~53

Q.1 What does ENIAC stand for ?

[a] Electronic Numeric Integrator and Calculator; [b] Electronic Numerically Integrated Computer; [c] Electronic Numerically Integrated Calculator; [d] Electronic Numeric Intelligent Advanced Computer.

Q.2 What fault were the early Pentium chips from Intel carrying ?

[a] They were not carrying any heat sink; [b] They were without CPU fans; [c] Faulty floating point units (FPUs); [d] The Millennium Bug.

Q.3 This was a revolutionary plan from Intel, AMD and Microsoft that involved building security into personal computers and serves at the microprocessor level. When available, this technology will enable the users to filter out spam, authorize only wanted programs to run, encrypt the data on the computer thereby preventing others to read it or modify it. What name has been given to this plan ?

[a] Iridium; [b] Palladium; [c] Vanadium; [d] Itanium.

Q.4 What is the name of the ISO (International Organisation for Standardization) Standard that describes the way data is encoded in CD-ROMs ?

[a] Yellow Book; [b] Green Book; [c] Red Book; [d] Blue Book.

Q.5 Some printers print in one direction in one line {say from left to right} and then the next line is printed in the reverse direction {right to left}. What term is used to denote writing in this fashion ?

[a] Boustrophedon; [b] Line printing; [c] Page printing; [d] Mirror printing.

For Answer see Page No. 24

EXPORTS NEED A MAKE - IN - INDIA PUSH

Prachi Priya & Anuj Agarwal

Two years ago India's export story looked strong and convincing. Merchandise exports grew at a healthy annual average growth rate of 22% in the five years preceding the Lehman crisis. After a small blip in FY10, exports smartly recovered and grew at 30% in the next two years post the crisis. Come FY13, India's export growth stalled. Exports grew at a dismal pace of 1.2% in FY13 and FY14, and this trend has continued in FY15 with exports growing at an average rate of 2.2% year to date. Is India's promising export performance a foregone story?

India's exports have diversified both in terms of markets and products in the past two decades. There is no doubt that the export sector has moved up the value chain. The share of traditional exports like primary products, textiles, readymade garments, leather products and agriculture commodities has nearly halved from 56.5% in FY92 to 27.3% in FY14. Petroleum products and engineering goods like machinery and parts, transport equipment and electronic goods together now account for over 40% of exports, as compared to 14% in FY92. India's engineering exports have fast moved from low-value items to better quality high-value products which has helped them grow alongside Chinese engineering exports. The increase in domestic refining capacities gave a boost to exports of petroleum products.

Indian exports have gradually found their way into new markets. The size of developed countries in India's exports has declined and that of emerging economies has increased. India has historically exported pharmaceuticals, gems and jewellery, leather products, textiles and readymade garments to traditional markets like the US and Europe. Even though they still account for a sizeable portion of India's exports, their share has declined significantly over the past decade. Asia and Africa together now account for 60% of India's total exports, up from 37% two decades ago. What is worth noting is that exports to Africa have grown exponentially and the region's share in total exports stands at 10%. This, however, doesn't mean that India is losing its traditional markets. In fact, this trend reveals that it is fast integrating into the global and Asian value chain.

Manufacturing push a necessity

In the past, Indian exports have grown on the back of product and geographic diversification. For our exports to grow further, manufacturing (which accounts for 60% of the export basket) will have to become more competitive. UNIDO's CIP (Competitiveness of Industrial Production) is a composite index that measures "the ability of countries to produce and export manufactured goods competitively", with 1.0 being the best score. The CIP consists of eight sub-indicators grouped along three dimensions of industrial competitiveness—capacity to produce and export manufactures, technology deepening and upgrading, and world impact. India's CIP score improved from 0.04 in 2000 to 0.07 in 2010. Compare this with China, whose CIP score improved from 0.16 in 2000 to 0.33 in 2010. While India managed to increase its share in world manufacturing value added from 1.1% in 2000 to 2.0% in 2010, China more than doubled its share from 6.7% to 15.0% over the same period.

The technological backwardness of Indian manufacturing exports can be gauged by the share of medium and hi-tech activities. Their share in manufacturing exports improved from 18.7% in 2000 to 28.2% in 2010, but is still far behind that of China's, 60.2% in 2010.

Even in terms of productivity and efficiency, India

needs to improve. According to the APO Productivity Database 2014, average TFP growth in India rose from 2.0% in 2000-05 to 4.7% during 2005-10, but fell to 0.9% in the following two years. However, for China average TFP growth was 3.9% during 2000-05, rising to 4.2% during 2005-10, and falling to 2.1% over the next two years. During 2010-12, while TFP contributed 11% to GDP growth in India, its share in China's GDP growth was 26%. Average TFP growth over the last four decades in India has been 1.4% as compared to 3.1% in China.

Trade pacts need a rejig

Trade agreements are a means to promote trade but India seems to have underutilised its trade pacts. The percentage of India's international trade routed through the preferential route/FTAs is very low. According to the Asian Development Bank, the utilisation rate of India's FTAs varies between 5% and 25%, which is one of the lowest in Asia. Moreover, exports to FTA partner countries and non-partner countries have grown at the same pace.

Complex rules of origin criteria, lack of information on FTAs, higher compliance costs and administrative delays dissuade exporters from using preferential routes. The compliance cost of availing benefits under these FTAs is so high that exporters prefer using the normal route. India has actively pursued FTAs with several major trading partners in the past. Though it is still early to draw definite conclusions about India's FTAs with ASEAN, Japan and Korea, we can clearly see that the trade deficit with these countries has increased post FTAs. In this regard, a comprehensive review of trade agreements and their benefits in promoting India's exports is imperative.

There is no denying that the only way forward to get back on a higher export growth trajectory is to improve manufacturing competitiveness. India now exports few price-sensitive items (textiles, leather, etc) and more income-sensitive items (chemicals, engineering goods and petroleum products), making our export basket more income-elastic. According to UNCTAD, "*India's exports to the world are much more responsive to income changes as compared to price changes.*" They estimate that a 1% decline in global GDP growth leads to 1.88% decline in India's growth of exports, while a 10% reduction in prices will lead to only a 5.4% increase in exports. In fact, exports have remained weak in the past two years, owing to weak growth in our export markets. This means that increasing exports will require much higher price competitiveness than ever before, if global growth remains muted. With the global trade landscape set to become more competitive with the emergence of mega trade pacts like the Trans-Pacific Partnership and the Regional Comprehensive Economic Partnership, increasing competitiveness will be key to export growth.

India's export performance is crucially linked to the performance of its domestic manufacturing sector, and this time around it needs a Make-in-India push. It is clear that India has the potential to manufacture and export a wide variety of goods. From the world's cheapest indigenous cars to the Mangalyaan, India has proved its mettle time and again. Still India's share in global exports is a mere 1.7% and manufacturing output as a percentage of GDP is around 13%, much lower than its Asian peers. The Make-in-India campaign has the vision and the faith in India's ability to achieve the goal of becoming a manufacturing export hub. However, this is just the beginning and more concrete steps need to be taken to achieve the desired objective. Emphasis on the manufacturing sector, especially MSMEs, will be critical to India's export growth. MSMEs account for 40% of India's manufacturing exports and 45% of manufacturing output, but lack of access to credit, poor technology and difficulties in hiring skilled labour are thwarting their growth. Upgrading the country's infrastructure, simplifying the complex tax regime, reviewing archaic labour laws and removing barriers to interstate trade are the needs of the hour. Till then, investors are likely to wait and watch than to make in India.

Courtesy: Financial Express. The authors are corporate economists based in Mumbai.

TRANSFORMING INDIA INTO A GLOBAL MANUFACTURING HUB

Amitabh Kant

The make in India program was launched in September 2014 as part of a wider set of nation-building initiatives. Designed to transform India into a global manufacturing hub, make in India was a timely response to a critical situation: by 2013, the much-hyped emerging markets bubble had burst, and India's growth rate had fallen to its lowest level in a decade. The promise of the BRICS nations had faded, and India was tagged as one of the so-called 'Fragile Five'. Global investors debated whether the world's largest democracy was a risk on an opportunity. India's 1.2 billion citizens questioned whether India was too big to succeed or too big to fail. India was on the brink of severe economic failure.

PROCESS

Make in India was launched against the backdrop of this crisis, and quickly became a rallying cry for India's innumerable stockholders and partners. It was a powerful, galvanizing call to action to India's citizens and business leaders, and an invitation to potential partners and investors around the world. But make in India is much more than an inspiring slogan. It represents a comprehensive and unprecedented overhaul of out-dated processing and policies. Most importantly, it represents a complete change of the Government's mindset—a shift from issuing authority to business partners in keeping with government's tenet of 'Minimum Government, Maximum Governance'.

PLAN

To start a movement, you need a strategy that inspires, empowers and enables in equal measure. Make in India needed a different kind of campaign: instead of the typical statistic-laden newspaper advertisements, this exercise required messaging that was informative, well-packaged and most importantly, credible. It had to (a) inspire confidence in India's capabilities amongst potential partners abroad, the Indian business community and citizens at large; (b) provide a framework for a vast amount of technical information on 25 industry sectors; and (c) reach out to a vast local and global audience via social media and constantly keep them updated about opportunities, reforms, etc.

The Department of Industrial Policy & Promotion (DIPP) worked with a group of highly specialised agencies to build brand new infrastructure, including a dedicated help desk and a mobile-first website that packed a wide array of information into a simple, sleek menu. On September 25th 2014, Make in India was unveiled in the presence of domestic and global business leaders, policymakers and members of the media at a high-profile event in New Delhi.

The event was accompanied by a comprehensive digital strategy, resulting in a significant surge of interest on social media, TV and newspapers.

At launch, #MakeInIndia trended worldwide for one hour. Over 48 hours, there were more than 99,000 mentions with over 1.08 billion impressions and a reach of 94 million. As of January 31st 2015, Make in India has garnered well over 3 million Facebook fans, with a new fan joining every three seconds; on Twitter, @MakeinIndia_ adds a new follower every 32 seconds; and there are 5.67 million pages views on makeinindia.com.

PARTNERSHIPS

The Make in India program has been built on layers of collaborative effort. DIPP initiated this process by inviting participation from Union Ministers, Secretaries to the Government of India, state governments, industry leaders, and various knowledge partners.

Next, a National Workshop on sector specific industries in December 2014 brought Secretaries to the Government of India and industry leaders together to debate and formulate an action plan for the next three years, aimed at raising the contribution of the manufacturing sector to 25% of the GDP by 2020. This plan was presented to the

Prime Minister, Union Ministers, industry associations and industry leaders by the Secretaries to the Union Government and the Chief Secretary, Maharashtra on behalf of state governments.

These exercises resulted in a road map for the single largest manufacturing initiative undertaken by a nation in recent history. They also demonstrated the transformational power of public-private partnership, and have become a hallmark of the Make in India program. This collaborative model has also been successfully extended to include India's global partners, as evidenced by the recent in-depth interactions between India and the United States of America.

PROGRESS

In a short space of time, the obsolete and obstructive frameworks of the past have been dismantled and replaced with a transparent and user friendly system that is helping drive investment, foster innovation, develop skills, protect IP and build best-inclass manufacturing infrastructure. The most striking indicator of progress is the unprecedented opening up of key sectors — including Railways, Defence, Insurance and Medical Devices - to dramatically higher levels of Foreign Direct Investment.

A workshop titled "Make in India - Sectorial perspective & initiatives" was conducted on 29th December, 2014 under which an action plan for 1 year and 3 years has been prepared to boost investments in 25 sectors. The ministry has engaged with the World Bank group to identify areas of improvement in line with World Bank's 'doing business' methodology. An eight member investor facilitation cell (IFC) dedicated for the Make in India campaign was formed in September 2014 with an objective to assist investors in seeking regulatory approvals, hand-holding services through the pre-investment phase, execution and after-care support.

The Indian embassies and consulates have also been communicated to disseminate information on the potential for investment in the identified sectors. DIPP has set up a special management team to facilitate and fast track investment proposals from Japan, the team known as 'Japan Plus' has been operationalized w.e.f October 2014.

Various sectors have been opened up for investments like Defence, Railways, Space, etc. Also, the regulatory policies have been relaxed to facilitate investments and ease of doing business.

Six industrial corridors are being developed across various regions of the country. Industrial Cities will also come up along these corridors.

100 Days of Make in India

- 90 million bank accounts have been opened, thanks to the Jan Dhan initiative.
- Entry and exit regulations have been eased out, exim regulations made infinitely easier, six PSUs brought out sickness and five PSUs closed down.
- The process of applying for an Industrial License (IL) and an Industrial Entrepreneur Memorandum (IBM) has been taken online. The site, EBIZ is available 24x7 making it easier to file applications and making online payments of service tax.
- The initial validity period of an Industrial License has been increased from 2 to 3 years, giving licensees enough time to procure land and obtain the necessary clearances. MHA has also stipulated that it will grant security clearances on industrial license applications within 12 weeks.
- With respect to Employees Provident Fund Organization (EPFO) and Employees State Insurance Corporation (ESIC), the amount of time taken to register was a hindrance. Now both the processes have been automated and ESIC registration number is now being provided on a real time basis.
- A security manual for licensed defence industry has been recently issued.

Automobiles

- Largest tractor manufacturer; 2nd largest two wheeler manufacturer; 2nd largest bus manufacturer; 5th largest heavy truck manufacturer; 6th largest car manufacturer; 8th largest commercial vehicle manufacturer
- India's car market potential: 6+ Millions units annually by 2020

Auto Components

- Over 3 5 IPOs of Global OEMs & Tier 1 procuring from India

- 4th largest producer of steel with competitive advantage over neighbors
- Close proximity to key markets -ASEAN, Japan, Korea & Europe provides for economies of scale

Aviation

- 9th largest civil aviation market in the world, about $ 12 billion in value terms
- Potential to become the third-largest aviation market in the world by 2020 and the largest by 2030

Biotechnology

- Amongst top 12 biotech destinations in the world; 3rd in the Asia-Pacific region.
- Government expenditure plans: USS3.7 billion during 2012-17, more emphasis on biotech parks to facilitate product development, research& innovation

Chemicals

- 3rd largest in Asia & 6th largest by output in the world
- India's colourant industry: valued at US$6.8 billion, with exports accounting for nearly 75 per cent
- Key growth factors: A large population + dependence on agriculture + strong export demand

Construction

- Approx. US$650 billion required for urban infrastructure over the next 20 years
- Investment opportunities: Residential, Commercial, Retail & Hospitality.
- Technologies to promote sustainable cities & integrated townships; green building solutions
- Foreign investment rules in India's construction sector have been eased - built-up area requirement and minimum capital requirement reduced

Defence Manufacturing

- FDI update: Up to 49 per cent FDI is now allowed under the government route and beyond 49 per cent with the approval of cabinet committee on security wherever it is likely to result in access to modern and 'state-of-art' technology in the country
- 53 per cent of the defence items for manufacturing by private sector have been de-licensed and dual use items having military as well as civilian applications deregulated
- Portfolio investment and investments by FVCIs together allowed up to 24 per cent under the automatic route

Electrical Machinery

- Demand drivers: capacity creation in infrastructure, power, mining, oil & gas, refinery, steel, automotive & consumer durables
- By 2022, the generation equipment industry in India is projected to grow to USD 25-30 billion

Electronic Systems

- Expected demand to reach USD 400 Billion by 2020, aided by government schemes like the National Knowledge Network (NKN), National Optical Fibre Network (NOFN)
- Attractive incentive package scheme providing capital subsidy up to 25 per cent for 10 years

Food Processing

- A rich agriculture resource base
- The establishment of food parks - a unique opportunity for entrepreneurs, including foreign investors
- Investment opportunities in: Fruits and Vegetables, Beverages, Dairy, Food additives & nutraceuticals, Meat and Poultry, Fish, seafood and fish processing; Food preservation and packaging, etc

IT and BPM

- The IT-BPM sector constitutes 8.1 per cent of the country's GDP and contributes significantly to public welfare
- 60 per cent of firms use India for testing services
- National Policy on Information Technology 2012 aims to increase revenues of IT and BPM industry to US$300 billion by 2020 and expand exports to US$200 billion by 2020

Leather

- Total production value of US$11 billon with great potential for exports and a huge domestic market
- Projected growth of 24 per cent per annum
- Mega Leather Clusters (MLCs) sub-scheme - to create new production centres for the leather industry with all the required infrastructure and support services

Media and Entertainment

- The industry is expected to register a CAGR of 14.2 per cent, reaching INR 1785.8 billion in 2018
- The size of the Indian film industry is expected to reach INR 219.8 billion by 2018, up from INR 125.3 billion in 2013

Mining

- India has vast minerals potential with mining leases granted for longer durations of 20 to 30 years
- Projected growth - 7 per cent

Oil and Gas

- New Exploration Licensing Policy and the Coal Bed Methane Policy to encourage investments across the industry value chain
- 48 per cent of the country's sedimentary area is yet to be explored. The city gas and distribution sector offers opportunities for both incumbents and new companies

Pharmaceuticals

- Expected to rank among top 3 pharmaceutical markets in terms of incremental growth by 2020
- Expected to be the 3rd largest global market for active pharmaceutical ingredients by 2016, with a 7.2 per cent increase in market share

Ports

- Increase in cargo-handling capacity - 800 MMT in 2014 from 575 MMT in 2009
- Increasing trade activities & private participation in port infrastructure development
- Sagarmala project planned aimed at port-led development in the coastal states.
- Special Economic Zones are being developed in close proximity to several ports - comprising coal-based power plants, steel plants and oil refineries

Railways

- 100 per cent FDI under the auto route in the railway infrastructure segment
- Priority: Port connectivity
- Infrastructure projects: High-speed train projects, railway lines to and from coal mines and ports, dedicated freight corridors

Roads and Highways

- Extensive road network of 4.86 million kms: 2nd largest in the world
- Private sector: Key player in the development of road infrastructure
- The Indian government plans to develop a total of 66,117 km of roads under different programmes

Renewable Energy

- India stands fifth in the world in the overall renewable energy capacity installation with an installed capacity of 33J92MW (end 2014)
- India plans to scale up renewable energy to 165 MW, of this solar energy will be 100 GW by 2019-20
- Major policy incentives given by the Government, including accelerated depreciation, generation based incentives; feed in tariff and viability gap funding are expected to add massive investments in the renewable energy sector

Space

- India is a world leader in low cost space exploration and Indian space program stands out as the most cost effective in the world. The Mars Orbiter Mission cost $74 million, a fraction of the cost incurred for similar missions undertaken by other countries
- With 30 Indian and 40 foreign satellite launches so far, India has the potential to be the launch service provider of the world. India has launched 40 satellites for 19 countries

Textiles and Garments

- India has the second-largest manufacturing capacity globally
- India has the highest loom capacity (including hand looms) with 63 per cent of the world's market share
- India enjoys a comparative advantage in terms of skilled manpower and cost of production over major textile producers
- Textiles exports from India projected to be around US$300 billion by 2025

Thermal Power

- The government is targeting a capacity addition of 88.5 GW during 2012-17 and 86.4 GW during 2017-22.
- A growing population is likely to boost demand for energy
- Investment opportunities: Power generation, transmission and distribution, power trading and power exchanges

Tourism

- Foreign tourist arrivals to India has risen 7.1 per cent to 7.5 million in 2014
- Factors expected to drive growth of tourism are focused marketing and promotion efforts, liberalization of air transport, the growth of online travel portals, growing intra- regional cooperation and more effective public private partnerships
- More than half of the Ministry of Tourism's Plan budget is channelized for funding the development of destinations, circuits, mega projects as well as rural tourism infrastructure projects

Wellness Makeinindia.Com

- The sector is growing at 20 per cent from year to year and is projected to amount to INR 162 Billion in 2014
- Government of India has set up Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH) with the aim at mainstreaming these ancient health-care systems with targeted thrust.

Today, India's credibility is stronger than ever. There is visible momentum, energy and optimism. Make in India is opening investment doors. Multiple enterprises are adopting its mantra. The world's largest democracy is well on its way to becoming the world's most powerful economy.

Make in India-Budget 2015-16

- Revival of growth and investment in domestic manufacturing for job creation.
- Simplified Tax System for Ease of Doing Business.
- Expert committee to examine possibility and propose draft legislation to replace multiple prior permissions with easier mechanism.
- Basic custom duty on 22 inputs/ raw materials reduced to minimise impact of duty inversion and reduce manufacturing cost in various sectors.
- Permanent Establishment norms to be modified to encourage fund managers to relocate to India.
- General Anti Avoidance Rule (GAAR) to be deferred by two years. To be applied prospectively to investments made on or after 01-04-2017.
- Rate of Income Tax on royalty and fees from technical services reduced from 25 per cent to 10 per cent to facilitate technology inflow.
- Basic customs duty on 22 inputs/raw materials and Special Additional Duty (SAD) on certain other inputs/raw materials reduced to minimize impact of duty inversion and reduce manufacturing cost in various sectors.
- Rental income of REITs from their own assets to have pass through facility.
- Tax pass through to be allowed to both category I and Category II Alternate Investment Funds.

Source : Yojana. The Author is member of Indian Administrative Service (Kerala Cadre: 1980 batch), presently posted as Secretary Department Of Industrial Policy & Promotion (DIPP) Government of India.

LETTER TO THE EDITOR

Dated : 21/04/2015

Dear Editor,

It is heartening to learn that in order to propagate their endeavours and initiatives, COSIDICI is publishing its bi-monthly magazine titled ~ "COSIDICI COURIER", which contains comprehensive information pertaining to the various promotional and development schemes of various State Corporations for the benefits of existing and potential entrepreneurs. The initiative taken by COSIDICI is laudable and needs commendation. I hope, COSIDICI will continue to play a vital role in development of industrial sector in India thus giving a boost to the economy.

My hearty congratulations for bringing out the Issue in a creative manner without compromising on the content. I wish every success for the publication of the Journal ~ 'COSIDICI Courier' to all its team members.

Best regards,

Sincerely,

Sd/-

George Institute of English Language,
727, West Guru Angad Nagar,
Near V-Mart, Delhi

When there are people around us who seem difficult or even impossible to work with, we should ask God to help us see things from their points of view; that can make all the difference.

Without faith, even the smallest task can seem daunting. With faith, anything seems possible, because it is!

PROFILE OF MEMBER CORPORATIONS

Tripura Industrial Development Corporation Limited (TIDC)

Introduction :

The Tripura Industrial Development Corporation Limited (TIDC) was incorporated in the year 1974 as a Private Limited Company under The Company's Act 1956. Subsequently, the provisions of State Financial Corporations Act, 1951 has also been extended to TIDC. Thus, TIDC is performing the twin role of the State Industrial Development Corporation and State Financial Corporation. It is a profit making state PSU.

Mission :

To act as a catalyst in the process of promotion and development of industries and create industrial infrastructure in order to support economic development of the state.

Vision :

The vision of the Corporation for next 5(five) years, is set so that it envisages TIDC in a position to contribute significantly in the industrial development of the state to ensure substantial contribution of the industrial sector to the State Domestic Product.

- To create enabling environment for ensuring maximum value addition to the abundant resources.
- To generate employment opportunities
- To diversify its lending activities and to maintain the corporation a profit making organization with sufficient reserves & surplus
- Quality financing and big investments with a target of disbursement of Rs 5 crore per year, reduction of Non Performing Assets to 10%
- To ensure proper infrastructure development in all the districts of Tripura by next 5(five) years to eliminate regional imbalances
- To renovate Dukli Industrial Area and to make it more attractive destination for investors
- To promote Bodhjungnagar as a model destination for investment
- To have railway line connection from Jirania Station in west Tripura to Growth Centre which is only 7 K.m.

Shri Pravin L. Agrawal
Managing Director, TIDC

- Creating a corpus fund for infrastructure development
- To complete restructuring process and to have a full-fledged efficient set up & computerization of all activities.
- Improving infrastructure by facilitating investment in industrial infrastructure in private sector.

Joint Ventures :

Tripura Natural Gas Company Limited (http://www.tngcl.com). Company registered under the company Act, 1956 with ROC, Shillong as Limited Company. Incorporation of the company with a joint venture of TIDC Ltd. [A Govt. of Tripura undertaking] & AGCL [A Govt. of Assam undertaking] on July 1990.Re-structuring of TNGCL on February 2005, with joining of GAIL as a major share holder in order to facilitate the implementation of CNG and PNG in the transport sector of Tripura.

Main objective

tablish natural gas as a eco-friendly, economical and safe alternative fuel. Reduce & control rising pollution due to vehicular emission. Provide safe, healthy & less polluting environment.

Activities

Supply of piped natural gas to the domestic, commercial & industrial consumers in and around Agartala. Introducing & implementing CNG as an safe, economical alternative to gasoline /LPG/

other conventional fuel in the transport sector.

Financial Infrastructure :

Financial Infrastructure is the main vehicle for development. To promote Tripura as an attractive destination for industrial investments and to create enabling environment for ensuring maximum value addition to the abundant locally available resources, state government is creating high quality infrastructure at Bodhjungnagar, which is about 12 Km from Agartala. Bodhjungnagar Industrial Complex is coming up on 535 acres of land with all modern facilities.

TIDC is the nodal agency of the state government for implementation of various industrial infrastructure projects. TIDC has already implemented Rs. 15 crore Industrial Growth Centre at Bodhjungnagar. Other projects, viz., Export Promotion Industrial Park, Rubber Park, Food Park etc have been completed. About Rs 100 crores have been invested for creation of infrastructure. Additional investment to the tune of Rs. 100 crores has been proposed for further development of this area.

Engineering Cell :

An engineering Cell was set up under TIDC in 1999 for implementation of Growth Centre project with the approval of the Planning & Co-ordination Deptt & Finance department. 27(Twenty Seven) Posts were created under the management of TIDC for implementation of the Growth Centre. The Cell is presently headed by an Executive Engineer and is assisted by 3 (Three) Nos. of Assistant Engineers & 6(Six) Junior Engineers.

Industrial Estates :

In order to expedite the growth of medium, small and tiny industries in a decentralized manner, the Government of India launched the scheme for developing industrial estates/areas in the fifties. For promoting the growth of industrial activities in the state, state Government initiated action plan for development of vast plot of land at Dukli near Agartala into an Industrial Area in 1980s.

The responsibility and maintenance of Dukli Industrial area was handed over to TIDCL in 1982-1983. Initially 37.17 acres in Dukli and Madhuban Mouja was allotted to TIDC for development and subsequently TIDC acquired further lands. At present, the total availability of land is 44.88 acres.

The area enjoys locational advantage like 5 KM from the National Highway, proximity to State capital Agartala, proper transport and communication facilities, close to the Agartala railway station, nearness to ONGC for gas pipe line, proximity to Land Customs Station at Akhaura etc.and other requisite infrastructure facilities.

The whole area has been divided into 4(four) blocks namely- A, B, C and D. All the blocks are linked by facilities like internal roads, electricity, water connection, gas pipelines etc. The category of units operating in the estate are mainly engineering units, foundry works, plastic mfg. unit, rubber based unit, chemical based industries etc. TIDC has one site office at Block-D covering an area of about 500 sq.ft. TIDC has also taken up steps to acquire more land adjacent to the existing estate apart from developing other necessary infrastructures due to the growing demand for setting up industries in the estate.

The sun rises every day, and every night the stars shine. If today was a disappointment, remember that the cycle of life goes on. Tomorrow will be a new start.

DO YOU KNOW !

Use of Honey in Day-Today Life

Prevent cancer and heart disease :Honey contains flavonoids, antioxidants which help reduce the risk of some cancers and heart disease.

Reduce ulcers and other gastrointestinal disorders: Recent research shows that honey treatment may help disorders such as ulcers and bacterial gastroenteritis. This may be related to the 3rd benefit…

Anti-bacterial, anti-fungal, anti-fungal : "All honey is antibacterial, because the bees add an enzyme that makes hydrogen peroxide," said Peter Molan, director of the Honey Research Unit at the University of Waikato in New Zealand.

Increase athletic performance: Ancient Olympic athletes would eat honey and dried figs to enhance their performance. This has now been verified with modern studies, showing that it is superior in maintaining glycogen levels and improving recovery time than other sweeteners.

Reduce cough and throat irritation: Honey helps with coughs, particularly buckwheat honey. In a study of 110 children, a single dose of buckwheat honey was just as effective as a single dose of dextromethorphan in relieving nocturnal cough and allowing proper sleep.

Balance the 5 elements: Honey has been used in ayurvedic medicine in India for at least 4000 years and is considered to affect all three of the body's primitive material imbalances positively. It is also said to be useful useful in improving eyesight, weight loss, curing impotence and premature ejaculation, urinary tract disorders, bronchial asthma, diarrhea, and nausea. Honey is referred as "Yogavahi" since it has a quality of penetrating the deepest tissues of the body. When honey is used with other herbal preparations, it enhances the medicinal qualities of those preparations and also helps them to reach the

deeper tissues.

Blood sugar regulation : Even though honey contains simple sugars, it is NOT the same as white sugar or artificial sweeteners. Its exact combination of fructose and glucose actually helps the body regulate blood sugar levels. Some honeys have a low hypoglycemic index, so they don't jolt your blood sugar.

Heal wounds and burns : External application of honey has been shown to be as effective as conventional treatment with silver sulfadiazine. It is speculated that the drying effect of the simple sugars and honey's antibacterial nature combine to create this effect.

Probiotic : Some varieties of honey possess large amounts of friendly bacteria. This includes up to 6 species of lactobacilli and 4 species of bifidobacteria. This may explain many of the "mysterious therapeutic properties of honey."

Beautiful skin : Its anti-bacterial qualities are particularly useful for the skin, and, when used with the other ingredients, can also be moisturizing and nourishing! For a powerful home beauty treatment for which you probably have all the ingredients in your kitchen already, read Carrot Face Mask.

The way to settle a disagreement is on the basis of what's right, not who's right.

RIICO, Glo-Tech sign MoU for unit

Rajasthan State Industrial Development and Investment Corporation and Glo-Tech Enterprises have signed a memorandum of understanding to set up a Rs.1,000 crore manufacturing facility in the state. The unit, to be set up in the Bhiwadi industrial region of the Alwar district, will make mobile phones, Light Emitting Diode TVs and allied products.

KSFC - M/s. Vinod Body Builders, Bidar

M/s. Vinod Body Builders is a proprietory concern of Sri Maruthi. Karnataka State Financial Corporation, Branch Office, Bidar has sanctioned a term loan of Rs.13.00 lakhs during November 2012 to the promoter Sri Maruthi for the establishment of body building unit at Auto Nagar, Bidar under the name M/s Vinod Body Builders. The financial assistance to the promorter was granted under 4% interest subsidy scheme of GoK for Scheduled Caste and Scheduled Tribe entrepreneurs. Presently, the unit is running successfully and the promoter is regular in making repayment to the Corporation. The assets of the unit are under Standard Category.

Including God in everything adds a whole new dimension to life. It's like steeping into a new world where even things that used to be mundane can become extraordinary.

MSME min starts scheme to promote innovation

The MSME ministry has launched a scheme to promote innovation, entrepreneurship and agro industry. Union Minister for Micro, Small and Medium Enterprises Shri Kalraj Mishra said a network of technology centres and incubation centres would be set up under the scheme, besides promoting start-ups in the agro-industry.

Dereservation of last items from MSME list to boost production

The government has dereserved the last 20 of the items that had been kept aside for exclusive production by micro and small enterprises, paving the way for their large scale production and removing hurdles in the way of these enterprises to become bigger.

This move, says Shri Yogesh Dixit, executive vice-president and head SME at CARE, "should be seen as part of a broader trend. Many items had already been dereserved and this was bound to happen". The government had reserved these items for MSMEs to protect small and medium enterprises from competition but had over the years whittled down the list of items reserved from over 800 to 20. The items that have been dereserved range from pickles and chutneys to bread, laundry soap, steel almirahs and chairs, and stainless steel utensils.

An advisory committee, which recommended the scrapping of the last list of 20 items reserved for micro and small enterprises, had noted that "with import liberalisation, all remaining items are allowed for imports. Thus, there is no justification for continuation of reservation of manufacturing in the MSE sector since such reservation may inhibit the possibilities based on technologies and economy of scale vis-à-vis the imported items."

As the definition of what is a small unit is restrictive, companies were unable to expand production and acquire technology to scale up. Removing these

items from the list will allow them to scale up. Big companies, too, will be able to take advantage of this opportunity, using their financial muscle to set up large units.

This latest move, *"is likely to introduce more competition and is thus a positive development. The impact will, however, be felt in the long run."*

India has over 46 million MSMEs employing roughly 100 million workers. The sector accounts for 37 per cent of the country's manufacturing output and around 7 per cent of the gross domestic product. Central to the success of the "Make in India" campaign is the growth of this sector. MSMEs not only help in industrialising rural and backward areas, thereby, reducing regional imbalances, but are also complementary to large industries as ancillary units.

Growth of the MSME sector is widely believed to be critical to generating employment. The sector employs the largest proportion of the labour force after the agricultural sector. This latest move by the government should be seen in conjunction with the launch of the Micro Units Development Refinance Agency to extend credit to small and medium enterprises. As access to cheap and reliable credit is a big stumbling block for these units, the move to set up this agency could help increase resources that will flow to the sector. This scheme with a corpus of Rs.20,000 crore, can lend between Rs.50,000 and Rs.10 lakh to small entrepreneurs.

■■■

What makes happy people happy? Maybe it's that they're so busy thinking of others that they don't have time to think about themselves.

Sidbi, World Bank ink pact for $543m

SIDBI on 31st March, 2015 signed $543 million (about Rs 3,400 crore) pact with World Bank for two projects to provide debt assistance to start-ups, MSMEs and promote energy efficiency investments in the country. "The projects will mark a new beginning in the area of MSME financing and supplement the Government's thrust on Make in India and Zero Defect Zero Effect Programme," SIDBI said.

The first agreement on MSME growth, innovation and inclusive finance project is for line of credit of $500 million to SIDBI. Of this, $150 million will be used for spurring early stage risk capital finance; $200 million for supporting service sector enterprises; and $150 million will be utilised for financing of manufacturing MSMEs.

The project also targets women entrepreneurs (20 per cent of the project) and units in underserved (low income) states such as Uttar Pradesh, Madhya Pradesh and West Bengal (25 per cent of assisted units from low income states).

The second deal is for Partial Risk Sharing Facility for Energy Efficiency (PRSF) Project with a total outlay of $43 million. Under this pact, a guarantee fund with a corpus of $37 million will be managed by SIDBI. It also entails technical assistance of a $4 million to be implemented by SIDBI and $2 million to be implemented by Energy Efficiency Services Limited. "The objective of the project is to support the GoI's efforts to transform the energy efficiency (EE) market in India by promoting increased level of EE investments, particularly through energy service performance contracting," SIDBI said.

Govt. infused Rs.6,690 cr in nine PSBs in F.Y. '15

The government has given Rs.6,690 crore to nine public sector banks including SBI, Punjab National Bank, Bank of Baroda, Canara Bank and Syndicate Bank for fiscal ended March 31, 2015, to strengthen their capital base. The other banks are Allahabad Bank, Indian Bank, Dena Bank and Andhra Bank. Earlier in February, government had decided to infuse capital in these banks based on their performance efficiency. The government has infused capital of Rs.1,260 crore in Bank of Baroda, Rs 870 crore in Punjab National Bank, Rs 570 crore in Canara Bank, Rs 460 crore in Syndicate Bank and Rs 140 crore in Dena Bank.

Country's largest public sector lender SBI has been provided with the maximum capital infusion of Rs.2,970 crore, Allahabad Bank Rs.320 crore, Indian Bank Rs.280 crore, and Andhra Bank Rs.120 crore. Bank of Baroda said in its filing said it has informed BSE that on receipt of the funds from the government, it has on March 31, 2015 issued and allotted 6,44,20,471 equity shares of Rs.2 each fully paid up at an issue price of Rs.195.59 per equity share amounting to over Rs.1,259 crore to government on preferential basis. PNB said capital funds of Rs.870 crore have been received from the government on March 31, 2015 for the issue and allotment of 4,42,07,317 equity shares of face value of Rs.2 each at a price of Rs.196.80 per equity share on preferential basis.

Banks, which are more efficient, would be rewarded with extra capital for their equity so that they can further strengthen their position, government had said earlier. In his Budget speech last July, Finance Minister Shri Arun Jaitley had said that to be in line with Basel-III norms there was a need to infuse Rs.2.4 lakh crore as equity by 2018 in public sector banks. The Government infused capital of Rs.12,000 crore in 2011-12, Rs.12,517 crore in 2012-13 and Rs.14,000 crore in 2013-14. Owing to higher provisioning on account of rising non-performing assets (NPA), banks are finding it tough to plough back more of its retained earnings as capital than what they did in the previous years.

RBI's NPA Provisioning Norms give India a Bankruptcy Law, Almost

India may not have a US-type bankruptcy law yet, but the behaviour of banks will be akin to having one, thanks to the Reserve Bank of India's provisioning laws that came into effect on April 01, 2015 and the government's non-interference in bank operations. As all new restructured loans have to be classified as bad loans and provided for, banks

will no more have the incentive to sweep defaulters under the carpet. Banks may recall the loan and take recovery action at the earliest or sell non-performing assets (NPAs) to asset restructuring companies, or ARCs. "The new rule means banks cannot go for restructuring each and every proposal that comes their way. They may sell more bad loans to ARCs, which, in turn, work out restructuring plans for ailing companies. So, the new asset classification rule would, in some sense, lead to a situation like under the US bankruptcy law," said Shri MR Umarji, legal adviser to the Indian Banks' Association. The new rule may encourage Indian promoters to approach lenders with their revival plans at a much earlier stage of stress and discourage abuse of the system.

The Indian government, too, has begun work on a comprehensive bankruptcy code to provide easy exit for businesses and improve the country's ranking on the World Bank's 'ease of doing business' list. A bankruptcy law reform committee is working on this. From April 1, all restructured loans will have to be classified as NPAs; the relative provisioning at banks would be 15% of the loan outstanding. Previously, it was 5% of the 'restructured standard asset'. However, banks may not feel the pressure immediately as they may slow down restructuring of loans since the incremental stress on asset quality may not be much due to improvement in the economy. The number of restructuring proposals has also come down over a period.

As per India Ratings estimates, restructured loans were about 6% of gross advances, or Rs.8,20,000 crore, at the end of March. These include those under corporate debt restructuring cell and loans under discom financial restructuring plan. The gross NPA ratio is likely to be 4.5%, or Rs.3,50,000 crore, which would put the estimate of impaired loans at 10.5%, or Rs.76,00,000 crore. If one includes ARC receipts and discom bonds, which reflect in a bank's investment book, the total stressed assets would be 12.5% by March, according to the estimate.

"From April, banks may decide to recall bad loans and take early recovery action if the value of securities is good." The Proposed National Companies Law Tribunal could also help the fight against failed and errant promoters as the definition of sick companies is set to be changed. Under the tribunal, a company is declared sick if it defaults on payment of a secured loan for more than 30 days. Earlier rules allowed sick companies that operated for at least five years to approach the Board for Industrial and Financial Reconstruction if accumulated losses equaled or exceeded net worth.

Banks' Non-Food credit growth slips to 10.4%

Banks' non-food credit growth fell to 10.4% year-on-year in the fortnight ended March 6, 2015 to Rs.64.26 lakh crore, down from 10.46% in the previous fortnight, RBI data showed. Deposits also grew at a slower pace on a year-on-year basis compared with the previous fortnight. Deposits saw an increase of 11.77% on year to Rs.84.62 lakh crore in the fortnight to March 6, 2015 from 11.85% a fortnight earlier. While time deposits grew 11.79% year-on-year, demand deposits were up 11.69%.

Reserve Bank Eases Norms for Housing Loans up to Rs.10 lakh

Giving a boost to affordable housing, the RBI in March 2015 eased the norms for home loans for up to Rs.10 lakh by allowing banks to include stamp duty and registration charges to the cost of a unit. These charges form around 15% of the cost of the house and place a burden on borrowers.

"With a view to encourage availability of affordable housing to such borrowers, it has been decided that in cases where the cost of the house does not exceed Rs.10 lakh, banks may add stamp duty, registration and other documentation charges to the cost of the unit for calculating LTV (loan to value) ratio," RBI said in a notification. The RBI also said that in cases of projects sponsored by government, statutory authorities, banks may disburse the loans as per the payment stages prescribed by such authorities, even where payments sought from house buyers are not linked to the stages of construction.

Prior RBI approval to be mandatory for NBFC acquisitions

To tighten rules for the takeover of non-banking financial companies (NBFCs) the RBI might make it mandatory for acquirers to take the regulator's prior approval for such deals. RBI's consent might be required for any takeover or acquisition of control of an NBFC, which might or might not result in change of management, said the central bank in draft norms on NBFCs, which have been placed on the central bank's website.

According to the proposal, an approval shall be required even for any change in the shareholding

of an NBFC which would result in acquisition/ transfer of shareholding of 26 per cent or more of the paid-up equity capital of the NBFC. Besides, approval would also be required for any change in the management of the NBFC which would result in change in more than 30 per cent of the directors. NBFCs will have to furnish information about proposed directors and shareholders. They will also have to give details about sources of funds that shareholders will use for acquiring the NBFC. NBFCs might also have to give public notice of at least 30 days before effecting the sale of, or transfer of the ownership by sale of shares, or transfer of control, whether with or without sale of shares. Such a public notice shall be given by the NBFCs and the other party or jointly by the parties concerned, after obtaining the prior permission of RBI.

SIDBI, KfW plan to inject Rs.100 crore in Clean Tech Startups

Sidbi and German development bank KfW plan to allocate over Rs.100 crore to clean technology-focused start-ups in 2015-16 as both agencies look to immerse their support for early-stage ventures operating in this sector. The allocations will be structured in the form of debt and mezzanine finance rather than pure equity and will focus on micro, small and medium enterprises (MSMEs) involved specifically in the supply side of clean technology including renewable energy, energy efficiency, buildings, water, waste management and pollution control.

The two development banks are looking to finance start-ups with allocations ranging from Rs.90 lakh to Rs.35 crore, according to Shri Harsh Kaul, chief general manager and country head of risk capital and service sector vertical at Sidbi. *"We have already committed Rs.248 crore till date, which has gone to about 32 MSMEs, as well as through our role as Limited Partners, into funds,"*.

The Innovations Finance Programme line of credit, which started in 2013, will charge interest rates between 12.5% and 14.5%, and also offer an interest rate concession to start-ups that continue to be far lower than that being offered in the market, or by non-banking finance companies. *"We also consider companies which are on the growth path, and which could even have a turnover of Rs 200 crore. We can offer them, through mezz financing, loans at between 13.5% and 15.5%,"* said Mr. Kaul. Sidbi and KfW, which is one of the world's biggest development banks and among the most active investors in India, have established about nine lines of credit since the 1990s. As one of the country's most active LPs in venture capital funds, Sidbi, which has invested in over 60 venture capital funds till date, has come on board as an inventor in INFUSE Ventures, the Ahmedabad based sustainable energy and clean technology early stage fund, having invested Rs 18 crore in the fund's corpus.

RBI moves to restrict bank exposure to corporate loans

The Reserve Bank of India has proposed that banks must bring down their exposure to large borrowers to 25% of Tier-I capital over the next three years from as high as 55% of capital funds allowed now. A discussion paper by the central bank moots this along with various other recommendations which would help channel banking credit to more productive and varied sectors and also reduce concentration risk for the banks. Also, the RBI wants large corporates to access capital markets more for funds rather than depend on the banking industry.

"It is important to have alternate sources of funding for the corporate sector, both to finance growth, de-risk the balance sheets of banks as also to strengthen balance sheets of investors as well as issuers," the RBI paper said. The exposure to both single and a group of companies is fixed at 25% of Tier-I capital. Under the current norms, banks can have an exposure of up to 15% of their capital funds to a single borrower and up to 40% to a group. This can go up by another 5% in case of loans to infrastructure.

The RBI believes banks will be able to meet these norms as the average exposure of banks to single and group borrowers is only 10.6% in case of the top ten banks having exposure to top 20 biggest companies. Further, the rationale behind 25% ceiling for both single and group borrower is that within a group, the interlinkages due to voting rights, management overlaps are significant and therefore a group of counterparties should be considered as a single counterparty. The paper has proposed that companies must not tap the commercial paper and corporate bond market to raise funds. Indian banks have been saddled with huge stressed assets as big companies, especially those involved in infrastructure have failed to service their loans over the past three years.

NEWS FROM STATES

ANDHRA PRADESH

AP govt to sign 46 MoUs with investment outlay of Rs.35,745 cr

The Andhra Pradesh (AP) Government signed 46 MoUs with companies drawn from India, Japan, UAE and Canada, among others, in Vizag, with a total investment outlay of about Rs.35,745 crore. The objective is to make Andhra Pradesh the best business destination in India by 2050. AP will also unveil the state's industrial policy and sectoral policies, apart from launch of a single-desk portal that grants clearances for industrial projects within 21 days, according to a communication from the CM's office. These MoUs will include investments in sectors from petrochemicals to energy, infrastructure, electronics and manufacturing, food processing, textile, automobiles, etc, thereby generating over 72,210 jobs in the state. As part of the MoUs signed, 48 units will be set up in the state, spanning across various districts.

Andhra presents Rs.7,300-cr revenue-deficit budget

The Andhra Pradesh government on 12th March, 2015 presented its budget for 2015-16 with a huge revenue deficit. Large borrowing was inescapable, it declared. However, it kept the rise in spending to less than one per cent from 2014-15's revised estimate (RE), to Rs.113,049 crore. And, projected a revenue deficit of Rs.7,300 crore. This was the first full-year budget presentation after the state's bifurcation into Telangana and Andhra.

Finance Minister Shri Yanamala Ramakrishnudu said the larger social goals such as elimination of poverty, reducing of inequalities and giving a thrust to infrastructure had guided his budget. The minister maintained the deficit would continue, as the state has little room to expand the revenue base. There were no new tax proposals. According to the minister, the state's own tax and non-tax revenues are barely sufficient to meet the salaries, pensions and non-salary expenditure commitments. He assured members it was a

realistic budget, while naming various welfare programmes and subsidies.

The government has provided Rs.4,300 crore towards farm loan waivers, Rs.4,230 crore for electricity subsidy, Rs.2,300 crore for a rice subsidy and huge allocations for social security pensions. An allocation of Rs.3,000 crore were made for the urban development department, including Rs.94 crore for land pooling for the new capital city. The social sector received the highest allocation of Rs.14,904 crore, followed by Rs.10,424 crore for agriculture in the annual plan. For the industrial sector, the government has allocated a Rs.100 crore venture capital fund, Rs.356 crore for disbursement of industrial incentives and Rs.40 crore towards power subsidy. The minister said he'd succeeded in reducing the non-plan expenditure, while increasing the plan allocations. About Rs.34,412 crore or 30 per cent of the total expenditure has been earmarked as plan spending, up from 20.3 per cent in the current financial year.

AP gets Rs.2,303 crore to bridge F.Y. '15 resource gap

The Centre has provided Rs.2,303 crore to Andhra Pradesh to bridge the resource gap for 2014-15 following the bifurcation of the state last year. An amount of Rs.1,803 crore was released on 1st April, 2015, while Rs.500 crore was provided earlier as an ad-hoc grant, the Finance Ministry said. The government has *"decided to*

provide financial support of Rs.2,303 crore to Andhra Pradesh to bridge the resource gap of the Financial Year 2014-15."

BIHAR

Education, power sectors get maximum share in Bihar budget

Bihar state finance minister Shri Vijendra Yadav presented the Budget on 12th March, 2015, with allocation of a large amount to the education and power sectors. Of the Rs.1.21 lakh-crore Budget for 2015-16, nearly 25 per cent has been allocated to the education and energy sectors. Education has got Rs.22,000 crore, while the energy sector has been given Rs.8,500 crore. The social welfare sector has been allocated Rs 8,000 crore. The state government said it was "forced to cut its expenditure in road construction, agriculture, health, etc, *"due to the cuts in Centrally-sponsored schemes".*

The road construction sector has been allotted Rs.5,795 crore for the next financial year, compared with Rs.10,190 crore in the current year. However, separate allocation of Rs.6,811 crore for rural roads was done. The state government will spend Rs.2,311 crore on agriculture. While the health department has been given Rs.5,000 crore to build new hospitals in rural areas, the rural development department has got Rs.5,216 crore to pay increased wages for welfare programmes such as the rural employment scheme.

TAMIL NADU

Tamil Nadu budget

The government of Tamil Nadu presented a Budget for 2015-16 with no new taxes and a cut in some existing levies. Shri O Panneerselvam, in his first Budget speech as chief minister, said he was providing certain concessions to boost the manufacturing sector. The earlier input tax credit reversal of three per cent on inter-state sale of goods is being withdrawn, to make manufacturing industries more competitive with counterparts in neighbouring states. This was welcomed by the Madras Chamber of Commerce.

Works contracts relating to sizing of yarn would be exempt from value added tax (VAT). Also, the VAT on cardamom will be reduced from the present levy five per cent to two per cent, on LED lamps of all kinds and mobile phones from the present 14.5 per cent to five per cent. Electricity tax was withdrawn on generating plants using biomass. The tax concessions would mean an annual loss of Rs.650 crore. There would be no new taxes and the effort would be in improving the levy administration and tightening the collection system.

The government estimates the revenue deficit for 2015-16 at Rs.4,616 crore, with revenue receipts projected at Rs.142,681 crore and revenue expenditure at Rs.147,297 crore. The CM said a revenue deficit was inevitable, with increased subsidies, slow tax growth and allocations to social sectors. The fiscal deficit will remain at 2.89 per cent of Gross State Domestic Product (GSDP), below the recommended cap of three per cent. The Debt-GSDP ratio will be 19.23 per cent, below the recommended cap of 25 per cent. Projecting a capital expenditure of Rs.27,213 crore, the fiscal deficit is estimated at Rs.31,829 crore. The major revenue streams are commercial taxes (Rs.72,068 crore), state excise (Rs.7,297 crore) and motor vehicles tax (Rs.4,883 crore). Tax revenue is expected to rise 12 per cent over 2014-15.

The share of central taxes is projected at Rs.21,150 crore. Grants-in-aid from the central government will be Rs.16,377 crore. Net borrowing would be raised to Rs.30,447 crore against the permissible level of Rs.32,990 crore. The total debt liability by the end of the financial year is estimated at Rs.211,483 crore.

Tamil Nadu's SEZ policy

SEZs in Tamil Nadu are thriving. Of the 199 operational SEZs in the country, 39 are located in the state, making it the top SEZ destination in the country. Tamil Nadu has also overtaken Karnataka in the volume of exports from these economic zones to take the second spot after Gujarat in 2014-15. While Gujarat exported goods worth

Rs.1,07,602 crore, Tamil Nadu sent Rs.35,847 crore worth of merchandise abroad.

Tamil Nadu gained a head-start due to its foresight in introducing a policy for SEZs in 2003, much before the Centre came up with its own SEZ Act and Rules in 2005. The state government, through its organisations like the State Industries Promotion Corporation of Tamil Nadu and the Electronics Corporation of Tamil Nadu, played an active role in setting up SEZs in Chennai, Trichy, Madurai, Salem, Tirunelveli, Hosur and Coimbatore, among other cities. Tamil Nadu's proactive steps came at a time when the IT boom was still in a nascent stage, and this paid off with the state managing to attract big companies like Infosys, Cognizant and others to its SEZs. Among other benefits, land leases were offered for 99 years, signaling to industry that the state was keen on creating long-term value.

However, long -term leases also have meant that many of these establishments are sitting on the land allotted to them without creating any infrastructure. As a result, many SEZs in Tiruneveli, Naguneri and Hosur are struggling to take off. Then, there are other issues related to obtaining clearances and sanctions. The smaller companies have been hit hard as a result. Large IT companies can develop their own infrastructure and mid-size companies can lease expensive rented spaces inside a privately developed SEZ, but the smaller ones - those with fewer than 250 employees - are left with little choice as they can neither afford costly rentals nor build their own infrastructure.

Analysts say one way is to rope in private players to develop SEZs in Tier II and III cities. This would require the state to offer a helping hand in the form of fast-track and single-window clearance, and empowering the development commissioners of SEZs to act as labour commissioners so that labour-related issues can be resolved at the SEZ level itself.

ANSWERS OF CYBERQUIZ~53

1.[a] Electronic Numeric Integrator and Calculator :

ENIAC was conceived and designed by J. Presper Eckert and John William Mauchly of the University of Penssylvania.

2.[c] Faulty floating point units (FPUs) :

It was reported that certain division operations returned a value which was wrong by a very small amount. Intel later offered to replace the faulty processors.

3.[b] Palladium :

Palladium is a chemical element with symbol Pd and atomic number 46. It is a rare silver-white transition metal of the platinum group. Microsoft later dropped the name due to a potential legal battle with a small firm over the name Palladium.

4.[a] Yellow Book :

ISO is an international standard-setting body composed of representatives from national standards bodies. It sets industrial and commercial standards which are adopted world-wide.

5.[a] Boustrophedon :

The term has been derived from the Greek word for ox-turning, the way a farmer ploughs land.

Industrial growth up 5% in February

Industrial growth increased to five per cent in February from 2.8 per cent in January, with strong performances in almost every segment, barring consumer durables and intermediate goods. February was only the third month in 2014-15 to have recorded industrial growth of five per cent or more. Industrial growth was high despite the core sector, which accounts for 38 per cent of Index of Industrial Production (IIP), declining to a 17-month low of 1.4 per cent in February. For November 2014, the growth was revised to 5.2 per cent from the previous reading of 3.9 per cent. Industrial output grew 5.6 per cent in May 2014.

Industrial production moved in sync with data for gross domestic product (GDP). Industrial growth was 2.5 per cent in January, 3.2 per cent in December and (-) 2.6 per cent in October. For 2014-15, GDP growth is expected at 7.4 per cent, against 6.9 per cent in 2013-14.

Direct tax collection falls short by Rs.19,028 cr in FY15

Initial numbers show direct tax collection is short of the revised target by Rs.19,028 crore. The department has so far collected Rs.6,85,972 crore during the year gone by, as against the projected target of Rs.7,05,000 crore the collections were Rs.5,83,000 crore.

Indirect tax collection exceeds FY15 revised estimate by Rs.4K cr

The Centre has received the indirect tax Collections in excess of the revised estimate (RE) by Rs.4,000 crore.

Indirect taxes — customs duty, excise duty and services tax— yielded Rs.5.46 lakh crore against the RE of Rs.5.42 lakh crore, despite a slowdown in industry in volume terms. The collections were also 9.9 per cent higher than the Rs.4.97 lakh crore of 2013-14.

The Index of Industrial Production (IIP) grew by

2.5 per cent in the first 10 months of the financial year, against 0.1 per cent in the corresponding period of 2013-14. Within IIP, manufacturing rose 1.7 per cent in April-January, against contraction of 0.3 per cent in the year-ago period. The slowdown reflected in the RE, as excise duty collections were drastically cut to Rs.1.88 lakh crore from Rs.2.02 lakh crore in the Budget estimate (BE). This was despite the fact that the four-round increase in excise tax on petroleum is estimated to have given the government around Rs.20,000 crore extra since November, 2014. To put it in perspective, indirect tax collections exceeded the RE by Rs.4,000 crore; but were behind the Budget estimates, which stood at Rs.6.24 crore.

The fiscal deficit stood at Rs.6.02 lakh crore in the first 11 months, against the RE of Rs.5.12 lakh crore. This means the government would have had to ensure a fiscal surplus of around Rs.90,000 crore in March.

Centre releases first devolution installment of Rs.37,420 crore

The government in April released over Rs.37,420 crore to states for 2015-16 as the first installment of devolution as per the 14th Finance Commission

recommendations, with Uttar Pradesh getting the highest share.

The state which got the highest share is Uttar Pradesh at Rs.6,735.81 crore. Bihar got Rs.3,624.37 crore, followed by Madhya Pradesh at Rs.2,835.75 crore, West Bengal at Rs.2,746.91 crore and Maharashtra at Rs.2,075.59 crore. States which got the least fund include Sikkim at 137.46 crore, Goa Rs.141.51 crore, Mizoram Rs.172.40 crore, Nagaland Rs.186.68 crore and Manipur Rs.231.27 crore. Earlier this year, the 14th Finance Commission had recommended a record 10% increase in the states' share in the Union taxes to 42%, which had been accepted by the Centre and will give the states another Rs.1.78 lakh crore in 2015-16.

Export subsidy of Rs.4k/tonne notified for raw sugar

The government in March notified fixed subsidy of Rs.4,000 a tonne for export of up to 1.4 million tonnes of raw sugar in the ongoing 2014-15 marketing year. Last month, the Cabinet Committee on Economic Affairs (CCEA) had approved extension of subsidy on raw sugar export for the current year to help boost millers' cash flow and enable them payment of sugarcane arrears to farmers that have crossed Rs.14,500 crore so far.

Forex reserves fall by $2.59 bn to $340.41 bn

After rising for three consecutive weeks, the country's foreign exchange reserves declined by $2.592 billion to $340.412 billion in the week to April 10 as foreign currency assets declined, according to RBI. In the previous reporting week, the foreign exchange reserves had increased by $1.627 billion to $343.005 billion. Foreign currency assets, a major part of the overall reserves, dropped by $2.510 billion to $316.131 billion during the week. The country's gold reserves remained stable at $19.038 billion for the reporting week.

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Salient Features of Foreign Trade Policy 2015-2020 :

The Foreign Trade Policy, 2015-2020 ('FTP') was announced by the Hon'ble Minister of Commerce and Industry, Smt. Nirmala Sitharaman on April 1, 2015. The FTP has been announced in the backdrop of several measures initiated by the Government of India such as 'Make in India', 'Digital India' and 'Skills India', among others.

The FTP, introduced with a view to double India's share in world trade by the year 2020, rationalizes the general provisions regarding imports and exports and promotional measures offered by the Commerce Ministry and also offer mechanism for resolving quality complaints and trade disputes.

Key Highlights of the FTP

The benefits of the erstwhile FTP have now been consolidated into two new schemes for export of merchandise and services, viz. Merchandise Export from India Scheme ('MEIS') and Service Export from India Scheme ('SEIS').

MEIS :

- MEIS subsumes five existing schemes, viz. Focus Product Scheme, Market Linked Focus Product Scheme, Focus Market Scheme, Agri. Infrastructure Incentive Scrip, VKGUY; and
- MEIS reward rates (2%/3%/5%) specified for export of notified goods to notified markets [categorized into 3 groups, viz. Country Group A, B and C] as a percentage of realized FOB value in free foreign exchange.

SEIS :

- SEIS available to "Service Providers located in India" as against the existing Served Form India Scheme available to "Indian Service Providers"; and
- SEIS reward rates (3%/5%) specified for export of notified services and would be based on net foreign exchange earned.

- The benefit of MEIS and SEIS has been extended to units located in Special Economic Zones – This is a welcome step and is imperative to boost the SEZ sector.
- The criteria for measuring export performance meant for recognition of status holder have been changed from Indian Rupees to US dollar earnings. Apart from export performance of current year, only two previous years will be considered as against the previous three years under the erstwhile FTP; and
- Manufacturer status holders shall be entitled to self-certify 'Certificate of Origin'.
- Export Obligation reduced from 90% to 75% for domestic procurement under EPCG scheme to boost the 'Make in India' initiative;
- Higher reward under MEIS for products with high domestic content and more value addition in India;
- The new FTP focuses on simplification and merger of incentive schemes, giving boost to flagship initiative of the Government, viz., 'Make in India' and enabling Trade Facilitation and Ease of Doing Business.

Subsidy for exporters to end:

After the announcement of the New Foreign Trade Policy (FTP), Commerce Secretary Shri Rajeev Kher on 2nd April, 2015 said exporters would have to stop looking for subsidies and incentives eventually and concentrate on better branding and quality of products. He said "This policy has tried to sensitise the industry on two accounts. These are extremely important. The global trading architecture is completely changing. Within two-three years, you'll see a paradigm shift in global trading architecture. India has so far run on the competitive advantage of its products. In the past few years, this competitive advantage has suffered. We have not begun reviving or improving it. We have started the motion but the process to bring results will take its own time. Therefore, it is a challenge for us to become globally competitive." *"We have to acknowledge the institutional architecture, which is emerging, and in that context the Trans-Pacific Partnership and Regional Comprehensive Economic Partnership have to be taken into account."* This is because there would be preferential arrangement among the members of these mega trade pacts, while Indian exports would face trade erosion. *"FTP statement is a flow of thought in the government on how India should evolve as a responsible foreign trading nation. This a first generation foreign policy statement, but many embellishments can continue to happen in this. One should take it with a composite strength of the government rather than just a commerce departmental document".*

Sahoo Committee recommends Liberalisation of ECB rules

The M S Sahoo committee, set up to review the domestic and foreign capital markets, gave its report to the finance ministry in February, 2015. This was made public in April and the government has invited comments and feedback till May 10. Shri M S Sahoo, who chaired the panel, was a le time director in the Securities and Exchange Board of India. He is now a member in the Competition Commission of India.

"The restrictions on borrowers, lenders, end-uses, amount, maturity, all-in-cost ceiling, etc, were products of the time and have outlived their utility. These must be removed, as these do not now address the identified market failure associated with ECB, systemic risk arising from currency exposure and global risk tolerance," the committee has said. Current ECB regulations have sector-specific caps, company-specific caps and restrictions on how the debt raised is used. Manufacturing and infrastructure companies can raise up to $750 million in a financial year. For those in the services sector, such as hotels, hospitals and software companies, raising up to $200 mn in a financial year is allowed. Raising more than this requires approval from the Reserve Bank of India (RBI) and the central government.

Similar caps govern ECB for companies in other sectors, including non-banking finance companies, micro finance companies, mutual funds, trading, logistics and holding companies. Also, there are end-use restrictions. Usage of the debt in capital markets or investing it in other companies isn't allowed (except if the company raising debt from abroad is an infrastructure finance company or a bank). Real estate cannot be bought with the debt raised through ECB. "ECB may be accessed by any firm for any end-use. The negative list under the Foreign Direct Investment policy should be the negative list for ECB".

Companies also have to limit their borrowing cost at 350 basis points over the six-month London Inter Bank Offered Rate (Libor) for three to five-year maturity and at 500 bps over Libor for more than five years. The report recommends ECB may be had from any lender from a global Financial Action Task Force-compliant jurisdiction and with no Indian interests. This implies that Indian banks, along with their foreign branches, and subsidiaries of banks incorporated in India should not be allowed to extend ECB, including guarantees.

FM launches IFSC at GIFT, assures 'globally compatible' tax regime

Union Finance Minister Shri Arun Jaitley in April, 2015 launched India's first International Financial Services Centre (IFSC) and unveiled rules and

regulations for this global financial hub. "With IFSC at GIFT (Gujarat International Finance TecCity), the state (Gujarat) is trying to become the a hub for financial services which was earlier attributed to Mumbai". During the launch, Shri Jaitley called for 'internationally compatible' and 'non- adversarial' tax regime within the same.

The tax rate at IFSCs in Dubai, Malaysia and Singapore are zero per cent, three per cent and 10 per cent, respectively. The tax regime at IFSC at GIFT will have to be competitive enough to match those of the other IFSCs. Commending GIFT for setting up a model, Shri Jaitley said: *" I would ask other states to emulate the project (GIFT City), only then can we build 100 smart cities."*

JICA Removed from list of multilateral lenders

The Japan International Cooperation Agency has been removed from a list of multilateral lenders under the new foreign trade policy, denying incentives known as deemed export benefits to projects funded by the agency. According to an industry estimate, this would result in a material cost escalation in the Delhi-Mumbai Industrial Corridor project. Deemed exports benefits are tax concessions extended to goods manufactured in India and not shipped out of the country.

JICA has so far invested close to Rs.14,000 crore in the over Rs.60,000 crore DMIC project and plans to invest in the Chennai-Bengaluru Industrial Corridor. Japan has invested $4.5 billion in the first stage of the DMIC through JICA and the Japan Bank for International Cooperation, which together hold 26 per cent equity in the project. The Western Freight Corridor, a 1,483 km stretch connecting Delhi and Mumbai that is being fully funded by JICA, will also see costs going up.

The Organization for Economic Co-operation and Development, International Fund for Agricultural Development and Swedish International Development Cooperation have also been removed from the list.

The government now aims to increase the share of manufacturing to 25% of the gross domestic product from 17 % at present by setting up five industrial corridors.

Cabinet approves Afforestation Bill

The Cabinet in April approved unlocking of the Rs.38,000 crore compensatory afforestation fund that has been lying unused for years. This paves the way for introducing the Compensatory Afforestation Bill, 2015 in Parliament in the ongoing session. The move will open up disbursal of substantive funds to state governments for increasing afforestation. The proposed law aims at unlocking the mega corpus by moving it to the non-lapsable interest bearing funds under the Public Accounts of India, thereby freeing it from court procedures. At present an ad hoc Compensatory Afforestation Fund Management & Afforestation Authority (CAMPA) manages the fund, a corpus collected from user agencies that is meant to be used for compensatory afforestation, penal compensatory afforestation and net present value of forest land diverted. As per Supreme Court guidelines of 2009, funds up to Rs.1,000 crore can be given to state level CAMPA. However, in order to withdraw a greater amount, the ministry of environment and forests is constrained to seek permission from the apex court.

As per a statement issued by the environment ministry, the Bill seeks *"to provide an appropriate institutional mechanism, both at the Centre and in each state and Union Territory, to ensure expeditious utilisation in efficient and transparent manner of amounts realised in lieu of forest land diverted for non-forest purpose."*

Parents must be both slow and quick—slow to get angry and quick to love and forgive.

HEALTH CARE !

Yoga Strength as well as Stretch Class

Strength as well as stretch classes assist in learning the fundamental ideas of muscle contraction. A lot of people apply stretching as a warm-up workout or even for cool-down .However, for serious professionals, it is a full exercise in itself. For the help of this kind of people, there is energy as well as stretch classes. These classes show advantage in losing stress, raising posture, improving the muscles. They additionally assist in raising the overall flexibility of the body thus improving the activity of full body parts. They even assist in improving the core strength body as well as work toward mental stability.

Strength as well as stretch classes generally incorporate pre-yoga stretches as well as a few yoga poses. Light lifting weights as well as complex stretching can be added later. Generally these are started with low strength as well as slowly the intensity can be enhanced. The stretch difficulty, the time each and every stretch is held improves. A typical stretch as well as strength workout not only improves the muscles but also assists in treating of the concerned muscles . This even offers several health advantages as the whole body along with the brain is involved with the workout.

A few advantages of strength as well as stretch are as follows:

- Decrease in whole stress levels as well as muscle spasms.
- Strengthening of muscles.
- Increase in mobility of the body as well as the activity of body parts.
- Improves stability, coordination of body and mind.
- Improves overall fitness of body and mind.
- Improves flow in the body and also efficiency levels.

- It additionally lessens the pain in knees and muscles.
- Decrease chance of coronary heart diseases enabling fight cholesterol.

There are several levels for strength as well as stretch classes including the basic and moving up to quite advanced level. The fundamentals are usually for those who are not much experienced with exercise or even yoga and also who have a non-flexible body. It consists simply of preparatory stretches and also a small strength workout. The strength of stretches is usually low with this class. Then comes the advanced level where the stretching gets more intense as well as a number of stretches acting on every body part are incorporated. Light weight workout starts at this level. And lastly there is certainly advanced level where complex stretches are used up. The strength of the lifting weights improves considerably. The mobility requirement for the workouts improves gradually in the three steps. After finishing each step, the body will become more flexible as well as prepared for the next level.

Yoga deals with both strength along with stretch and also hence yoga plays a vital role. Almost all yogic poses are generally stretch exercises. Yogic poses have a vital part during these classes. Therefore, for those of you who are trying to find an exercise that will boost your immunity, improve the mobility of the body, and also assist in stress management, energy as well as stretch classes is recommended.

God's love is always. It knows no boundaries, no hours or days.

First Finance SEZ, GIFT, inaugurated

Paving the way for the country's first finance SEZ, the Gujarat International Finance Tec-City (GIFT), to commence operations, finance minister Shri Arun Jaitley at the inauguration function on April 10, 2015 unveiled the composite regulatory framework for financial-sector players expected to set up shop there. Over a period of time, GIFT will likely get back much of the business of financial services — currency derivatives and reinsurance businesses, for instance — that India is losing out to Singapore, Dubai and London now.

The exclusive regulations for international financial services centre (IFSC) would allow domestic and foreign firms to open offshore banking as well as insurance and capital market intermediaries at GIFT. Among others, the special dispensation will allow companies incorporated outside India to raise money in foreign currency by issuing and listing their shares on stock exchanges within the IFSC, where individual and institutional investors from India and abroad, including NRIs, would be allowed to trade.

Maharashtra to Block Profiteering From SEZ Land Sale

The Maharashtra government is set to introduce a special legislation to deter companies that have been allotted land under the SEZ Act for industrial activity, but have done nothing so far, from selling the land at a higher price. Termed 'SEZ Prevention of Land Speculation Bill', which is likely to come into effect in six months' time, will ensure that companies which can't do any 'industrial production or permitted activity' in more than 50% of the SEZ land in two years, will have to return the land to the state government.

While taking back the land, the state will pay the developer the same price for the land at which it had 'originally acquired' it. The Maharashtra government has decided to use this land for affordable housing, said the state government's draft housing policy. The draft housing policy also points out that most of the 10,000 acres of land that was acquired under the Land Acquisition Act, 1888, has not been used by these developers. The state housing policy document says, "Most of this land was acquired near urban centres and a substantial portion of this land is also situated within the MMR. Most of the developers of these SEZs have not put to use the land as was originally acquired for and the land continues to remain unused and the SEZ developers are keeping on the land in the hope of selling the same as and when the market price improves.

SEZs see up to Rs.2,500-cr boost from foreign trade policy

The government is set to forego revenue to the tune of Rs.500-2,500 crore by way of incentives given under Merchandise Exports From India Scheme (MEIS) and Services Exports From India scheme (SEIS) to units located inside special economic zones (SEZs) under the new Foreign Trade Policy (FTP) 2015-2020.

The Foreign Trade Policy 2015-2020, unveiled on April 1, gave a breather to ailing SEZ units by bringing them under the newly introduced MEIS and SEIS incentive programmes. However, according to experts, this will mean an additional revenue impact on the government, which is already reeling under resource constraints, over and above the existing quantum of revenue foregone.

Currently, there are 199 operational SEZs having 3,937 units located in them. The total exports achieved by these units stood at Rs.3,48,584 crore during April-December 2014-2015, according to latest data from the Ministry of Commerce and Industry.

Under the two new schemes – MEIS and SEIS – exporters will be allowed rewards for export of goods given as a percentage of realised free-on-board (FOB) value. The rate of these rewards, given in the form of duty scrips, will be 2-5 per cent.

Similarly, under the Served From India Scheme (SFIS), the rate of rewards will be 3-5 per cent. These sops or duty scrips were not given to SEZ units earlier. "As a result of benefits given under both the schemes (MEIS and SEIS), the revenue forgone will be in the range of Rs.500-2,500 crore in a financial year". The actual revenue forgone by the government on account of tax incentives for export profits of SEZ units in the financial year 2013-2014 stood at Rs.17,036 crore, higher than the projected revenue impact of Rs.14,992 crore. In financial year 2014-2015, it is estimated that total revenue foregone on account of sops given to SEZ units would reach Rs.18,393.70 crore.

Government to allocate 17 food parks to companies

Government is set to allocate 17 food parks to different companies which will attract an estimated investment of about Rs.2,100 crore. The government has received 72 proposals from various companies including Adani Group, ITC and Future Group for 17 food parks and each of them is expected to attract a minimum investment of about Rs.125 crore. So, the total amount for all 17 food parks is expected at Rs.2,100 crore. At least one Mega Food Park is set to be established in every state. ■■■

ELSS : Combine Tax Savings with Sound Returns

Why invest in ELSS funds

When investors put their money in a tax-saving product, they are usually concerned with the amount of tax they will save. They should also pay attention to the returns that these tax-saving investments will yield. ELSS funds score highly on this count. "ELSS is one of the instruments under Section 80C that takes 100% exposure to equities. Hence, along with tax saving, it also offers the benefit of wealth creation," says Renu Pothen, Research Head, Fundsupermart.com. The ELSS category has given an average return of 43.48% over the past one year and 22.99% over three years. Fixed-income schemes like PPF, EPF and NSC pay an interest rate of 8-9% while Sukanya Samriddhi Scheme pays 9.2%. The returns from NPS are lower than from ELSS funds as the former allows a maximum of only 50% investment in equities, and that too only in Nifty stocks. Traditional insurance plans give a return of 5-6%. And while Ulips do invest in equities, a part of the premium goes into offering insurance cover. The higher returns in ELSS funds will, of course, come with higher volatility.

Conservative investors should, however, remember that the risk in equities declines as your investment horizon increases. If you are going to have your money locked up for three years, you may as well invest at least a part of your tax-saving portfolio in an equity-based instrument like ELSS. The returns will be higher, and the interim volatility won't matter due to the lock-in. Pothen suggests that investors keen on wealth creation should leave their money invested in an ELSS fund even after the three-year lock-in so as to earn optimal returns from it. The risk of making a loss in equities becomes very small if you stay invested for 5-7 years.

The lock-in allows fund managers do a better job. According to Jinesh Gopani, Fund Manager, Axis Long Term Equity Fund, "To deliver steady returns, a fund manager needs a steady and predictable inflow of AUM. The lock-in period in ELSS funds gives fund managers the leeway to thoroughly analyse companies and invest with a longer time horizon because they know the money is going to stay with them for at least three years."

Choose the right fund

Before investing in an ELSS fund, check its track record. Compare its returns over the short (six-month and one-year), medium (three-year) and long-term (five-year) horizons vis-a-vis its benchmark and the category average. Ensure that the fund has been ahead over all or most of these time horizons.

Besides high returns, look for consistency. Not only should the fund have beaten its benchmark in rising markets, it should also have fallen less than its benchmark in declining markets. Gopani suggests that investors should pay heed to a fund's risk-ad justed return rather than just the return. The fund's expense ratio, level of churn, and level of risk should also be lower than the category average. Look up the websites of rating agencies like Morningstar and Value Research for these data.

There should also be consistency at the helm. The fund manager who was responsible for creating the fund's fine track record should still be managing it.

What should you avoid?

Avoid making a lump sum investment in ELSS funds. If the market is at a high level and it falls right after you invest - the sort of conditions that prevail today - you will see massive erosion in your portfolio value. Instead, use the SIP approach and take advantage of rupee-cost averaging to garner good returns from these funds.

When selecting an ELSS fund, take into consideration your own risk appetite. "Conservative investors should avoid ELSS funds that take large exposure to midand small cap stocks. They should stick to funds that invest primarily in large-cap stocks," says Vidya Bala, head of research, Fundsindia.com. Aggressive investors may opt for funds with a higher midand small-cap exposure.

Finally, since in all likelihood your purpose is to build up a corpus to meet various financial goals, avoid the dividend option and go for growth.

Source : Times of India