COSIDICI COURIER

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CONTENTS

FROM THE SECRETARY GENERAL's DESK

IMPORTANCE OF THE MICRO, SMALL & MEDIUM ENTERPRISES {MSMEs}IN THE PRESENT SCENARIO

The Micro, Small and Medium Enterprises (MSMEs) play a pivotal role in the economic and social development of the country, often acting as a nursery of entrepreneurship. They also play a key role in the development of the economy with their effective, efficient, flexible and innovative entrepreneurial spirit. The MSME sector contributes significantly to the country's manufacturing output, employment and exports and is credited with generating the highest employment growth as well as accounting for a major share of industrial production and exports.

MSMEs have been globally considered as an engine of economic growth and as key instruments for promoting equitable development. The major advantage of the sector is its employment potential at low capital cost. The labour intensity of the MSME sector is much higher than that of large enterprises. MSMEs constitute more than 90% of total enterprises in most of the economies and are credited with generating the highest rates of employment growth and account for a major share of industrial production and exports. In India too, MSMEs play an essential role in the overall industrial economy of the country. In recent years, the MSME sector has consistently registered higher growth rate compared with the overall industrial sector. With its agility and dynamism, the sector has shown admirable innovativeness and adaptability to survive the recent economic downturn and recession.

Background :

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

V.S. RATHORE
Secretary General, COSIDICI

The Micro, Small & Medium Enterprises (MSMEs) contribute significantly to value addition, employment generation, exports and overall growth and development of India's economy. MSME units are generating maximum employment next to agriculture. The MSME sector accounts about 45 percent of the total manufacturing output and 40 per cent of the exports from the country. Realizing their importance a separate Department of Micro, Small & Medium Enterprises has been created with an objective to facilitate, promote and enhance competitiveness of MSMEs in the state. The Government has accorded top priority to the MSME Sector and has given necessary thrust for facilitating and co-ordinating the growth and development of the sector.

The MSME sector in India is highly heterogeneous in terms of the size of the enterprises, variety of products and services, and levels of technology. The sector not only plays a critical role in providing employment opportunities at comparatively lower capital cost than large industries but also helps in industrialisation of rural and backward areas, reducing regional imbalances and assuring more equitable distribution of national income and wealth. MSMEs complement large industries as ancillary units and contribute enormously to the socioeconomic development of the country.

Key highlights of the MSME Sector :

- MSMEs account for about 45% of India's manufacturing output.
- MSMEs account for about 40% of India's total exports.
- The sector is projected to employ about 73 mn people in more than 31 mn units spread across the country.
- MSMEs manufacture more than 6,000 products ranging from traditional to high tech items.
- For FY11, total production coming from the MSME sector was projected at Rs.10,957.6 bn, an increase of more than 11% over the previous year.

MSMEs outperform GDP and IIP growth rates :

MSMEs have outperformed IIP and GDP growth rates in the past five years. The total production of MSMEs for FY'11 was Rs.10,957.6 bn (at 2001-02 prices). Between FY'07 and FY'11, the sector's total production grew at a CAGR of 11.5% - a clear indication of the substantial contribution of MSMEs to the Indian economy. During FY12, total production of MSMEs has grown at 11.48%, compared to industrial and GDP growth of 8.2% and 8.4% respectively.

Fixed investment and employment in MSME segment

Productivity of the MSME sector has been improving tremendously with fixed investment and employment growing consistently in the past couple of years. This is a direct indication of the efforts in the sector to integrate the workforce with technological enhancements to increase production. Fixed investment in the MSME sector between FY'07 and FY'11 has grown at a CAGR of 11.48% and employment grew more than 5% (y-o-y).

PSBs remain the largest lenders to MSMEs :

The MSME sector has been accorded high priority in the industrial policy owing to its vital role in the economy. During FY11, the total outstanding credit by banks to MSMEs in India stood at Rs.4,859.43 bn, growing at a CAGR of 39.8% during FY'07-FY'11.

Among bank categories, public and private sector banks have registered impressive growth of 35.28% and 36.14% in Micro & Small Enterprises {MSE} lending in FY'11. However, Public Sectors Banks (PSBs) account for a major share compared to private and foreign banks. During FY11, total priority sector advances by PSBs grew by 19.1% y-o-y to Rs.10,286.15 bn, as against Rs.8,637.77 bn in FY'10. Total advances provided by the public sector banks to the MSE sector for FY'11 grew by 35.3% y-o-y to Rs.3,766.25 bn. Advances to MSE formed around 37% of the total priority sector advances of PSBs, versus the 32% share during FY'10. Moreover, the share of MSE credit to net bank credit stood at 9.9% in 2011 against 13.4% in 2010.

Major initiatives undertaken by the government in FY'12 to revitalise the MSME sector :

- The BSE and NSE got the approval for SME platforms from the SEBI and have been operationalised. This will serve as an opportunity for Indian SMEs to raise funds from capital markets
- To achieve the overall target set by the Prime Minister's National Council on Skill Development, Ministry of MSME and the agencies conducted the skill development programmes for 478,000 people during FY12. During FY13, the Ministry aims to provide training to 572,000 people through its various programmes for development of self employment opportunities as well as wage employment opportunities in the country.
- To improve the productivity, competitiveness and capacity building of MSMEs, the Government of India has adopted a cluster based approach. During Apr-Jan 2012, the government has taken 8 new clusters for

diagnostic study, 5 for soft interventions, and 4 for setting up of common facility centres. Till Jan 2012, the government has taken a total of 477 clusters for diagnostic study, soft interventions and hard interventions and 134 infrastructure development projects.

Despite the various challenges it has been facing, the MSME sector has shown admirable innovativeness, adaptability and resilience to survive the recent economic downturn and recession.

Outlook :

A dynamic global economic scenario has thrown up various opportunities and challenges to the MSME sector in India. On the one hand, numerous opportunities have opened up for this sector to enhance productivity and look at new national and international markets. On the other hand, these opportunities compel the MSMEs to upgrade their competencies to face the competition since obsolescence is rapid with new products being launched at an incredible pace and are available worldwide in a short time. The Indian MSMEs with the visionary spirit of entrepreneurs of MSMEs and overall Government and Institutional support are poised to make the best of these opportunities and continue to be backbone of the Indian economy.

* * *

Vikram Singh

V.S. RATHORE

> *Anyone who doesn't take truth seriously in small matters cannot be trusted in large ones either.*
>
> *–Albert Einstein*

APPOINTMENTS

- Shri Joy Oommen, IAS has been appointed as Chairman & Managing Director, Kerala Financial Corporation {KFC}, Thiruvananthapuram vice Shri Yogesh Gupta, IAS.
- Smt. Anita Rajendra, IAS has been appointed as Vice Chairman & Managing Director, Andhra Pradesh Industrial Development Corporation Limited {APIDC}, Hyderabad vice Smt. Shalini Misra, IAS.
- Shri Baldev Singh, IAS has been appointed as Managing Director, SICOM Limited, Mumbai vice Shri J.S. Saini, IAS.
- Shri Dheeraj Sahu, IAS has been appointed as Managing Director, The Pradeshiya Industrial & Investment Corporation of Uttar Pradesh Limited {PICUP}, Lucknow vice Shri Sanjay Prasad.
- Shri Pradip Kumar, IAS has been appointed as Managing Director, Bihar State Financial Corporation {BSFC}, Patna vice Shri Shishir Sinha, IAS.

- Shri T. Wangchuk has been appointed as Managing Director, Sikkim Industrial Development & Investment Corporation Limited {SIDICO}, Gangtok vice Shri C. Raju.
- Shri Imsuwaba Jamir has been appointed as Managing Director, Nagaland Industrial Development Corporation Ltd., {NIDC}, Dimapur vice Smt. Rose I. Jamir.

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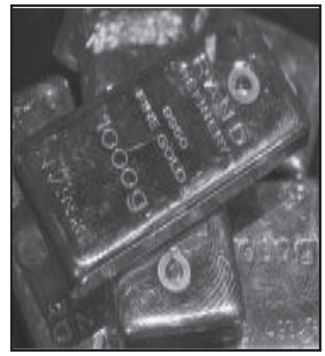
WHERE HAVE ALL THE SUBSIDIES GONE ?



If one has a good idea of where we went wrong in the last 5 years, one can begin to project the future. No matter what the source, the discussion, and complaint, has centred on the fiscal deficit. And the fiscal situation is dire - an increase of nearly 2 percentage points in the consolidated fiscal deficit in the last 5 years.

But fiscal deficit is the net difference between revenues and expenditures. So, theoretically, the fiscal deficit can expand because of a shortage of revenues, or an excess of expenditures, or both. Consequently, depending on one's ideological preference, the emphasis is either on raising taxes or on cutting expenditures. And given a country like India, whose politicians and many of the glintelectuals (glitterati intellectuals) do not believe in any evidence-based policy, the concentration is on raising taxes. The last 2 months have been dominated by discussions of how to raise tax revenue, and of course 'motherhood' dictates that one cannot go wrong by suggesting that the rich should pay more. If it is pointed out that the top 10% of earners in the country pay for almost all of corporate and individual tax revenue, the refrain of the glintelectuals is: why can't they pay more?

Back-of-the-envelope calculations for the Indian economy are now made easier with several important numbers approaching 100 or multiples of 100 levels! Nominal GDP in 2012-13 is estimated to have been Rs.94.6 lakh crore; for 2013-14, with 12% growth, nominal GDP is estimated at Rs.106 lakh crore. For the same year, poverty is forecast to be 220 million or 18% of the population. This based on a Tendulkar poverty line equal to Rs.1,000 per capita per month (pcpm) and the average consumption level of the poor equal to Rs.834 (Rs.12,000 and Rs.10,000 on an annual basis).

These simple calculations, assuming conservative historical trends, imply that the government needs to spend, in 2013-14, Rs.0.44 lakh crore (obtained as the multiple of 220 million poor with an average poverty deficit of R2,000 per person per year). This fraction is 0.4% of GDP and what is needed to be spent on the poor in order to claim that "India is a land with NO poverty according to the official poverty line". This claim assumes perfect targeting. Further, the amount needed to eliminate poverty declines with economic growth. In 1983, the perfect targeting outlay was equal to 7.8% of GDP and, in 2004-05, 1.6% of GDP.

Assume for a moment that the government was actually desirous of doubling the real incomes of every poor person in India. This will mean an outgo of nearly Rs.2,20,000 crore each year and will push every poor person in India to a consumption level above the poverty line. The table documents the actual expenditure on various inventive poverty reduction schemes that Indian politicians have offered and spent grandiosely on.

Political Economy
of 'In the name of the poor' subsidies

	NDA	UPA-1	UPA-2	UPA-2 (FY13)	
	1998/99-2003-/04 Annual	2004/5-2008/09 Annual	2009/10-2012-13 Annual	in '000 crore	Share of GDP %
GDP, Current prices in '000 Crore	**2,309**	**4,359**	**8,060**	**9,462**	**100**
Share of GDP, %					
Subsidy, fertiliser	0.50	0.87	0.90	100	1.06
Subsidy, Food	0.69	0.68	0.93	100	1.06
Subsidy, fuel	0.12	0.61	0.63	72	0.76
Subsidy, employment guarantee scheme	0.26	0.38	0.40	29	0.31
Subsidy, total of above	1.56	2.54	2.87	301	3.18
Cost of poverty removal (perfect-targeting)	2.15	1.26	0.62	48	0.51
Excess expenditure (over perfect targetting)	-0.59	1.28	2.25	253	2.67

Notes : All figures are annual averages for the different periods; 2012/13 figures are likely estimates, not budgeted ones

Source: Budget documents, various years

The trend in the averages are striking. Under Vajpayee's tenure, when incomes were low, the government spent close to 1.6% of GDP on poverty-reduction programmes. India was a lot poorer 10 years ago and could not afford the average perfect targeting requirement of 2.2% of GDP. During UPA-1, this deficit turned into a surplus (India became less poor) but the populist government spent twice the amount 'needed' to remove poverty. The situation has worsened considerably in UPA-2, and in 2012-13, the government is spending more than 6 times than what is 'needed'.

The criminally sad nature of our populist policies is brought out by the following calculations. We spend Rs.1,00,000 crore on diesel subsidies. I don't know about you, but I know precious few, indeed none and none by a few miles, poor people who consume diesel. If the diesel subsidy were to be eliminated, and the money given to the poor, their consumption would increase by 50%! If the food subsidy were to be eliminated (and only 23% of the poor's food was accessed from PDS shops in 2009-10), the incomes of the poor would increase by 50%. If all subsidies were to be eliminated, and the money given to the poor, their incomes would be two-and-a-half times their present income.

Of course, perfect targeting is not possible, and all the money saved from elimination of subsidies should not go to the poor. Indeed, should not go to anybody, but should go to help make India look more like a modern economy than a poor cousin of Chavez's Venezuela. And Venezuela has oil to squander.

This simple analysis has several implications for Indian policy making and the Budget. For starters, all this talk about raising tax rates, imposing commodity taxes, increasing dividend taxes, etc, is shown plainly to be what it is - utter and glib nonsense. The gains to be made for the Indian economy are by drastically reducing 'in the name of the poor (INP)' expenditures. The talk should not be in terms of motherhood reductions of the fiscal deficit but reductions in the even more politically-correct motherhood expenditures on the poor.

The big story, the big debacle, the big policy mistake, is the irresponsible increase in combined (state and Centre) fiscal deficits of about 2 to 4 percentage points of GDP. This had averaged 6.3% of GDP in the 'good' years, 2003-04 to 2007-08. For the last 5 years, the fiscal deficit has averaged 8%, or 1.7 percentage points higher than the 2003-04 to 2007-08 average. Is it just a coincidence that this increase is almost identical to the increase in populist subsidies alone—1.6 percentage points between NDA-Vajpayee and UPA-2 ?

It is time we recognised the debate on INP policies. Several people will lose if a reorientation is made. Many of these people are politicians, many more are in major political parties, and I would conjecture that a large amount of the leakage ends up in the coffers of political parties as election financing. These men and women are powerful and stand a lot to lose if money meant for the poor reaches the poor. How much is this leakage or 'corruption'? Rajiv Gandhi had conjectured (Congress party leaders please note), way back in 1985, that 85% of the money meant for the poor was lost in transition. And Rajiv Gandhi was a raging optimist. 15% of Rs.3,01,000 crore is Rs.45,000 crore, and even if this fraction of money did actually reach the poor, poverty in India today would be less than 5%, if not zero! In other words, money for the poor leaks away -indeed, floods away.

The choice for India is crystal clear. We need to control subsidy, improve targeting of the poor. Technology in the form of Aadhaar is now available; cash transfers are an important component of anti-poverty policy in most countries and India should follow it and concentrate on the relationship between outlays and outcomes.

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Shri Surjit S. Bhalla is Chairman of Oxus Investments, an emerging market advisory firm, and a Senior Advisor to Blufin, a leading financial information company.

Source : The Financial Express

Our duty is to encourage every one in his struggle to live up to his own highest ideal, and strive at the same time to make the ideal as near as possible to the truth.

–Swami Vivekananda

DIGITAL-AGE BANKING FOR SMES

Not so long ago, banking small businesses and medium-sized enterprises (SMEs) revolved around basic transactions and loans, with relationships typically forged through personal meetings at the bank.

Now, many SME customers use their smartphone or a PC to interact with the bank, while at the same time SME banking has grown in complexity, with customers moving away from 'plain vanilla' banking in favour of more bespoke and innovative solutions.

In the last few years, digitisation has had a profound impact on how SMEs do business. Mobile technology, in particular, is transforming the way that SMEs source, produce, market and sell their products. The pace of change is also accelerating, with mobile phones widely predicted to become the preferred consumer payment device within just a few years.

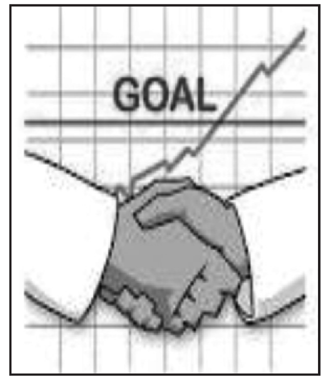
Not surprisingly, all of this has changed what SMEs need from their financial service providers, ushering in a new age of SME banking. With the branch no longer the fulcrum of relationships, banks must find a way to reconnect with SMEs in the digital space. Despite impressive digital strategies and the launch of multiple new channels, many banks have yet to figure out how best to do this.

The choice they face is stark–either find a new relevance for SMEs, or risk losing touch with an important group of customers as new competitors close in.

So what should banks do to adapt?

First, banks should see digitisation as a great opportunity to reconnect with their SME customers. By investing time in understanding the digital agenda of SMEs, and developing a differentiated digital proposition, banks have the chance to recast themselves in a new role as digital partners to small businesses.

SMEs themselves have not changed. They are still on the constant lookout for ways to run their businesses faster, cheaper and better. They still need banks to support them as they grow and expand. Digitisation merely offers a whole new set of options for achieving this and allowing customers to do their banking and to access critical information while they are on the move.



SMEs – perhaps more than any customer group – are embracing digital solutions at speed, with digital now widely predicted to become the main customer relationship channel for SMEs in the next couple of years. To a large extent, this is being fuelled by the rapid advance of smartphones and tablets globally. In 2011, the sale of smartphones surpassed that of PCs for the first time. And by 2015, according to Gartner, tablets sold are expected to equal sales of PCs.

Driven by customer demand and the ever ongoing search for greater cost-efficiency, many SMEs are now actively embracing e-invoicing or mobile payment solutions to allow their customers to make purchases on the go. You only have to look at the fast adoption of mobile payments tools such as Square and iZettle highlight to see that this is an area of priority for SMEs.

Banks should focus on developing a strong mobile banking proposition for SMEs, allowing busy SME owners to manage their banking needs from a smartphone or tablet, so that they can concentrate on running their business. Virtual advisors can be useful, reinforcing the relationship aspect of banking, while empowering SME customers to self-serve and bring down costs. Banks can also develop mobile and Internet services that would help SMEs tap into new revenue streams and markets, and also to access relevant information beyond traditional banking services. By extending their online platforms, for example, banks could help create virtual communities that allow SMEs to network or promote their products and find new customers or suppliers. Such services would clearly add value to SME businesses and offer banks a point of differentiation at the same time.

Most important of all, while pursuing their digital strategies, banks should not lose sight of the basics. Like all other customers, SMEs expect a seamless banking experience. They want banking to be as simple, fast, cost-efficient and convenient as it can be. For all the investment in new digital channels and solutions, banks should continue to focus on this fundamental need. This means fully integrating all channels. It means having a comprehensive and user-friendly website, and it means helping customers save time and money on basic tasks, such as opening a new account, applying for a company debit or credit card, or looking through past transactions.

SMEs are a core client group for banks, as they have always been. Prosperous economies depend on SMEs to drive growth and employment, and SMEs depend on long-term support from banks. Getting digital banking right for SMEs, and reinventing SME banking relationships for the digital age, should be an urgent priority across the industry.

* * *

The author, Mr. Tim Hinton, is Global Head, SME Banking, Standard Chartered
Source : The Financial Express

An error does not become truth by reason of multiplied propagation, nor does truth become error because nobody sees it.

–Mahatma Gandhi

WEST BENGAL INDUSTRIAL DEVELOPMENT CORPORATION LTD. {WBIDC}

The opening up of the Indian economy and the continual changes in the country's economic and investment policies over the past one and a half decades have unleashed an unprecedented opportunity for growth of private & public investment and enterprise. The states have played a key role in scripting the Indian growth story. However, at the same time, competition among different states has intensified as the country has progressively synchronized with the global market and has emerged as an investment destination. It is against this backdrop the nodal agencies of the different states' which are responsible in promoting investment came to play a larger role.

West Bengal Industrial Development Corporation Ltd. (WBIDC) formed in 1967 under the Companies Act, is the premier nodal agency of West Bengal's Commerce and Industries Department. WBIDC is responsible for conceptualizing, development, growth and facilitation of industry, investment and infrastructure in West Bengal. Over the years the Corporation is actively engaged in catalyzing investment through promotion and marketing of West Bengal as an investment destination.

WBIDC provides support to industries through the four ways – Facilitation, Financing, Disbursing Incentives and by Setting up Industrial Parks.

The responsibilities of WBIDC are as follows:

- To secure and assist in the expeditious and orderly establishment, growth and development of industries in the state of West Bengal.
- Promotion of joint sector and assisted sector units in important industry segments.

Dr. Krishna Gupta, IAS
M.D., WBIDC

- Financing medium & large scale industries through various loan schemes.
- Development of business, trade and industrial links with domestic as well as foreign institutions and companies.
- Conceptualization of new projects as well as assistance to entrepreneurs towards implementation and follow-up.
- Disbursing Financial Incentives to medium and large scale industries under different State Incentive Schemes as a nodal agency of the State Government.
- Promoting/Facilitating the Development and Management of Industrial Infrastructure such as industry specific parks with state of the art infrastructure.
- Facilitating investment proposals through single-window agency 'Shilpa Sathi' or State Investment Facilitation Centre (SIFC).
- Dissemination of information related to prospects of industries in the State.

WBIDC also ensures the overall socio-economic development of the state on a sustainable basis through different participatory and need-based initiatives. As a part of the corporate social responsibility WBIDC has developed appropriate resettlement and rehabilitation package through a process of consultation with the stake holders which has been very well appreciated in the areas where the recent projects have been launched. WBIDC not only organizes avenues of livelihood for project affected persons but also develops social infrastructure in the neighbourhood of the project areas.

WBIDC also makes regular interaction with various Chambers of Commerce at national and international level to promote different activities. In the process of image building as well as to disseminate investment related information, WBIDC participates in various national and international events. During the year 2010 & 2011, WBIDC participated in events like Hannover Fair, Hannover, Germany; Iindia Chem 2010, Mumbai; India International Trade Fair, Pragati Maidan Delhi; Biz Bridge, Salt lake Helipad Ground, Kolkata; Industrial India trade Fair, Milan Mela , Bypass, Kolkata; Haldia Trade Fair, Haldia etc.

POLICIES & APPROVALS

Industrial Policy - India

The Industrial Policy Resolution of 1956 and the Statement on Industrial Policy of 1991 provide the basic framework for the overall industrial policy of the Government of India The industrial policy announced on 24th July, 1991 substantially dispensed with licensing, announced measures facilitating foreign investment and technology transfers, and threw open the areas earlier reserved for the public sector.

WEST BENGAL

Keeping in mind the new Economic Policy, West Bengal formulated its Industrial Policy Resolution in 1994 with a view to secure faster and balanced economic development with the active cooperation of the private sector. The key features of West Bengal's present industrial policy are as follows: Appropriate foreign technology and investment are welcomed on mutually advantageous terms.The Government recognizes the importance and key role of Private, Public & Joint sectors in providing accelerated growth and in improvement and upgradation of industrial as well as social infrastructure.Based upon the available opportunities and the potential of this region, the State Govt, has identified certain segments of industries as thrust areas for special attention viz: Petro-chemicals & Downstream Industries; Electronics & Information Technology Iron & Steel, Metallurgical and Engineering; Textiles; Leather and Leather Products Food Processing, Edible Oil, Vegetable; Processing and Aquaculture; Development of Medicinal plants, Rubber, Palm oil and Tea; Manufacture of basic drugs, chemicals and pharmaceuticals; Optimal utilization of minerals and development of mine based industries; Gems and Jewellery; Promotion of Tourism and Tourism related activities.

Keeping in mind the recent surge in entrepreneurs interest to set up industry in the State, the government is drawing up a comprehensive document on its approach to industrialization considering matters such as location policy for industries, areas of development and focus, need for remote connectivity and meeting the challenges of industrialization without harming farm growth.

Industrial Licensing Policy

The requirement of obtaining an industrial license for the manufacturing activity is now limited only to the following :

- Industries reserved for the public sector (at present these are Atomic Energy; certain other substance specified by the Department of Atomic Energy and Railway Transport)
- Five industries of strategic, social or environmental concern; Manufacture of items reserved for the small-scale sector by non small-scale industrial units or units in which foreign equity is more than 24%.
- Units located within 25 kms of Standard Urban Area Limits of cities having a population of 1 million unless it relates to Electronics, Printing, Computer Software or any other notified non-polluting industry.

Industrial license is however compulsory for investing in the following five industries of strategic, social or environmental importance :

- Distillation and brewing of alcoholic drinks
- Cigars and cigarettes of tobacco and manufactured tobacco substitutes
- Electronic Aerospace and defense equipment: all types.
- Industrial explosives including detonating fuses, safety fuses, gunpowder, nitrocellulose and matches
- Hazardous chemicals

FOREIGN INVESTMENT POLICY

India's Economic Policies are designed to attract significant capital inflows on a sustained basis and to encourage technology collaborations between the domestic & foreign entities. The Statement on Industrial Policy issued on July 24, 1991 recognises the role of Foreign Investments considering the maturity of the Indian Economy and the attendant advantages it is expected to bring in the form of technology transfer, marketing expertise, introduction of modern managerial techniques and new possibilities for promotion of exports. Policy initiatives taken over the last few years have resulted in flows of foreign investment in diverse sectors of the economy.

The FDI regime has been progressively liberalized during the course of 1990s (particularly after 1996). Most of the restrictions on foreign investment have been removed & procedures simplified. With limited exceptions foreigners can now invest directly in India either wholly by themselves or as part of a joint venture.

The Ministry of Commerce & Industry has expanded the list of industries eligible for automatic approval of foreign investments and, in certain cases, raised the upper level of foreign ownership from 51 to 74 percent and further in certain sectors/activities to 100 percent. Today there are only few industries where foreign investment is prohibited.

Small & Medium Scale Enterprises (SME) Policy

In order to protect, support & promote Small & Medium Scale Enterprises, a number of investment & promotional policies have been made by the State Government. These include :

- Industrial extension services.
- Intuitional support in respect of credit facilities.
- Provision of developed sites for construction of sheds.
- Provision of training facilities.

- Supply of machinery on hire-purchase terms.
- Assistance for domestic marketing as well as exports.
- Special incentives for setting up enterprises in backward areas
- Technical consultancy & financial assistance for technological up gradation.

In addition, West Bengal has framed marketing policies for SMEs which include price preference in purchases; exemption from payments of Earnest money; distribution of products through the public distribution system; construction and development of industrial estates, plots, commercial and trade offices; extension of credit support through the West Bengal Financial Corporation, State Cooperative Banks and Commercial Banks; and eligibility to incentives as provided under the West Bengal Incentive Scheme.

The State Government is actively promoting micro and small industries in areas of handicrafts, handlooms, textiles, sericulture, khadi and village industries. The Department of Cottage and Small-scale Industries, its Directorates and Corporations are actively engaged in realizing the policy objectives of GoWB, which aims to promote rapid development of SMEs. Over 314,000 registered small enterprises are in existence in the state employing around 2 million people. The policy adopted involves a multi pronged strategy comprising of a mix of institutional, marketing and infrastructure support, which can help the sector to sustain and gain growth momentum.

The Government of India, keeping in mind the interests of this sector, had enacted "The Micro, Small and Medium Enterprises Development Act, 2006 (SMED)". The Act also includes interest and penal provisions for delayed payments to such enterprises by the buyers. The GoI is also coming out with a promotional package of measures for the SME sector which includes development of more clusters, preferential treatment for women entrepreneurs, technology upgradation and energy efficiency, capacity building and building forward as well as backward linkages for the clusters.

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"Education is the ability to listen to almost anything without losing your temper or your self-confidence."

–Robert Frost

LETTER TO THE EDITOR

Dt.: 28th March, 2013

Dear Editor,

Dr. A. Jagan Mohan Reddy

At the outset I would like to congratulate you and your team for bringing a 'Souvenir' on the eve of felicitating Outstanding Entrepreneurs. First, let me whole heartedly thank you for your wonderful initiative. Because we all know human beings crave for recognition and the best way of motivating these successful entrepreneurs is to tell them in the presence of galaxy of people (who matter) that they have made a difference.

We all are aware of the signal contribution made by these great people in terms of employment creation and adding to the GDP. Given the fact that ours is a country with a vast population with a significant percentage being young the need of the hour is to create working opportunities for them. As such these people are doing a wonderful job and by all means need to be encouraged so that others too get incentivised.

Now coming to COSIDICI the organisation has done a great job by championing the cause of SFCs and SIDCs and taking initiative to remove the financial and infrastructural bottlenecks and aid the growth of MSME Sector apart from enabling it to realise its potential.

Before I close, a word about COSIDICI COURIER, the magazine echoing the initiatives taken by the organisation and sharing some vital information that is useful not only to the industrialists but academicians as well.

I once again would like to congratulate you all for the exemplary work being done in the cause of SFCs and SIDCs and wishing you all great success in your future endeavours.

Regards,

Sincerely yours,

Sd/-

{Dr. A.Jagan Mohan Reddy}
Associate Professor (HR)
Institute of Public Enterprises,
Hyderabad

ACTIVITIES OF COSIDICI

COSIDICI's assistance to Member Corporations:

One of the Member Corporations of COSIDICI viz. Rajasthan Financial Corporation, Jaipur had requested your Council to assist it in execution of its "Young Entrepreneurs Incentive Scheme".

The Rajasthan State Govt. had announced in State Budget that RFC will launch a Scheme in the name and style of "Yuva Udyamita Protsahan Yojana" for providing term loans for projects with costs ranging between Rs. 25 lakh to Rs. 100 lakh at minimum rate of interest and on easy terms & conditions with a view to promote entrepreneurship amongst the youth.

Accordingly, the Corporation had prepared this new scheme for providing financial assistance during 2013-14, who are at least ITI / Graduate and have innovative ideas but are not in a position to establish their own ventures because of lack of financial resources.

The proposed Scheme has been framed with the objective to also incubate the youth in the realization of their innovative but feasible ideas / concepts and to support the same right upto the production stage. The eligible applicants would be required to apply on-line upto 31st May, 2013.

Salient features of the Scheme : -

- That the persons upto the age of 35 (only those born on or after 01.04.1978) and qualified ITI or Graduate shall be eligible to apply under the scheme. Preference will be given to the first generation entrepreneurs.
- All types of projects shall be eligible under the scheme for loans between Rs. 25 lakh to Rs. 90 lakh, as promoter contribution has to be at least 10% of project cost, maximum loan can be Rs. 90 lakh.
- Eligible persons would participate in a competition to win the loans on merits of their projects. It is expected that about 10,000 or more applications may be received. The application form will be simple and only brief write-up (maximum 1.50MB) either in Hindi or in English will be required to be uploaded.

- In first stage of competition, an independent external panel of eminent persons in the field of commerce, finance, banking and industry will select the winners. RFC will finalize this panel and COSIDICI will be associated.
- Applications will be selected on the strength of their concept and may be awarded initial prize of Rs. 5,000/- each by 31st July, 2013. On submission of DPR (detailed project report) / Business Plans, they will be eligible for a further sum of Rs. 10,000/- as hand holding money. These DPRs will be further processed and loan sanction / documentation will be completed and disbursement will be made accordingly.
- Rate of interest on loan and Repayment period : @13.50%. However, if project is implemented within the time period allowed and quarterly instalments of principal sum and interest are also repaid timely then 6% rebate will be allowed on quarterly basis. Effective Rate of interest will then be @7.50% p.a. (i.e.13.50%-6%=7.50%).
- Repayment period will be 7 years including

moratorium period of 12 months from date of first disbursement (i.e. date of execution of loan documents).

- Promoters contribution : At least 10% of the cost of the project depending on merits of the project.
- No loan application fee (Rs. 100/- per lac) and processing charges (0.5% of loan amount) shall be charged by the Corporation under this scheme (giving further relief on an average of Rs. 54,000/- per case in loan of Rs. 90 lac).
- To support and mentor all these entrepreneurs, a dedicated group of RFC officials will be available. For this purpose, the existing office / facilities at Udyog Bhawan will be utilized. Likewise, RFC will open Facilitation Centres at all Divisional Headquarters and at Bhiwadi / Delhi / Barmer to facilitate these entrepreneurs.
- No collateral security will be taken.

RFC shall also provide hand holding support to the selected prospective entrepreneurs in obtaining allotment of land from RIICO and other facilities/ clearances from different government departments.

In order to evaluate the applications received under the above scheme, RFC had requested COSIDICI and the Centre for Innovation, Incubation and Entrepreneurship (CIIE) of the Indian Institute of Management (IIM), Ahmedabad for support. Accordingly, COSIDICI had constituted a ***"Panel of Experts"*** for evaluation of the business plans. The evaluation process shall commence from May 20, 2013 and continue uptill June 25, 2013.

***

Truth is a deep kindness that teaches us to be content in our everyday life and share with the people the same happiness.

–Khalil Gibran

TIIC

NEED- New Entrepreneur Cum Enterprise Development Scheme

To boost entrepreneurship in the state, the Tamil Nadu government has allocated Rs.100 crore to the New Entrepreneur Cum Enterprise Development (NEED) Scheme, which was introduced in 2012-13. The allocation in 2013-14 is almost double what it was last year. Under this scheme, the government will provide a capital subsidy of 25 per cent on investments, besides training and consultancy support. The state government has allocated Rs.100 crore to the NEED scheme in the Budget for 2013-14, and 50 per cent of this amount has been earmarked for women beneficiaries. In 2012-13, the state government had released Rs.52 crore for the scheme.

Similarly, Rs.25 crore has been allocated for the three per cent Interest Subvention Programme to benefit MSMEs through the Tamil Nadu Industrial Investment Corporation and banks. The objective of the NEED scheme is to train first-generation entrepreneurs in the essentials of conceiving, planning, initiating and launching a manufacturing or service enterprise successfully. On completion of the training programme, the entrepreneurs will be assisted in preparing their business plans and firming up arrangements with financial institutions to get term loans for manufacturing or service enterprises with a project cost not exceeding Rs.1 crore, and a capital subsidy of 25 per cent of the project cost (not exceeding Rs.25 lakh), with a three per cent interest subvention to be provided by the state government. Subject to availability, the entrepreneurs will also be offered reservation of up to 25 per cent of plots and sheds in SIDCO's industrial estates in the state.

Around 1,000 entrepreneurs will be trained each year for the next five years under the NEED scheme, according to the draft guidelines governing the scheme. Educated youth with a degree, diploma, or training from ITIs or vocational training from recognised institutions, aspiring to become entrepreneurs, will be eligible for assistance under the scheme. The first batch of training for the NEED scheme commenced on February 27 in Chennai and other batches are being conducted at Krishnagiri, Tiruchi, Tirunelveli and Coimbatore districts, covering 182 beneficiaries over one month.

However, entrepreneurs who have already availed themselves of assistance under the Prime Minister's Rozgar Yojana, Rural Employment Generation Programme, Prime Minister's Employment Generation Programme, Unemployed Youth Employment Generation Programme, Tamil Nadu Adi Dravidar Housing and Development Corporation Limited or any other scheme of the Government of India or state government will not be eligible for assistance under the NEED scheme.

Those who have availed themselves of a loan for economic activity under the Self Help Group or other group activity will also be not eligible. To be eligible, they should also not be a defaulter to any commercial bank or the Tamil Nadu Industrial Investment Corporation Entrepreneurs availing themselves of assistance under this scheme will not be eligible to avail themselves of capital subsidy under any other state government scheme.

IDCO

IDCO to conduct bankability study for coal corridor

Odisha Industrial Infrastructure Development

Corporation Ltd. (IDCO) would take up a financial bankability study for the Rs.6000-crore Angul-Chhendipada coal corridor. Of Rs.1 crore required for carrying out the study, the state government has already sanctioned Rs.50 lakh. Initially, the coal corridor was scheduled to be developed as a 50:50 joint venture between Idco and state-controlled Odisha Mining Corporation (OMC). However, after OMC expressed hesitation in implementing the project, Idco decided to develop the corridor on its own.

The corridor would support 10 blocks operating in the Talcher coalfields under Mahanadi Coalfields. Developing the 143-km corridor is estimated to cost Rs.5000 crore. The Corridor, expected to handle traffic of about 100 mt a year, would be connected to rail heads at three locations—Jharpada, Angul and Budhapankka. It would have multiple entry and exit points and no surface crossing. To avoid cross-movements at junction, flyovers have been proposed. To avoid interference or wastage of coal bearing areas,multi-point centralized loading stations have been proposed, rather than individual bulb connections. The road and water pipe alignment for the corridor would be parallel to rail alignment. More than 50 industries across sectors as steel, aluminium and power are expected to benefit from the proposed corridor. A number of power and steel companies that had been allotted coal blocks in the area are facing resistance with regard to land acquisition for private railway sidings. It is expected the construction of a common corridor would overcome the problem. A similar corridor is also being considered for the Ib valley.

HSIIDC

CAG raps HSIIDC over Gurgaon land sale

CAG has rapped the state-owned HSIIDC for accepting the undervalued rate of land which was sold to real estate giant DLF for setting up a recreational project in Gurgaon leading to a financial loss of Rs.438.91 crore. In its report on Haryana's PSUs for the year 2011-12, CAG while auditing HSIIDC observed the valuation of the property which was to be developed for recreation and leisure activities in Gurgaon was wrong.

RAJASTHAN

Entrepreneurs' Conclave - 2013

RFC had organised a five days induction program viz. "Entrepreneurs Conclave" from 15th to 19th April, 2013 in the Udyog Bhawan Committee Hall, Jaipur. In this program, 44 prospective entrepreneurs had been selected and were guided by experts of high stature and rich experience from various segments of the industry. The five days of the conclave included brainstorming sessions on Being an Entrepreneur, Perils of an Entrepreneur, Understanding Investors, Entrepreneurial Ecosystem in Rajasthan, Facilitating Entrepreneurs in Rajasthan, a New Approach to Leadership, Experience of an Entrepreneur and Business Plan Presentations.

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"A good head and good heart are always a formidable combination. But when you add to that a literate tongue or pen, then you have something very special."

–Nelson Mandela

ECONOMIC SCENE

Annual Review of Foreign Trade Policy

The annual review to the Foreign Trade Policy (FTP) 2009-2014 announced in April could be Rs.1,500-2000 crore. It reduced the minimum land criteria to fulfill the contiguity criteria for SEZ developers. The requirement was reduced by half for multi-product and sector-specific SEZs. For multiproduct SEZs, the minimum land area requirement has been reduced to 500 hectares from 1,000 ha. For sector-specific SEZs, this has been reduced to 50 ha, from 100 ha. For information technology (IT) SEZs, which contribute the most to SEZ exports, the minimum land criteria has been done away with. However, SEZ developers would have to fulfill a minimum built-up area criteria. These measures will be applicable for new SEZs. The government allowed transfer of ownership of SEZ units, including sale, for players who want to opt out. This has been done as the SEZ policy does not have a clear exit route.

The government merged the zero-duty EPCG scheme, which expired in March, with the three per cent one. This is expected to give a fillip to investment inflows in capital goods. Additionally, for the benefit of textile exporters, the government has merged zero-duty EPCG scheme with the Technology Upgradation Fund Scheme to provide a push to the labour-intensive textile industry. The government also extended the two per cent interest subvention scheme to the textiles and engineering sectors. The Incremental Export Incentive Scheme, introduced in December 2012, was extended till 2013-14.

Given below are the highlights of the Policy Review:

Minimum land requirement for SEZ developers

- Reduced to 50 hectares from 100 hectares for sector-specific units
- Reduced to 500 hectares from 1,000 hectares for multi-product SEZs
- Minimum land criteria done away with for information technology zones

Export Promotion Capital Goods scheme

- Zero-duty scheme merged with 3% one; expected to boost investment inflows in capital goods
- Zero-duty scheme merged with Technology Upgradation Fund Scheme; to help textile industry

SEZ exit route

- Promoters can transfer ownership of SEZ units, including via sale

Others

- 2% interest subvention scheme extended to textiles and engineering sectors
- Incremental Export Incentive Scheme extended till 2013-14; expected to increase exports to the US, Europe, Asia, Latin America and Africa

1/3rd of the world poor in India: World Bank

India accounts for one-third of the world poor, people living on less than $1.25 (about Rs 65) per day, a World Bank report on poverty has said. The report said that 1.2 billion people are still living in extreme poverty across the world. "The State of the Poor: Where are the Poor and Where are the Poorest?," using data released in the latest World Development Indicators, shows that extreme poverty headcount rates have fallen in every developing region between 1981 and 2010 from half the citizens in the developing world to 21 per cent. This despite a 59 per cent increase in the developing world population.

However, a new analysis of extreme poverty released in April by the World Bank shows that there are still 1.2 billion people living in extreme poverty.

Industrial production rises 0.6% in Feb

Industrial production rose 0.6% in February, 2013 beating analyst expectations of a contraction despite a relatively high base, as the capital goods segment recorded its loftiest growth in a year and manufacturing expanded for a second straight month. Industrial production rose only 0.9% during the April-February period, compared with 3.5% a year before, and headed for the slowest growth since 2005-06.

According to Central Statistics Office (CSO) data, capital goods output — a gauge for fixed corporate investment — grew 9.5% in February despite a high base (the segment had expanded 10.5% a year before). Manufacturing, which accounts for around 75% of the index of industrial production (IIP), expanded for a second successive month in a year at 2.2% against 4.1% a year ago.

Analysts also adopted cautious optimism in pronouncing early shoots of revival, citing sharp fluctuations in the capital goods segment in the past and frequent downward revisions in the industrial production data. The capital goods sector has recorded growth only seven times since April 2012, while overall industrial production grew in 15 of the 23 months. Consumer inflation, too, dropped to 10.39% in March — the first fall in five months and compared with 10.91% in the previous month.

WTO scales down global trade forecast to 3.3% for 2013

The WTO on April 10, 2013 scaled down the forecast for the global trade growth rate to 3.3% from 4.5% for this year, a development which does not augur well for India. Slowing global trade according to experts will make it difficult for India to tide over the problems concerning widening current account deficit. “World trade growth fell to 2% in 2012 — down from 5.2% in 2011 — and is expected to remain sluggish in 2013 at around 3.3% as the economic slowdown in Europe continues to suppress global import demand,” a World Trade Organisation (WTO) statement posted on its website said.

WTO Director-General Mr. Pascal Lamy said the events of 2012 should serve as a reminder that the structural flaws in economies that were revealed by the crisis have not been fully addressed, despite important progress in some areas. “Repairing these fissures needs to be the priority for 2013. Improved economic prospects for the US in 2013 would only partly offset the continued weakness in the EU, whose economy is expected to remain flat or even contract slightly this year according to consensus estimates. China’s growth should continue to outpace other leading economies, cushioning the slowdown, but exports will still be constrained by weak demand in Europe. As a result, 2013 looks to be a near repeat of 2012, with both trade and output expanding slowly”.

Non-food credit growth dips to 14%

Non-food credit growth slumped to a decade low in 2012-13, falling short of RBI’s projection of 16%, as demand for loans from companies remained weak. As on March 22, non-food loans grew by 14.04% year-on-year to Rs.51,66,414 crore against a growth of 16.8% in 2011-12. The last time credit growth was this low was in 2001-02, when it grew at 13.2%.

RBI considers the outstanding loans and deposits as on the last reporting of a financial year for its growth-projection calculation. Bankers were surprised by this unexpectedly low growth number and warned that it could mean that the investment cycle is yet to recover.

IIFCL disburses more than Rs.2,000 cr through takeout financing in FY13

India Infrastructure Finance Company Ltd’s (IIFCL) disbursements under the takeout financing scheme jumped 277 percent to Rs.2,126 crore in FY13, a quantum jump from Rs.564 crore in FY13. The huge rise came as the scheme got operationalised in January, 2012. Takeout financing is a method of providing finance for longer-duration projects. IIFCL sanctioned around Rs.8,000 crore till March 31, 2013, on a cumulative basis and disbursed around Rs.2,800 crore. Under the takeout finance scheme, the infrastructure developers not only enjoy lower interest rates but are also able to free up their exposure limits with banks.

During 2012-13, IIFCL raised long-term resources to the tune of around Rs.7,100 crore from domestic market and bilateral/multilateral institutions, of which more than 70 per cent has been raised without sovereign guarantee. IIFCL, for the first time, raised domestic resources aggregating to Rs. 1,100 crore for 25 years, which would enable lending for longer tenure to infrastructure sector. On a consolidated basis, the company achieved a business growth of 37 per cent in cumulative gross sanctions and 35 per cent in cumulative disbursements during FY13. IIFCL made gross sanctions of around Rs. 90,000 crore under direct lending as well as takeout finance, and has disbursed around Rs.30,400 crore under the refinance scheme.

Exports up 6.9% in March, decline 1.7% in 2012-13

Due to an improvement in the global markets, India's exports witnessed a growth for the third month in a row, rising by 6.97% in March at $30.8 billion against $28.8 billion in the same month of previous year. However, overall exports declined 1.76% to $300.6 billion in 2012-13. Imports also slipped by 2.87% to $41.16 billion in March, leaving a trade deficit of $10.31 billion from $13.5 billion in March last year. The growth in exports in the last three months of the last fiscal helped reduce the trade deficit, which had risen to $20 billion in January. On an annual basis, the trade deficit widened to $190.91 billion against $183.3 billion in the previous fiscal. Exports had entered the positive zone after a gap of eight months in January when it recorded a growth of 0.82 %.

During 2012-13, imports grew by 0.44% to $491.48 billion, leaving a trade deficit of $182.1 billion from $183.3 billion in 2011-12. Oil imports in March 2013 declined by 16.56% to $13.32 billion. During the previous fiscal, the imports however grew by 9.22% to $169.25 billion from $154.96 billion in 2011-12. Non-oil imports in March increased by 5.41% to $27.83 billion but during 2012-13, it dipped 3.62% to $322.23 billion. While announcing incentives for exporters, Commerce and Industry Minister Shri Anand Sharma said in 2012-13, India's exports to Asia, Africa and Latin America touched $195.27 billion, accounting for 65 % of the total export basket.

World Bank to lend India $3-5b to reduce poverty

The World Bank has said it will lend $3-5billion annually to India as part of its new four year country strategy that focuses on development projects in the country's poorest states. The four-year plan aims to bring down poverty levels in seven low-income Indian states, where the majority of the nation's poor live, to just 5.5% in 2030 from 29.8% in 2010. The states include Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Odisha, Rajasthan and Uttar Pradesh. The bank's board of executive directors discussed the Country Partnership Strategy for India from 2013 to 2017 that proposed the lending programme of upto $5 billion. Under the proposal, 60% of the financing will go to state government-backed projects and half of this, or 30% of total lending, will go to low income or special category states where public services face high delivery costs. Under the previous strategy, just 18% of lending went to such states.

Indirect tax collection exceeds target in FY'13

The government's indirect tax collection for 2012-13 has exceeded the revised estimate by Rs.6,000 crore and for 2012-13 as on April 22 stood at Rs.4.75 lakh crore. The revised indirect tax collection for 2012-13 from customs, central excise and service tax was Rs.4.69 lakh crore. The revised combined revised target of the government for 2012-13 was Rs.10.3 lakh crore.

* * *

QUESTIONS OF CYBERQUIZ ~ 41

Q.1. Infosys did not have which of the following during the first two years of its exitence ?
[a] N.R. Narayana Murthy;
[b] A Computer;
[c] An Office;
[d] Any software project or any order from clients.

Q.2 Started in 1957 by a group of engineers of MIT's (Massachusetts Institute of Technology) Lincoln Lab, this company was once popular for its famous mini computers. Name it -
[a] Altair;
[b] Olivetti;
[c] HP;
[d] Digital Equipment Corporation.

Q.3 In the late 1960s through the 1970s by what name the industry was referring to Burroughs, UNIVAC, NCR, Control Data Systems and Honeywell together ?
[a] The Five Dwards;
[b] The Others;
[c] The BUNCH;
[d] The survivors.

Q.4 Fairchild Semiconductor is considered the first start-up to be financed by venture capital firm. Name the firm -
[a] Venrock Associates;
[b] Norwest Venture Partners;
[c] Oak Investment Partners;
[d] Ventures West.

Q.5. Which company's original name was "Jerry and David's guide to the World Wide Web"?
[a] Yahoo !;
[b] Google;
[c] Hotmail;
[d] AOL.

For Answers See **Page No. 25**

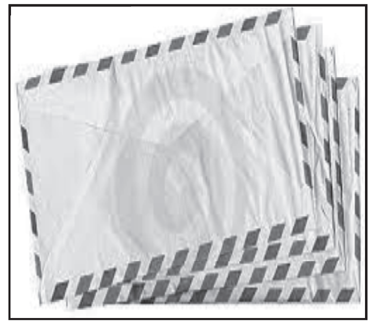
DO YOU KNOW ?

HIGHEST, LONGEST, BIGGEST, LARGEST, DEEPEST, SMALLEST OF THE WORLD

- Largest Airport - King Khalid International Airport (South Arabia)
- Largest Bay - Hudson Bay, Canada,
- Fastest Bird - Swift
- Smallest Bird - Humming bird
- Tallest Building- Taipei 101, Taipei, Taiwan,2004,101 stories,509m,1,670ft
- Longest Canal - Baltic sea White Canal
- Largest Church - Belisca of St. Peter in the Vatican City, Rome.
- Largest Continent - Asia
- Smallest Continent - Australia
- Largest Country - Russia
- Smallest Country - Vatican City
- Biggest Cinema House - Roxy, New York
- Highest City - Wen Chuan, China
- Largest Delta - Sunderbans
- Largest Desert - Sahara, Africa
- Biggest Dome - Gol Gumbaz (Bijapur), India
- Largest Dams - Grand Coulee Dam, USA
- Tallest Fountain - Fountain Hills, Arizona
- Largest Gulf - Gulf of Mexico
- Largest Hotel - Hotel Rossaiya, Moscow
- Deepest Lake - Baikal (Siberia)
- Highest Lake - Titicaca (Bolivia)
- Biggest Library - National Kiev Library, Moscow and Library of the Congress, Washington
- Largest Mosque - Jama Masjid, Delhi (India)
- Highest Mountain Range Himalayas
- Largest Minaret Sultan Has-san Mosque (Egypt)
- Tallest Minaret - Qutub Minar, Delhi (India)
- Biggest Oceans - Pacific Ocean
- Deepest Oceans - Pacific Ocean
- Biggest Palace - Vatican (Rome)
- Largest Park - Wood Buffalo National Park (Canada)
- Longest Platform - Kharagpur, W. Bengal (India)
- Largest Platform - Grand Central Terminal, (Ely. Sta-tion)New York (USA)
- Longest River - Nile, Africa
- Longest River Dam - Hirakud Dam, India
- Largest Sea - South China Sea
- Biggest Telescope - Mt. Palomar (USA)
- Longest Train Flying Scotsman
- Largest Temple - Angkorwat in Kampuchea
- Oldest Theatre - Teatro Ohm-pico (Itlay)
- Tallest Tower - C. N. Tower, Toronto (Canada)
- Longest Wall - Great Wall of China
- Longest Epic - Mahabharata
- Largest Volcano - Manuna Lea (Hawai)
- Lightest Gas - Hydrogen
- Longest Corridor - Rameshwaram Temple (India)

* * *

ANSWERS OF CYBERQUIZ ~41



Ans.1.[b] A Computer : It may sound incredible now, but Infosys had to wait for two years get to the permission to import a computer and to finally get the computer. Infosys was incorporated in mid-1981 when the license and Inspector Raj in India was still strong.

Ans.2.[d] Digital Equipment Corporation : The success story of DEC is a fine example of commercial application of university research. Olsen and Harlan Anderson established DEC to exploit research work involved in the development of Whirlwind computer at MIT.

Ans.3.[c] The BUNCH : The nick-name comes from the initials of these five companies who were the larger of the IBM competitors.

Ans.4.{a] Venrock Associates : Venrock Associates was formed in 1969 to manage early stage investing activities of the legendary Rockefeller family.

Ans.5.[a] Yahoo! : Yahoo's backronym is "Yet Another Hierarchical Officious Oracle". Initially, Yahoo! claimed that it sought to be a dirrectory or hierarchy that served as an oracle to the modern day ofice dweller who is officious.

What Cancer Cannot Do

Cancer is so limited...
It cannot cripple love.
It cannot shatter hope.
It cannot corrode faith.
It cannot eat away peace.
It cannot destroy confidence.
It cannot kill friendship.
It cannot shut out memories.
It cannot silence courage.
It cannot reduce eternal life.
It cannot quench the Spirit.

MSME units in Tamil Nadu trebled in last 10 years

The number of micro, small and medium enterprises (MSMEs) in Tamil Nadu has more than trebled since 2003- 04 — from 25,794 units representing an investment of Rs.722.16 crore, to 83,348 enterprises as of February 28 this year, with investment of Rs.8,751.54 crore. According to the Fourth All India Census of MSMEs (2006-07), Tamil Nadu accounts for 14.95 per cent of the total number of operational MSMEs in India. Also, 15.24 per cent of India's micro enterprises are located in the state (the highest among all states), while 9.6 per cent of India's small enterprises (third highest among states) and 9.21 per cent of the country's medium enterprises (second highest) are located in Tamil Nadu.

To boost the sector, the state government has drawn up the Tamil Nadu Vision 2023, whose focus areas will be access to finance, technology and markets; a conducive regulatory and policy environment; and infrastructure availability. The vision document has suggested a strategy for effectively addressing the above issues through a combination of policy measures, skill development and infrastructure facilities.

Measures such as cluster development will also be adopted in implementing focused initiatives to make MSMEs competitive. The cluster development initiative will include both ancillary clusters, based on large mother industries, and stand-alone clusters. It has been planned to generate 1,500,000 more jobs during the Twelfth Five-Year Plan period in the state, according to Tamil Nadu's Rural Industries Minister Shri P Mohan. The minister also said for April-December 2012, Rs.9,409.44 crore and Rs.8,483.02 crore were sanctioned as credit to micro and small enterprises respectively, in the state.

The share of loans to micro enterprises in total loans to micro and small enterprises (MSEs) in April-December 2012 was 52.59 per cent, as against 39.56 per cent during the corresponding period of 2011. Total loans given by commercial banks to MSEs in the state increased to Rs.62,682.65 crore as on December 31, 2012, from Rs.55,740.64 crore as on December 31, 2011, according to a policy note that Shri Mohan tabled in the state Assembly. Total loans by cooperative banks to MSEs in the state increased to Rs.2,504.09 crore as on December 31, 2012, from Rs.1,825.89 crore as on December 31, 2011. While speaking in the Assembly recently, the minister said of the 15 new industrial estates spread over 938.28 acres that the government had planned to set up in 2011-12 and 2012-13, two have been established in Rasathavalasu (in Tirupur district) and Venmaniathur (in Villupuram district). The remaining 13 industrial estates are in various stages of implementation.

Besides, the government has also identified 22 locations for the establishment of new industrial estates over a total area of 1,611 acres in the future, the minister said. The outlay for the state MSME department made in the Budget for 2013-14 was Rs.338.96 crore, compared to the revised 2012-13 Budget estimate of Rs.279.98 crore. The MSME sector contributes 10 per cent of Tamil Nadu's gross state domestic product (GSDP), provides employment to 5,883,000 people and accounts for an investment of Rs.48,189 crore. The sector produces over 8,000 products, across the engineering, electrical, electronics, chemicals, plastics, steel, paper, matches, textiles, hosiery and garments sectors. To encourage women entrepreneurs, five new industrial estates for women have been set up in the state — the first of their kind in the country.

3.39 lakh enterprises to set up in 5 years

The growth engine of Indian economy, the micro, small and medium enterprises (MSME) sector is set to grow. To encourage entrepreneurship in the country the MSME ministry will be setting up 100 new enterprises in every district of the country every year under the Prime Minister's Employment Generation Programme (PMEGP). In phase one, the scheme will be started in 650 districts of the country. MSME Ministry's target is to set up about 3.39 lakh enterprises in five years, which would create 27.12 lakh employment opportunities. The ministry has allocated over Rs.8,000 crore in the 12th plan under PMEGP.

The MSME sector contributes 95% of the GDP and accounts for 45% of the manufacturing output. The sector is growing consistently above 10% for the last five years. Compared to other larger industries, MSMEs have been growing far better. MSME Ministry has also announced the national manufacturing policy where the MSME sector should reach a level of 25% of GDP by the year 2025. The Finance ministry has doubled the allocation for MSME ministry for the 12th plan period to more than Rs.24,000 crore it was Rs.11,000 crore in the eleventh plan. In the Budget also concrete measures have been announced for the ministry. Viz to set up 15 new tool rooms and technology development centers, where youth will be imparted technical training. The re-financing for SIDBI has been increased from Rs.5,000 crore to Rs.10,000 crore. A new fund of Rs.500 crore is be set up for supporting factory services and incentivising growth of MSMEs by continuing to provide non-tax benefits.

BSE becomes the SME hub in India

Investor interest is growing in the small and medium enterprises (SME) segment on the BSE. Nearly 86%, or 18 out of 21 companies, on the BSE SME platform are trading above their issue price and only one has seen an over 10% fall. "The SME segment on BSE has emerged as the leading platform and the exchange wants to build on this success," said Shri Ashish Chauhan, BSE's chief executive officer and managing director. BSE has a 90% market share in the segment and the S&P BSE SME index, which was launched in August 2012, has given 129% return over the past one year. The index has risen from 100 to 229 by the end of last week, which shows that the market performance of the SME companies listed on BSE is robust, say market players.

On the risks associated with trading in SME companies, BSE says they have a minimum lot size of Rs.1 lakh and, owing to this, only serious players with sound understanding of the market will invest in these companies. The list of SME companies preparing for a listing on BSE is long and at least six of them are in the process of launching an IPO. "SMEs, which are large job creators, need encouragement, and listing is an additional framework by which companies can raise money to improve their financial ratio,". NSE has a tie-up with SIDBI for the SME segment, which is crucial considering that the finance minister had enhanced the refinancing capability of SIDBI to Rs.10,000 crore per year from Rs.5,000 crore a year in the last budget. This will help SIDBI build the balance sheets of SMEs before getting them listed on NSE.

Private firms set up industrial parks to meet SMEs' demand

In a bid to tap the growing demand from upcoming small and medium enterprises (SMEs), several private players are either planning or are already setting up industrial parks on the outskirts of Ahmedabad, Gujarat ranging in size from 700,000 to 1.5 million sq yards. While several parks are being developed by private companies on their own, some are being set up in association with the Gujarat Industrial Development Corporation (GIDC). A majority of the upcoming industrial parks are being set up on the Bavla-Changodar road, around 30-40 km away from Ahmedabad, while the rest are coming up on the Sanand-Viramgam road. Industrial parks are being set up for investments of anywhere between Rs.50 crore and Rs.150 crore, depending on the size of the park.

According to Shri J S Negi, director and technical advisor at POL, when fully completed in the next five years, the company expects to attract roughly Rs.3,500 crore worth of investments, and will generate over 10,000 jobs for skilled and unskilled workers. "Our industrial park is coming up on the Bavla-Changodar road. However, combined with the Sanand-Viramgam road, both regions are attracting SME investments, since there is an ecosystem of large companies also developing around these areas. Plus, the Bavla-Changodar road is situated between Ahmedabad and the Dholera investment region," said Shri Negi. The Gallops Industrial Park being set up by the N G Group, which was earlier planned as an SEZ, is coming up on the Bavla-Changodar road and aims to tap SMEs' demand for industrial space. According to industry players, each of the industrial parks could garner business worth over Rs.3,000 crore.

'MSMEs face stiff competition from China'

Micro, small and medium enterprises (MSMEs) in India are facing stiff competition from China, the government has said. As per information compiled by the Director General of Commercial Intelligence & Statistics in respect of eight major product groups largely manufactured by small-scale industries in India, imports from China grew at a higher rate than their respective imports from all countries combined between 2008-09 and 2011-12. These eight product groups - which include electrical and electronics; mechanical and metallurgical products; chemical and glass and ceramics-based products - accounted for 54 per cent of India's total imports from China in 2011-12. A significant proportion of small enterprises are seen to be facing greater competition from China as compared to that from the rest of the world.

In addition, MSMEs in the country are also facing challenges like inadequate exposure to the international market and a low capital base. However, the government is implementing various schemes to overcome the challenges to the growth of MSMEs. The gross budgetary support for the Twelfth Plan (2012-17) of the Ministry of MSME has been approved at Rs.24,124 crore by the Planning Commission. These schemes and programmes help MSMEs grow, increase their competitiveness and consequently their exports, Minister of State (Independent Charge) for MSME Shri K H Muniappa said. For export promotion in particular, the ministry is implementing the Market Development Assistance Scheme, as also various other export promotion schemes through its autonomous bodies, namely the National Small Industries Corporation (NSIC), Khadi and Village Industries Corporation (KVIC) and the Coir Board.

* * *

Everything we hear is an opinion, not a fact. Everything we see is a perspective, not the truth.

—Marcus Aurelius

Banks sell only Rs.1k-cr bad debt to ARCs

Lenders sold less than Rs.1,000 crore of bad loans to asset recontruction companies (ARCs), against a target of Rs.4,500 crore, before March 31. The lack of enthusiasm among ARCs will force banks to carry over Rs.3,500 crore worth of NPAs on their books as they enter the new financial year. While selling the Rs.4,500 crore worth of bad loans was part of an annual exercise by bankers to clean up their balance sheets in the last quarter, the market has seen a higher number of loans up for sale this year.

Asset Reconstruction Company of India (ARCIL), which is the largest player in the ARC market, bought less than Rs.500 crore worth of bad loans of the total loans sold to these companies. Arcil had reported a net profit of Rs.85 crore in the financial year 2011-12, buying assets worth less than Rs.100 crore. The main reason that ARCs are not buying these bad loans are the steep prices charged by the banks.

Sidbi VC to invest Rs.150 cr in SMEs

SIDBI Venture Capital Fund, a subsidiary of SIDBI, is planning to invest about Rs.150 crore of SME Growth Fund in the next 3-4 months. "Of the first disbursement (by the government) of Rs.500 crore, we have already committed Rs.350 crore," SIDBI Chairman and Managing Director Shri S Muhnot said. Remaining Rs.150 crore would be utilised in the next 3-4 months. The bank's first SME Growth Fund was set up with a corpus of Rs.500 crore to invest in small and medium industries.

Finmin Aims to Halve Net Bad Loans of PSBs

Concerned over the rising bad loans of the state-run banks, the finance ministry is working out a plan to reduce their net non-performing assets (NPAs) to 1% of net advances by the end of the current financial year. State-run bank's gross NPAs rose to 4.18% of advances by the end of December 2012 compared to 3.22% a year ago. Net NPAs, which are arrived at after deducting the monies set aside to cover losses from the gross amount, increased to 2.12% in December 2012. State Bank of India has been able to reduce its net NPA by 1% in the January-March quarter of 2012-13. The finance ministry feels that banks need to actively push their staff in order to improve their recoveries.

NBFCs to get about Rs.3k cr from Sidbi

A number of non-banking finance companies are set to get increased refinancing by the Sidbi which will channel up to Rs.3,000 crore, or about 30 % of its enhanced corpus, to NBFCs that lend aggressively to small businesses. "There is a huge demand for loans by small enterprises, we will increase our exposure to NBFCs who are lending very aggressively to them and ensure that the credit flows to the end-consumer," said Shri Tilak Raj Bajalia, Deputy Managing Director of SIDBI. The Union Budget 2013-14 doubled the outlay of Sidbi's refinance facility to Rs.10,000 crore from Rs.5,000 crore.

Industry estimates point to a severe shortfall of capital for over 30 million small enterprises in India. International Finance Corp, the private investing arm of the World Bank, estimates the overall finance shortfall for micro, small and medium enterprises to be over $400 billion, with formal sources currently able to channel only $140 billion. The country's public sector banks are unable to meet priority sector lending norms that require them to direct 40% of loans to segments such as agriculture, small businesses and education. According to a report released by the Reserve Bank of India in November last year, 16 out of 26 public sector banks could not meet priority sector targets as of March 2012. "Banks mostly lend to manufacturing companies, because they generally have an asset base" said Shri Bajalia. Greater flexibility in sanctioning loans is also helping many NBFCs reach customers that banks do not normally lend to.

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SUCCESS STORIES OF RFC ASSISTED UNITS

M/S I.S. CONSTRUCTION PVT. LTD., JAIPUR

Shri Ishwinder Singh, Managing Director of M/s I.S. Construction Pvt. Ltd., first came in contact with RFC in 1990 and has taken nearly nine loans from the Corporation. His growth has been a tremendous one with turnover rising up to Rs 3 crores from Rs 30 Lakhs.

For RFC, Shri Singh is a very successful first generation entrepreneur who has grown big with their support and cooperation and they look forward to this treasured relationship. He has cleared all his loans in time and has not given RFC an opportunity to regret the association.

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Shri Ishwinder Singh, M.D.

M/S SHUBH FABRICS LIMITED, BHILWARA

Shri J.C. Kabra, Director, M/s Shubh Fabrics Limited, Bhilwara is a first generation entrepreneur who came in RFC's contact in 1994 and till date he has taken nine loans from the Corporation. The Unit has increased its turnover in multiples by adopting new technology from time to time and has achieved a turnover of Rs 2 Crores.

They began their business with a small cloth shop and expanded by opening another concern with the name of Ajay Synthetics. Now they intend to open a process house. RFC finds him to be a good borrower who has made his repayments timely and out of nine loans he has repaid five.

The company has availed five loans under Good Borrower schemes of RFC due to its good repayment behavior.

Shri J.C. Kabra, Director

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ANDHRA PRADESH

Nabard disbursed over Rs. 10,000-cr loans in Andhra Pradesh Nabard has disbursed over Rs.10,000-crore in loans in Andhra Pradesh. The loans given to the state government and banks in Andhra Pradesh by Nabard registered a growth of 39% and stood at Rs.12,867 crore. "This is the highest ever disbursal done by Nabard as part of providing financial support and developmental grants to stakeholders in Andhra Pradesh". Of the total loan disbursements of Rs.12,867 crore, Rs.7,986 crore related to crop loans was given to the farmers in the state.

Shri K.R. Nair, CGM, Nabard said the bank has given term-loan refinance to the tune of Rs.2,879 crore, of which the most of the amount was given to self-help groups (SHGs). Further, the state government was able to utilize Rs.1,421 crore of Rural Infrastructure Development Fund (RIDF) from Nabard for creation of rural infrastructure for improving connectivity, storage, warehousing, marketing yards and support to educational institutions.

Some of the new range of products from Nabard include NABARD warehousing scheme which sanctioned Rs.105.69 crore, Rs.200 crore to Nabard Infrastructure Development Assistance; Rs. 49.81 crore for graduating 148 primary agricultural cooperatives (PACs) to multiservice cooperatives; short-term multi purpose credit product to cooperative banks to the tune of Rs.495 crore and Rs.12.51 crore towards producers' organisation development fund.

Andhra to revive Kokapet SEZ on signs of recovery

The Andhra Pradesh government is reviving its Kokapet special economic zone project, encouraged by signs of recovery in the real estate sector. Work on the project, scheduled to begin in 2007, was held up mainly due to legal issues pertaining to ownership of land. A Supreme Court judgement on a title issue last year cleared the path for work to resume.

Of the 91 acres of land at Kokapet SEZ, nearly 40 acres are still vacant and the government is considering allotting these to the IT and ITES firms that have sought allocations.

BIHAR

Centre announces Rs. 12,000-crore special package for Bihar

The Cabinet Committee on Economic Affairs, which met in New Delhi on April 18, 2013, gave its approval to continue the special plan for Bihar in the remaining four years (2013-14 to 2016-17) of the 12th Five-Year Plan, with a total allocation of Rs.12,000 crore for the entire Plan period.

Cabinet Clears Rs.12,000-Crore Special Package For Bihar

The Cabinet Committee on Economic Affairs (CCEA) in April 2013 approved allocation of enhanced funds for the state, of Rs.12,000 crore as a special plan under the Backward Region Grant Fund for the 12th five-year plan (2012-13 to 2016-17) against Rs.6,500 crore in the previous plan.

The CCEA also decided that the Bundelkhand region in Uttar Pradesh and Madhya Pradesh would get the remaining funds of a package announced in 2009-10 in the 12th plan. In 2009-10, the government had allocated Rs.7,266 crore for three years to Bundelkhand. Only Rs.2,766 crore had been utilised in these three years, by when the 11th plan was over. Now, the government will extend the remaining funds for the 12th plan. The Kalahandi-Bolangir-Koraput (KBK) area of Odisha is to get the same amount in the 12th plan as in the 11th plan, of Rs.250 crore a year.

UTTAR PRADESH

IFC investing $700,000 in UP's Utkarsh Micro Finance

IFC, a World Bank arm, is investing over $700,000 through a rights issue in Varanasi-based Utkarsh Micro Finance to support its proposed expansion in Uttar Pradesh and Bihar. IFC had made its first investment in Utkarsh in March 2010. IFC's total equity investment in Utkarsh stands just short of $2 million after this round of funding. Other existing investors of Utkarsh, Aavishkaar Fund II and Norwegian Microfinance Initiative, are investing $1.7 million and $1.23 million along with IFC. Over next six years, Utkarsh expects to increase its reach five-fold to over 800,000 women borrowers in rural and semi-urban markets.

"This additional capital will increase access to finance in the country's two most populous states," Shri Govind Singh, M.D. and CEO, Utkarsh Micro Finance, said. An IFC release said India's micro-finance market is potentially the largest, but among the least-served markets in the world. It is estimated that around 80% of India's population has no or limited access to financial services, particularly in the low-income states. The sector has been able to meet only 10% of the existing demand for financial products among the low-income segments. *"IFC's investments in micro finance sector will help reach women customers in un-served and under-served markets,". "The investment is in line with IFCs strategy of promoting greater financial inclusion."* IFC is also offering advisory services to Utkarsh, helping it diversify products, develop sound internal systems, and introduce a system of social audit. Utkarsh has expanded its presence to 26 districts across five states in the last four years.

WEST BENGAL

Bengal Plan outlay up 17%

The annual Plan outlay for West Bengal for 2013-14 was fixed at Rs.30,314 crore, about 17 per cent more than the state's outlay in the previous financial year. The annual Plan size was approved at a meeting between Planning Commission Deputy Chairman Shri Montek Singh Ahluwalia and West Bengal Chief Minister Ms. Mamata Banerjee in New Delhi. The Plan size includes additional central assistance of Rs.6,645 crore. For the financial year ended March, the Commission had approved a Plan size of Rs.25,910 crore. "West Bengal has got a 17 per cent increase in the outlay for 2013-14 over last year which it had proposed. West Bengal government officials said in 2012-13, the state's revenue generation had hit a record high of Rs.32,000 crore, a rise of 30 per cent. Of this revenue, the Reserve Bank of India has deducted Rs.25,000 crore to meet the state's obligatory interest payment. The state has a debt pile of about Rs.2 lakh crore.

West Bengal government had received investments of Rs.1.12 lakh crore since May 2011. Which had the potential to generate 3,14,000 jobs.

During the meeting, Planning Commission officials said West Bengal's image was that of a strong industrial centre. They added the commission was keen to extend support in improving the business regulatory environment, encouraging cluster approach in facilitating better use of technology and aiding skill-upgrade in the state. The state was also asked to encourage the garment industry, which had great export potential.

TAMIL NADU

Tamil Nadu Budget

The Tamil Nadu government in March 2013 presented a Rs.664.06-crore revenue-surplus budget for 2013-14, which it attributed to its *"prudent fiscal management"* initiatives. No new tax was imposed nor was there any hike in any existing tax rate.

The state has projected a net revenue surplus of Rs.664.06 crore and a fiscal deficit of Rs.22,938.57 crore of 2.84% of the GSDP, which is well within the 3% norm of the 13th Finance Commission. The revenue receipts for 2013-14 are pegged at Rs.118,579.87 crore, including the state's own tax revenue of Rs.86,065.40 crore in budget estimates of 2013-14, a growth of 17%.

The receipts under commercial taxes is pegged at Rs.56,025.24 crore in the budget estimates of 2013-14, a growth of 17.62% over the revised estimates of 2012-13. The state's excise receipts have been estimated at Rs.14,469.87 crore, an increase of 16% over the revised estimates of 2012-13. The share of Tamil Nadu in the Centre's devolvable net tax revenue was reduced from 5.374% to 5.047% in case of service tax and from 5.305% to 4.969% in case of other taxes, while the stamp duty and registration fees collection is pegged at Rs.9,874 crore. Therefore, share in central taxes for the state has been estimated at Rs.17,285.66 crore. The revenue expenditure has been pegged at Rs.117,915.81 crore, which shows a growth of 15% over the revised estimates of 2012-13. According to the state finance minister, a land bank of 25,000 acre will be created during the year through SIPCOT to attract more industries.

DELHI

Delhi's budget

Delhi Chief Minister Ms. Sheila Dikshit, also the State Finance Minister, did not impose any new tax and made some items cheaper, such as LED lights, ghee, chilli spray for women's defence and footwear estimating a fiscal surplus of a little over Rs.700 crore for 2013-14 in the Delhi state budget. The focus of the budget (the Assembly's term ends this November) was on the social sector, which was allocated nearly 65 per cent of the total plan outlay for 2013-14. Of Rs.37,450 crore of outlay, Rs.16,000 crore was meant for plan expenditure. Of this, Rs.10,351 crore would be spent on social sectors. On the revenue side, Rs.30,454 crore would come from taxes, Rs.913 crore from non-tax revenue, Rs.4,113 crore from capital receipts and Rs.2,701 crore from central government grants. This would leave a surplus of Rs.731 crore with the city government.

MAHARASHTRA

Maharashtra's budget

The Maharashtra government on March 21, 2013 presented a Rs.184.4 crore revenue-surplus budget for 2013-24. The government has proposed to mobilise Rs.1,150 crore through various tax proposals. Deputy Chief Minister Shri Ajit Pawar, also the state's finance minister, said the focus is not to impose additional taxes on the poor and middle class. The emphasis is on effective recovery of tax by plugging leakages. The revenue receipts would be in the region of Rs.1,55,987 crore and revenue expenditure, at Rs.1,55,802.6 crore.

Annual plan size has been proposed at Rs.46,938 crore for 2013-14, slightly more than Rs.45,000 crore in 2012-13. Chief Minister Shri Prithviraj Chavan said despite slow down and drought, the state's gross state domestic product will grow at 7.1 per cent, which is two percent more than the all-India rate. The government has made an attempt to allocate 25 per cent of the total budget proposals for water. It has been proposed to increase in tax rate of gold, silver and their jewellery from 1 per cent to 1.10 per cent and sugarcane purchase tax from three per cent to five per cent to raise fund for drought relief for one year.

Govt okays Rs.2,892-cr relief for 7 states

The government on March 13, 2013 announced a special package of more than Rs.2,892 crore for the seven drought and flood-affected states. A major chunk of the allocation is for Maharashtra. The assistance is expected to help state governments in tackling the adverse impact of drought as well as floods faced during the last one year. An empowered group of ministers (EGoM) on drought, headed by agriculture minister Shri Sharad Pawar, announced the financial package for Maharashtra, Andhra Pradesh, Himachal Pradesh, Sikkim, Gujarat, Kerala and Uttarkhand. The agriculture minister said that the government has approved a financial package of Rs.1,207 crore for Maharashtra, Rs.864 crore for Gujarat and Rs.66 crore for Kerala to tackle drought. Besides, the EGoM also approved Rs.54 crore relief package to Kerala that suffered floods last year.

Cyclone-hit Andhra Pradesh got a financial assistance of Rs.417 crore while Rs.115 crore was allocated to Himachal Pradesh, Rs.93 crore was allocated to Sikkim and Rs.72 crore was given to Uttarkhand. These states had faced cloud burst, floods and landslides. From March 1, the assistance would be released from the National Disaster Relief Fund (NDRF).

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HEALTH CARE !

GREEN TEA IMPROVES HEALTH

A lot of dieticians acknowledge the health rewards of tea. Even without having any substantive scientific investigation, lots of individuals from East Asian countries have understood green tea benefits. But with an increase of success from clinical experiments, the level of popularity of tea has never been greater. Green Tea Benefits include cancer prevention, lowering bad cholesterol, fighting against cardiovascular diseases, depression and weight loss.

In spite of the abundance of information outlining the tea benefits, a lot of individuals are still not drinking a sufficient quantity of green tea. Many individuals are too busy to brew and take in tea on a regular basis. They might not prefer the taste. They might dislike the fact that there is caffeine in the tea.

Weight reduction has been among the most widespread themes about green tea. Many green tea industry experts are claiming to gain considerable health benefits; an individual needs to consume anywhere between four to seven cups of green tea on a daily basis. Now that is a substantial amount of tea. More notably think about the amount of effort involved with fixing a glass of tea. An individual must boil, brew and cool off the green tea.

Next comparison is the flavor. An individual may argue with this one, because there are a wide range of tasty green tea food items available on the market these days. There is cake, boba tea, ice cream, latte, and a lot more. However these items contain sugar that makes it tasty. The organic flavor of green tea is somewhat bitter. Some claim greater the grade of tea, the bitter it gets. In case the purpose of drinking green tea is for physical health benefits, adding sugar is really a poor idea.

As stated before, green tea is recommended as a health benefit. But this may be a problem for quite a few due to caffeine. Tea comes with significantly lower lever of caffeine compared to coffee. Then again the overall quantity can add up especially if additional caffeinated beverages are consumed as well within the same day. Caffeine is usually beneficial if consumed at a reasonable amount. It aids in boosting stamina along with reducing weight. But, if taken too much, adverse reactions can take place like sleeping disorder.

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By: Sean Anderson

Three things cannot be long hidden: the sun, the moon, and the truth.

—Buddha

JICA extends Rs.11,400-cr loan for infra sector

The Japan International Cooperation Agency (JICA), a Japanese government body that coordinates aid to other countries, has signed an agreement with India to provide soft loans of up to Rs.11,400 crore for infrastructure development. The loans will be used for developing the dedicated freight corridor for the Delhi-Mumbai Industrial Corridor (DMIC) project, the metro project in Chennai and a piped water project in Purulia district in West Bengal. The aid comes at a time when the government is taking measures to revive India's slowing growth.

"Industrial revival is crucial for economic growth and India's ambitious DMIC project is vital for promoting direct investment in India as well as Indian exports," said a statement issued by the Japanese agency. With this objective, ¥136 billion (around Rs.7,840 crore) has been allocated for the dedicated freight corridor project as construction of dedicated freight rail between Delhi and Mumbai forms the base of DMIC. JICA will also provide a loan of ¥48.7 billion (Rs.2,800 crore) for the Chennai Metro project. The loan carries a rate of 1.40 per cent and is to be repaid in 30 years with a grace period of 10 years. The executing agency is Chennai Metro Rail Ltd. Another loan of ¥14.2 billion (around Rs.820 crore) will be extended for the piped water supply project in Purulia.

Govt gives extra time to SEZ developers for executing projects

The Board of Approval (BoA), which is a 19-member inter-ministerial body that deals with SEZ-related issues headed by commerce secretary Shri S.R. Rao, gave more time to 14 SEZ developers to execute their projects and also allowed three SEZ developers to surrender their projects. It has extended the validity of the formal approval to the requests for extensions beyond the fifth year for a period of one year and those beyond sixth year for six months from the date of expiry of the last extension.

"The board advised the development commissioners to recommend the requests for extension of formal approval beyond the fifth year and onwards only after satisfying that the developer has taken sufficient steps towards operationalisation of the project and further extension is based on justifiable reasons. The board also observed that extensions may not be granted as a matter of routine unless some progress has been made on ground by the developers,". SEZ units are eligible for 100% tax exemption for first five years and 50% for the next five.

Core sector output down 2.5%

In what could have an adverse impact on industrial growth in February, the output of the eight core sectors contracted 2.5 per cent during the month, official data showed April 01, 2013. A contraction in core sectors was last seen in July 2005, when the eight sectors declined 0.26 per cent, according to Ministry of Commerce and Industry data. The eight sectors, which have 38 per cent weight in the Index of Industrial Production (IIP), grew 3.1 per cent in January. Though the base for February was high (7.7 per cent), the fall cannot be attributed to this alone, as sequentially, the index of core sectors fell 8.3 per cent.

The cumulative expansion of the eight core sectors in the April-February period of 2012-13 halved compared to the corresponding period of 2011-12 - from 5.2 per cent to 2.6 per cent. In February, five of the eight sectors - coal, crude oil, natural gas, fertilisers and electricity - saw declines in output.

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Annual Turnover Threshold For GST set to be Rs.25 lakh

The Centre and states have agreed on an annual turnover threshold of Rs 25 lakh for Goods & Service Tax (GST). This means businesses with annual turnover less than Rs 25 lakh would be kept out of the GST purview. To address the issue of dual control of traders - by both the Union government and state governments - in GST, it has been decided that taxpayers with annual turnover of over Rs.1.5 crore would be taxed by the Centre, which will later disburse to states their share. Similarly, those below Rs.1.5-crore turnover would deposit their taxes to states, which would subsequently pass on to the Centre its share. Also, there would be a composition scheme (presumptive tax) for dealers with annual turnover of up to Rs.60 lakh. A dealer could opt for a compounded levy of one per cent on taxable turnover, instead of paying GST at the standard rate; but he would lose the right to claim tax credit for these.

Currently, the threshold for central excise duty and service tax are annual turnover of Rs.1.5 crore and Rs.10 lakh, respectively. For value-added tax (VAT), it is Rs.10 lakh in most states. With a threshold of Rs.25 lakh, the Centre will have an assessee base of about 200,000 for excise duty, compared with 130,000 at present. Its service tax assessee base, however, would come down from about 700,000 to roughly 250,000 under GST as the threshold increases and the Centre has to share the collections with states. In return, the Centre would get tax from about two million of the three million VAT assessees. For inter-state movement of goods, which would attract Integrated GST (IGST), no threshold has been proposed; anybody moving goods from one state to another would have to pay the tax.

47,557 youth to be trained in J&K

Under India Inc's Mission Kashmir 110 graduates have got jobs with TCS and the Confederation of Indian Industry after completing training under a central scheme launched two years ago. The placement process is on for another 105 youth under the scheme called Udaan.

A total of 31 companies, including six state-owned firms, have now committed themselves to training 47,557 youth in Jammu and Kashmir over the next five years under the scheme, which was overhauled two months ago to include PSUs and linked to their obligations under corporate social responsibility.

While Infosys is conducting a selection drive to pick 100 trainees, companies including Accenture, Yes Bank, Religare, 247Inc and iYogi are among those that have given a commitment for training the youth and agreements are in process of being signed. A dozen other companies are training 1,019 candidates, according to the note, while training of 310 candidates is likely to commence shortly.

"The corporates, including PSUs have started showing keen interest in the implementation of the programme," PSUs like NTPC, BSNL, ONGC, HAL and BHEL have committed to train 3,375 Jammu and Kashmir youth.

The scheme was started in 2011 with a budget of Rs.1,000 crore as a partnership between the home ministry and India Inc after submission of a report by the PM's economic advisor Shri C. Rangarajan on formulating a job plan for Jammu and Kashmir. The government had asked companies to select 40,000 grads or students in the final year of graduation with the aim of providing them exposure to India Inc, developing their skills and enhancing their employability over five years.

CARE launches 'fundamental grading' of SMEs

Credit Analysis & Research Limited (CARE Ratings) has launched a new product called "SME fundamental grading", which, it said will aid investors in taking informed investment decisions based on the fundamentals of small and medium enterprises (SMEs). It will also assist SMEs to differentiate themselves from others, thereby facilitating the raising of funds. With the introduction of SME platforms on the stock exchanges - BSE SME Exchange and NSE Emerge - SMEs are now able to raise equity capital by listing on these platforms. With this development, it was important to classify entities with better business fundamentals for taking a long-term investment view, and this product is expected to fill this gap.

SME fundamental grading will be an independent and professional opinion on the fundamentals of a SME. It will be a relative assessment in relation to other Indian SMEs, involving an in-depth assessment of various quantitative and qualitative parameters of the entity. Quantitative parameters include growth prospects of the industry, financial strength and operating performance of the entity. Qualitative parameters primarily include management capability, an evaluation of the promoters, accounting policies and corporate governance practices.

CARE will grade the SMEs' fundamentals on a five-point scale, from fundamental grade 5/5 (the highest grade, indicating 'strong fundamentals') to the lowest score, fundamental grade 1/5 (indicating 'weak fundamentals'). A score of 4/5 will indicate very good fundamentals; 3/5 will indicate good fundamentals, and 2/5 will indicate modest fundamentals. The first two companies to be rated on the new scale are Ashapura Intimate Fashions Limited (AIFL) and Sarda Energy & Minerals Ltd (SEML).

Govt offers sops for NIMZs units

The government has issued norms for setting up of manufacturing zones under the national manufacturing policy, giving them many benefits, including tax sops. Units located in the National Investment & Manufacturing Zones (NIMZs) will be exempt from capital gains tax on sale of plant and machinery, the guidelines issued by the Department of Industrial Policy and Promotion said in March, 2013. NIMZs will be eligible for Viability Gap Funding, support from the government to make projects commercially viable, of up to 20% of the project cost.

The National Manufacturing Policy seeks to enhance the share of manufacturing in GDP to 25% from the current about 14% within a decade and in the process create 100 million jobs in this period. To achieve these goals, the policy will largely rely on NIMZs, which are envisaged as integrated industrial townships of at least 50 sq km (5,000 hectares) with state-of-the-art infrastructure. A minimum of 30% of the total land area of NIMZs will be available to manufacturing units. The capital gains tax exemption will be available only if the proceeds are re-invested within a period of three years for purchase of new plant and machinery in any other unit located in the same NIMZ or another NIMZ, the guidelines said. NIMZs will also be allowed to raise funds through external commercial borrowings for developing the internal infrastructure of the NIMZs. The government will also explore the possibility of soft loans from multilateral institutions for funding infrastructure development in NIMZ.

Irda publishes key reforms in gazette

The Insurance Regulatory and Development Authority (Irda) has published in the gazette of India five key reforms related to the sector, including new guidelines for insurers and reinsurers. The reforms are: Investment regulations for insurers, Irda (life insurance-reinsurance) regulations; places of business regulations; Irda appointed actuary amendment regulations and regulations for the standard proposal form.

According to the actuary amendment regulations, non-life insurers will also have appointed actuaries as full time employees. General insurers have been given two years' time to appoint those actuaries as "employees". According to the gazette notification, an appointed actuary should have a minimum experience of 10 years, out of which two years must be post-fellowship qualification and at least two years' experience must be in life, non-life or health insurance.

The new standard proposal form norm called for a common proposal form for all life insurance proposals. According to the investment regulations, insurers could invest from 10 to 15 per cent in equity, based on their investment assets. The limit is 10 per cent for investment assets less than Rs.50,000 crore, 12 per cent for investment assets for Rs.50,000 crore to less than Rs.2.5 lakh crore. For companies with investment assets of more than Rs.2.5 lakh crore, the limit is set at 15 per cent.

* * *

MISCELLANY

WHY ARE INWARD REMITTANCES IMPORTANT ?

Why are Inward Remittances Important?

India's robust remittance inflows were always taken for granted. But with the current-account deficit touching a record on the back of rising imports and dividend and interest outflows, these private transfers are turning to be crucial for India's balance of payments.

What are remittances?

These are payments sent by Indians abroad to relatives back home. Remittances are essentially meant for maintenance of the recipient household, but a recent RBI survey shows that a substantial part of these inflows get invested in stocks, bonds, fixed deposits and and real estate. From a balance-of-payments perspective, remittances are permanent foreign currency inflows and help finance the current account, unlike NRI deposits which are repatriable.

How much remittances does India receive?

India is the largest recipient of worker remittances in the world. In financial year 2012, it received $66 billion, according to the RBI. Remittances form about 22-23 % of the country's foreign exchange reserves.

Why have they been flat?

One reason is the general slowdown in the global economy resulting in slower worker migration as well as lower incomes. But unlike many of its neighbours (Pakistan, Bangladesh and Nepal), India does not rely heavily on remittances to fund its growth.

Why is this development worrisome?

Remittances are an important source of foreign exchange in India's balance of payments. And this slowdown in remittances, perceived to be a more reliable and stable source of inflows, has impacted the current account deficit, which has touched a record 6.7% of the GDP during the quarter ended December 2012.

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Anyone who doesn't take truth seriously in small matters cannot be trusted in large ones either.

–Albert Einstein