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CONTENTS

FROM THE CEO's PEN

NEW BUSINESS MODEL FOR STATE FINANCIAL CORPORATIONS

State Financial Corporations (SFCs) were set up under the SFCs Act, 1951 to provide medium and long term credit to MSME Sector to bring about balanced regional development, generation of employment, inclusive growth and removal of poverty. The SFCs have played vital role in the overall promotion, development of MSME Sector in their respective States. Keeping in view their contribution to the national GDP, exports and employment, the Government has time & again emphasized the need for strengthening these institutions to facilitate the flow of credit to the MSME Sector. SFCs performed very well until 1990s. However, after the economic reforms & de-regulation of banking sector in 1991, SFCs have been facing financial crisis as the economic reforms neither addressed the issue facing SFCs nor provided a level playing field to them.

After liberalization, the SFCs have been facing challenges emerging from stiff competition from banks, high cost of funds and restrictive scope of its business. The Gupta Committee set up by the Government of India in 2000 for recapitalization & revitalization of SFCs, admitted the contribution & necessity of SFCs. It inter-alia recommended recapitalization of the SFCs with a suggestion that the cost of recapitalization should be shared by all the stake-holders and the Govt. of India. However, no such recapitalization has taken place as yet. The Committee also laid down a roadmap for SFCs and stipulated that SFCs need to convert into NBFCs with provisions for raising resources from the public. Later, these NBFCs may transform themselves into Banks.

The SFCs which are financing first generation entrepreneurs and creating new investments and employment are now finding it extremely difficult to finance MSME Sector at competitive cost. The SIDBI, which is a regulatory body for SFCs and meant to provide refinance to SFCs at concessional rates has tapered off refinance to SFCs and has also come in direct competition with SFCs in providing credit to MSME Sector on much softer term and lower interest rates. SIDBI is also not passing on the benefit of the financial package made available to it by the Govt. of India for MSME Sector from time to time.

Shri S.K. Srivastava, IAS
CMD, Delhi Financial Corp.

Besides this, the Reserve Bank of India has also stopped extending ad-hoc borrowing limits, allocation of SLR Bonds quota and soft terms in raising fixed deposits to even the well performing SFCs. In the absence of these facilities coupled with the tapering off of refinance by SIDBI, the SFCs are facing financial crisis. The average cost of funds of SFCs has also gone up resulting into serious setback to their lending programmes.

The SFCs are also suffering owing to indifference on the part of stake-holders in providing affordable and adequate resources to SFCs leading to their inability to compete with commercial banks which have access to cheap public deposits and CASA funds (Current Account and Savings Account).

Another factor which has also inhibited the growth of SFCs is the absolute powers given to SIDBI under the Act. Inspite of the fact that the State Governments hold majority share capital in the SFCs, yet they have no say in deciding the business activities SFCs can undertake depending upon the need of the State concerned. Therefore, the relevant provisions of the SFCs Act, 1951 need to be amended to bring SFCs under the direct control of the State Governments.

SFC's continued efforts for getting their scope of activities enlarged, may not, in itself, be fruitful and may serve limited purpose only as SFCs would continue to face financial crunch and remain dependent on the Government for funding their requirement.

From the foregoing discussions, it is amply clear that SFCs are not able to compete with banks both in terms of cost of fund & scope of work in view of the following reasons :

- The average cost of capital of Banks is less than 7% p.a. as against 10% p.a. of SFCs,
- Commercial Banks are mandated to raise public deposits and have access to CASA funds which are much more economical.
- The scope of work of Commercial Banks is much larger than that of SFCs,
- Commercial Banks have also access to working capital funds from RBI.

Thus, a business model could only be successful and practical if it addresses the issues of scope of work, cost of fund and systemic funding through sources like deposits and CASA funds. This leads us to a business model of a bank (which was also suggested by Gupta Committee way back in 2000) since it would enlarge SFCs scope of activities at par with that of a Bank, and also provide smooth access to more economical deposits and CASA funds, which would significantly reduce the average cost of funds of SFCs.

In the proposed business model, the State Government can initially provide requisite share capital to SFCs to set up Small Bank which can gradually grow and become full-fledged Commercial Banks and look after the financing needs of States within the overall guidelines and regulatory control of RBI.

The Government of India has recently issued draft guidelines for setting up of Small Bank. But SFCs have not been included in the definition of *"eligible promoters".* Matter has been taken up with Secretary (Banking / Financial Services), Govt. of India to include SFCs as "eligible promoters". SFCs need to take up the matter with the Central Government for a permanent solution. They may also take up the matter with their respective State Governments as well as Ministry of Finance, Government of India for an early resolution of the matter.

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The author is Shri S.K. Srivastava, IAS, Vice-President COSIDICI & Chairman & Managing Director, Delhi Financial Corporation.

Within you is the power to rise above any situation or struggle, and transform into the Brightest, Strongest version of you Ever!

APPOINTMENTS

- Shri S.K. Srivastava, IAS has been appointed as Chairman & Managing Director, Delhi Financial Corporation {DFC}, New Delhi vice Shri D.M. Spolia, IAS.
- Shri J.S.V. Prasad, IAS has been appointed as Managing Director, Andhra Pradesh State Financial Corporation {APSFC}, Hyderabad vice Shri T. Satyanarayana Rao, IAS.
- Shri Maneesh Chauhan, IAS has been appoitned as Managing Director, Rajasthan Financial Corporation {RFC}, Jaipur vice Shri Madhusudan Sharma, IAS.
- Shri T.L. Satyaprakash, IAS has been appointed as Managing Director, Haryana Financial Corporation, Chandigarh {HFC} vice Shri Tarun Bajaj, IAS.

- Shri T.M. Balakrishnan, IAS has been appointed as Managing Director, Pondicherry Industrial Promotion Development & Investment Corporation Ltd. {PIPDIC}, Pondicherry vice Shri Ragesh Chandra, IAS.

QUESTIONS OF CYBERQUIZ~50

Q.1 What name is given to a form of marketing where a company-developed product or offering or promotional message passes from user to user ?

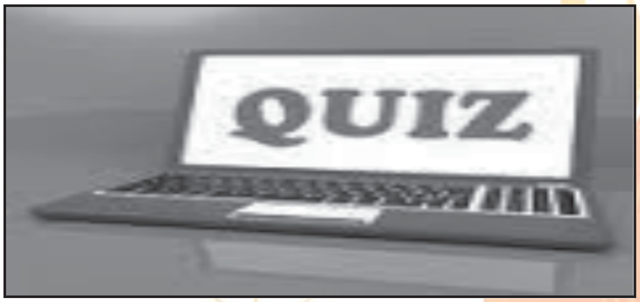
[a] Viral marketings;
[b] Guerrilla marketings;
[c] Direct marketings;
[d] Below-the-line marketing;

Q.2 What is the print version of the End-user Lincence Agreement called ?

[a] eAgreement;
[b] Shrinkwrap agreement;
[c] Clickwrap agreement;
[d] Virtual agreement.

Q.3 Language Independent Program Subtitling (LIPS) is a unique Indian languages embedded subtitling System. It is used by Doordarshan, the national broad-caster in India, for nationalwide broad-cast of programs with multilingual subtitles in teletext mode. Which organisation developed this system ?

[a] National Informatics Centre;
[b] IIT, Kanpur;
[c] C-DAC;
[d] Doordarshan.



Q.4 The IEEE 802.x series of specifications deal with ?

[a] High speed signaling;
[b] Networkings;
[c] CD technology;
[d] Internet domain naming.

Q.5 This 1980s standard was ment to be the VHS (a standard for video cassette recorders) equivalent in computers. Developed by Kazuhiko Nishi, this standard was adopted by many Japanese, European and Korean electronic majors. What was that standard ?

[a] ANSI standard;
[b] Betamax;
[c] Advanced Computing Environment (ACE);
[d] MSX.

For Answer see Page No. 21

PROFILE OF MEMBER CORPORATIONS

Andaman and Nicobar Islands Integrated Development Corporation Limited (ANIIDCO)

Andaman and Nicobar Islands Integrated Development Corporation Limited (ANIIDCO) was incorporated on 28th June 1988 under the Companies Act 1956 for rapid economic growth of the Islands. The main objective of the Corporation is to develop and commercially exploit the natural resources for the balanced and environment friendly development of the territory.

Activities :

- Trading of iron and steel, petroleum products, liquor and milk.Megapode Resort,
- Megapode Camping Resort, and air-ticketing agency
- Financial assistance to industrial concerns.
- Infrastructure Development: Tourism and fisheries.

Share Capital

The authorized share capital of the company is Rs. 50 crores and paid up share capital is Rs. 10.97. The share capital of the company has been contributed by Industries, Fisheries and Animal Husbandry Department.

Infrastructure Development :

Investment Opportunities

The Andaman & Nicobar Administration lays special emphasis on balanced growth of Industries without disturbing the fragile ecology of the Islands. The Industrial Policy of Islands aims at promoting value added Industries based on locally available raw materials for generation of employment opportunities. The Industrial growth in the last two decades has been very slow due to logistics problems, non-availability of raw materials and absence of local markets. Hence the Administration has proposed a number of facilities and incentives for investment promotion in A & N Islands to accelerate the industrial growth of this territory.

Tourism

The Islands of Andaman and Nicobar are blessed with rare variety of flora and fauna, exotic underwater marine life, crystal clear water and mangrove lined creeks. The Union Terriotory offers innumerable opportunities for tourism through water sports and adventure tourism such as trekking, island camping, snorkeling and scuba diving, sea aquarium, water theme park, wave surfing, Marina yacht, convention center, health resorts, sanctuaries/ National Park, Inter Island cruiseliner etc. Tourism has been identified as a major sector for development in the islands. The Tourism policy of A & N Islands aims to promote sustainable tourism by developing eco-friendly tourist infrastructure of international standards through public and private sector initiatives. With a view to augment high quality tourism infrastructure in the islands, the Corporation in association with A&N Administration, after a transparent bidding process, has leased out the following prime beach locations to reputed companies in the hospitality sector which will strengthen destination image and value:

Havelock Beach Resort Project:

18.33 hectares land has been leased to The Indian Hotels Company Limited, (Taj Group) for development of Beach Resort and the agreement was signed during December 2009. Taj will pay lease rent of Rs. 2.25 crore per year and it will be revised upward by 10% every 5 years. Apart from the annual lease rental, Taj shall also share its annual gross revenue to the extent of 2% for the first 30 years and thereafter at 3%. As per the terms of the lease 60% of the total personnel recruited will be local residents of A&N Islands and this will boost local employment generation. Taj will construct luxury rooms, specialty restaurant, banquet and meeting facility, health club, spa, water sports facility etc. The project will obtain all environmental clearances before construction commences. This project will catalyse investment of about Rs. 80 crore and help to promote Andaman and Nicobar Islands as a global Island destination

Fisheries

The Islands offer a vast marine potential for the fishing and marine sector, owing to a long coastline of 1912 kms with an exclusive economic zone of 6.00 lakh sq km accounting for 30% of the total EEZ of Country (20.20 lakh sq km) and a unique and rare marine habitat. The estimated annual fishery potential of A& N island is 1.48 lakh tons consisting about 3.8 percent of fisheries potential of the country (39 lakh tons). The present level of catch is only 28,000 tons(18.92 percent). It has been estimated that tuna fishery resource alone accounts for 44 percent (64,500 Tons)

Andaman Fisheries Limited

A joint venture company was set up by the Corporation with a private firm and MPEDA in 1991 for processing and export of marine products. The processing facilities includes 5 MT blast freezer, 5 MT chill fish storage, 100 MT cold storage, 5 MT shell Ice plant, 5 MT block Ice plant. The Corporation is in the process of leasing out the infrastructure facility of AFL.

Ice Plant and Cold Storage

The Corporation has set up an ice plant and cold storage at Diglipur and Havelock during August 2007 and March 2008 respectively having capacity of 5 MT Ice Plant and 20 MT cold storage at Diglipur and 3 MT Ice Plant and 15 MT Cold Storage at Havelock. Starting of ice plant and cold storage at Havelock and Diglipur has benefitted the local fishermen and farmers.

■■■

You can't create new moments, if you are beset with your past memories.

INCREASING EASE OF DOING BUSINESS

India is placed 134th, out of 189 economies, in the World Bank's ease of doing business ranking in 2014, three steps below the 2013 rank. This points to India's dire need for a policy environment that lets entrepreneurs focus on their core business and become competitive. Only when a conducive eco-system is created for small industries through simplified laws and innovative policy strategies can Indian MSMEs move up the ladder and become globally competitive.

As a measure for improving the ease of doing business, the new government has made quick moves to change labour laws forming part of the Apprenticeship Act 1961, Factories Act 1948, and the Labour Laws Act 1968. While congratulating the government for its efforts to make small amendments, one is constrained to mention that there is a need for path-breaking amendments as well. Here are a few low hanging rules that can be changed and implemented relatively easy.

- Simplification of procedures (documentation): The MSME sector needs simplified labour laws and compliance procedures that are 'easy to fill & file'. Currently, these are too cumbersome and need to be done every month.
- Threshold limit for application of all labour laws may be raised to 50 employees to eliminate inspector raj. This will push employment in the sector.

- A combined electronic format for compliance of all labour Acts may be introduced. A single form for both ESI & PF can be made available online.
- ESI & PF coverage should be applicable only after three or six months after an employee joins work. In MSMEs, employees often join and quit within a week. But ESI coverage is expected to be done from day one. The paper work is very high, with high attrition compounding it.
- Provision may be made for single remittance of a percentage of the billed amount every month based on the number of employees/ turnover for ESI & PF to the department, taking away the monthly remittances and submissions, for MSMEs of up to 50 employees. It is desirable that a single, uniformly structured identity-based procedure is followed instead of multiple identity references to deal with various departments for delivery of social benefits to employees across all levels, sections and sectors.

Topics	*DB 2014 rank*	*DB 2013 rank*	*Change in rank*
Starting a business	179	177	- 2
Dealing with construction permits	182	183	1
Getting electricity	111	110	-1
Registering property	92	91	-1
Getting credit	28	24	-4
Protecting investors	34	32	-2

Topics	*DB 2014 rank*	*DB 2013 rank*	*Change in rank*
Paying Taxes	158	159	1
Trading across borders	132	129	-3
Enforcing contracts	186	186	No change
Resolving insolvency	121	119	-2

Source : IFC-World Bank

- Special provisions for start-ups, which includes restricted visits of labour inspector. Inspection in the name of enforcement be restricted/avoided for start-ups and MSMEs. In addition, this should be avoided totally during the year ending period, especially in March, when SMEs are under extreme work pressure.
- Simple procedure & freedom for termination action: Employers to be allowed to take a free decision on termination in the event of poor performance, misuse of facilities, misbehavior during working hours, low attendance, indiscipline, absenteeism without permission, etc.
- Guidance programmes & workshops: Orientation and guidance from labour department officials for timely enforcement of labour laws will be helpful. Labour departments can conduct awareness programmes and periodical orientation workshops in partnership with industry associations, which will help MSMEs avoid hiring consultants/ professionals, which is cost prohibitive. The role of labour inspectors should be 'to educate', similar to Non-Conformity (NC) remarks given in ISO assessments, and the NC has to be closed within a time-frame. Enforcement methods should be positive for timely compliance rather than threatening.
- Minimum Wages Act, 1936: Wages should be linked to productivity so that efficient workers are adequately compensated and the SME remains competitive. Overtime wages should be 1.5 times the normal wages, not double.
- Payment of Bonus Act 1965: Only workers who have completed at least a year of continuous service should be entitled to bonus, and bonus should be payable only in the year an industrial unit has generated profits. Bonus should be productivity linked so that entitlement for minimum bonus is subject to attainment of a certain productivity level.
- Legal redressal: Many problems faced by the MSMEs stem from a lack of understanding of the laws/ rules. This leads to avoidable litigation, with resultant expenses. The cost of legal action should be reimbursed by the government department if the court rules in favour of the industrial unit. This will ensure that frivolous and unjust demands are not made on the units by government departments.

■■■

The worst distance between two people is misunderstanding.

REGIONAL INEQUALITY IN FDI INFLOWS INTO INDIAN STATES

*** S.R. Keshava**

FDI is preferred over all other capital flows in the world. FDI is desired as it is a non-debt financial capital. FDI raises the investment in the host economy which by multiplier effect leads to increase in employment, income and savings. It provides latest machinery, state of art technology, skill, managerial know how and boosts export of manufactured goods and services in the host economies. It provides wide and varied choices to consumers as companies compete to provide quality goods to consumers. The competition ensures breaking of the domestic monopolies and bringing down the prices. FDI also contributes to the corporate tax revenue of the host economies.

The positive attributes of FDI are theoretically perfect, but when it comes to ground realities these are partially true. FDI sometimes may neither bring the latest technology nor create the promised employment. However, many economies are swayed over by the FDI's positive attributes. The Governments compete with each other by announcing numerous concessions and incentives to attract FDI. They not only provide land, water, power and other public utilities at subsidized rates, but also provide concessions in the form of tax holiday, rebate on undistributed profits, additional depreciation allowances etc., to attract the FDI.

But, despite the heavily loaded concessions and incentives by host economies, the FDI does not move equally into all the economies. There is a high degree of concentration of FDI inflows in few economies, which has led to high regional inequality in FDI inflows in the world. This is also true with Indian states as the similar kind of regional inequality is found in FDI inflows to them.

Favourable Key Determinants

The important reasons that lead to higher FDI inflows in few states and thereby increase the regional disparity can be found in the factors that influence investors in their investment decisions.

International Finance Corporation (2001) identifies size of market and its growth potential; political and economic stability; linkage and proximity to the other important markets; availability of trained manpower and wage structure as well as Industrial and institutional infrastructure as the factors that influence FDI inflows.

Dunning (1993) studies shows that market size, labour cost, availability of natural resources, quality of physical and human infrastructure, incentives, macro-economic environment as well as institutional framework attract more FDI.

Indian Institute of Foreign Trade (1994) identifies (1) General law and order, (2) Infrastructure, (3) Congenial industrial relations, (4) Trained and productive workforce, (5) Availability of social infrastructure, (6) Investor friendly environment, (7) Political stability, (8) Timely FDI clearance and approvals, (9) Minimal bureaucracy and (10) Incentives and concessions as key determinants to attract FDI.

Inter State Competition to attract FDI

Majority of Indian States with the belief that FDI will foster the process of growth made sincere attempts to woo FDI with a broad range of incentives. The incentives included **concessional interest rates from the banks;** various sales tax deferment schemes and reduced tariff rates for electric power and other utilities; reductions or exemptions from property taxes for specific period etc.

States often identified **'thrust'** industries and provided ready infrastructure for initiating the business which resulted in industrial, agro-processing and IT parks. States also initiated single window clearance system beginning from registration of land to other permissions. They also simplified the bulk of procedures to increase and ease compliance, reduce corruption and bring transparency.

FDI inflow into Indian States

Despite all these measures, there has been a wide disparity in the FDI inflows among the Indian States. The Indian states have been classified by the author as high FDI inflow states, moderate FDI inflow states and low FDI inflow states based on their FDI inflows from April 2000 to April 2013.

The FDI inflows in India are concentrated in six states namely Maharashtra, New Delhi, Tamil Nadu, Karnataka, Gujarat and Andhra Pradesh. They have attracted Rs.6,93,641 crores of cumulative FDI inflows during the April 2000 to June 2014 which accounts for 70 per cent of the total FDI inflows into India. Maharashtra alone accounted for 30 per cent (Rs.3,20,281 crore) of FDI inflow into India during April 2000 to June 2014. Mumbai in Maharashtra alone attracted most of FDI inflows in Maharashtra. Hence, Mumbai is not only the commercial capital, but also the FDI capital of India.

Maharashtra was followed by New Delhi with Rs.2,14,820 crore (20 per cent), Tamil Nadu with Rs.69,161 crore (6 per cent), Karnataka with Rs.62,431 crore (6 per cent), Gujarat with Rs.45,292 (4 per cent) and Telangana, Andhra Pradesh with Rs.43,813 crore (4 per cent).

The states which attracted the FDI from Rs.4500 crore to Rs.40,000 crore during April 2000 to June 2014 are considered as moderate FDI attracting states. The moderate FDI inflows states are West Bengal, Sikkim, Rajasthan, Punjab, Haryana, Himachal Pradesh, Madhya Pradesh, Chhattisgarh and Kerala.

The states which attracted FDI inflows below Rs. 4500 crores during April 2000 to June 2014 are regarded as low FDI inflow states. The states in the bracket of low FDI inflows are Goa, Odisha, Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Bihar, Jharkhand.

The capital cities of states attracted majority of the FDI inflows of the respective state. It is clear that despite tax and other fiscal concessions, FDI inflow is concentrated only in few states, further only in cities of these states. In order to probe the reasons for such an inequality, the macroeconomic indicators of these states are being analyzed.

Reasons for Regional Disparity in FDI

There are many reasons for regional disparity in FDI inflow into India and important among them are huge market, availability of skilled personnel, economic growth, good infrastructure, high economic freedom, and ease to do business environment.

What attracts FDI: Myths & Realities

FDI is attracted due to vast market characterized by population; availability of skilled personnel characterized by literacy, number of students enrolled in the higher education and availability of university and colleges in their respective states. Though some students go for education to other states and abroad, majority of the students enroll themselves in their own states.

FDI is attracted by vast market which is denoted by population of the country. In case of Indian States, the largest number of persons are living in Uttar Pradesh (16.49 per cent), but it has attracted very negligible FDI in the country. Similar is the case of Bihar (8.58 per cent) and Rajasthan (6.69 per cent).

But the size of population has a positive effect in case of Maharashtra (9.29 per cent); the second largest populated state in India, is also the largest recipient of FDI in the country. The other states in high FDI inflows category are Tmail Nadu (5.96 per cent), Karnataka (5.05 per cent), and Gujarat (4.99 per cent) which are moderately populated states except Delhi (1.38 per cent) and Pondicherry (0.10 per cent).

The goods and services produced in one state can be easily made available in other Indian states; and hence the population of the state is not an important criterion to attract FDI in India.

The density of population reveals the thickness of population residing in one square kilometer. Higher the density, lesser is the probability of getting huge track of land for industries and other infrastructure projects. Delhi is attracting huge amount of FDI despite high density of 11297 people per square km as it is getting the industries in suburban areas of Delhi which comes under other states but is recognized as National Capital Region. For example, Noida and Ghaziabad are in Uttar Pradesh, whereas Gurgaon, Faridabad, Bahadurgarh are in Haryana. In case of other high FDI inflow states, the density varies from 308 to 555 people per square km. The density in the moderate FDI inflow states varies from 189 to 9252. The density is average in low FDI inflow states which varies from 17 to 1102.

It can be implied that the density of population has negligible impact on FDI inflows into the states.

Literacy is another important indicator which can be used as a proxy for knowledge. In high FDI inflow states, except Andhra Pradesh (67.66 per cent), all other states, are above national average of 74.04 per cent. In the moderate FDI inflow states except Madhya Pradesh, Rajasthan and Chhattisgarh all other states are above National average. In low FDI inflow states, Orissa, Uttar Pradesh, Arunachal Pradesh, Assam, Bihar and Jharkhand are below the national average.

In high FDI inflow states, there are 259 universities (40.3 per cent), 17079 colleges (48.9 per cent), 74,93,995 students enrolled for higher education, where as in moderate FDI inflow states there are 141 universities, 7131 colleges, 34,35,915 students enrolled and in low FDI inflow states, there are 163 universities, 8012 colleges and 50,26,518 students enrolled.

Hence, it can be implied that the availability of skilled labour has a positive impact on attracting FDI inflows into the states.

Economic Growth, Infrastructure and FDI

The states with Higher FDI inflow have higher net state domestic product, per capita and better infrastructure measured in terms of railways, road length than the moderate and low FDI inflow states.

Moderate FDI inflow state namely West Bengal, Kerala and Madhya Pradesh are doing well in economic growth and infrastructure, hence gaining momentum in attracting FDI inflows. In low FDI inflow states except Goa, Uttranchal and Arunachal, the percapita income is lower in other states. Railway lines and road length is higher in Orissa, Uttar Pradesh, Assam, Bihar and Jharkhand, but in relation to the size of the state, it is moderate.

There is a positive relationship between economic growth, infrastructure and FDI inflows. It further fosters growth in these states but widens the regional disparity.

Conclusion

70 per cent of FDI inflows are concentrated in six states which has further widened the regional disparities in India. The study has found that the density of population has negligible impact on FDI inflows into the states, whereas the availability of skilled labour, economic growth, good infrastructure, installed electricity generated has a positive impact on attracting FDI inflows into the states. But the economic freedom index has moderate impact on FDI inflow into states.

The state government should concentrate on improving the basic infrastructure rather than enhancing concessions to foreign investors. If moderate FDI inflow states and low FDI inflow states improve the governance, bring transparency, remove corruption, provide basic infrastructure and make their state more dynamic and vibrant, the FDI inflow will boost the growth of the respective states.

**** Courtesy: Yojana. The author is professor of Economics at PG Department of Economics at Bangalore University, Bangalore.***

Dt.: 15th October, 2014

Dear Editor,

I am glad to learn that COSIDICI, an apex body of all the State Level Financial Institutions (SLFIs) which are functioning in different states of the country i.e. SFCs; SIDC; and SIICs, is engaged in the promotion, development and financing of industries in the small, medium and large sectors and is also working for developing infrastructure facilities in various states. I have gone through the Journal titled - “COSIDICI COURIER’ which is very informative and educative. I also request you to include articles on options available in Infrastructure Development in the present scenario.

I hope the COSIDICI COURIER continues to give information of immense value to its readers to keep them updated about related activities taking place globally.

With kind regards,

Sd/-

(Rajeev Kapoor)

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We get comfort from those who agree with us but we get growth from only those who criticize us.

DO YOU KNOW ?

Advantages and Disadvantages of Plastic

Advantages of Plastic :

- Advantages of plastic are light in weight.
- They can be easily moulded and have excellent finishing.
- They possess very good strength and toughness.
- Advantages of plastic are corrosion resistant and chemically inert.
- They have low thermal expansion of co-efficient and possess good thermal and electrical insulating property.
- Advantages of plastic is very good water resistant and possess good adhesiveness.
- Plastic is strong, good and cheap to produce.
- Plastic is a recycling process and it does not decompose.
- Plastic bottles can be reused and restored over again and again.
- Plastic is used for building, construction, electronics, packaging (gladwrap) and transportation industries.
- Advantages of plastic are Very cheap to make.
- Advantages of plastic are used to produce another product.
- Used to reduce soil and wind erosion.

Disadvantages of Plastic :

- Plastic is a nonrenewable resources.
- Plastic is softness.
- Causes CANCER
- Disadvantage of plastics are embrittlement at low temperature.
- Disadvantage of plastics are deformation under load.
- Disadvantage of plastics are low heat resistant and poor ductility.
- Disadvantage of plastics are combustibility.
- Produces toxic fumes when it is burnt
- It is a recycle process, but it is very costly.

It depends upon an Individual's reaction to stressful circumstances!

Labour law exemptions for MSMEs

The Madhya Pradesh government announced exemption from some labour laws for the micro, small and medium enterprises (MSME) sector.

The Hon'ble Chief Minister, Shri Shivraj Singh Chouhan said the Government would establish a Rs.100-crore venture capital (VC) fund and a separate department for the sector. He said so while inaugurating a three-day Global Investors Summit, fourth in a series in Indore. The Chief Minister said MSMEs in the state will now have to file only one return on complying with labour laws, instead of the 40-plus at present. Exemptions are proposed on the Factories Act and Indian Contract Act. The proposed VC fund is to participate in the equity of these units. We will create a separate department that will focus on MSME issues.

The Government has two prominent agencies, District Industry Centers (DICs) and Audyogik Kendra Vikas Nigams (AKVNs), to take care of MSMEs. These agencies primarily allot land to the sector.

The Cabinet had proposed in 2012 to bring AKVNs and DICs under the MP State Trade and Facilitation Corporation (Trifac), to make it stronger. However, this hasn't happened, due to second thoughts. *"If DICs and AKVNs are brought under Trifac, the facilitation agency, which agency will take care of creating industrial infrastructure at the district level? Gujarat, Karnataka and Rajasthan have separate agencies for creation of infrastructure. If Trifac is engaged with SMEs, which agency will facilitate large scale industries,"* a Government source asked.

Shri Chouhan also announced a separate MSME Development Board under his chairmanship, to meet at least thrice a year. The Chief Minister said 27 new industrial clusters were being planned and at least a fifth of the land would be kept for MSMEs. We want to focus on industrialisation of the state and MSMEs are a vital cog in it.

Policy for MSME sector soon

Micro Small and Medium Enterprises (MSME) Minister, Shri Kalraj Mishra on September 06, 2014 said the Government would soon introduce a new policy for MSME sector for which his ministry is working and holding discussions with related associations to address the issue and problems faced by the sector.

He said the ministry was holding meetings with MSME related organisations and bodies to make a comprehensive policy, and also invited suggestions from the businessmen from the state.

The Minister was addressing the meeting *'Prospects, Future and Opportunities for MSMEs in Rajasthan'* organised by the Federation of Rajasthan Trade and Industry (FORTI) in which the minister was apprised about the problems of the sector.

FORTI President, Shri Suresh Agrawal said that requirement of registration with different departments for setting up MSME causes inconvenience and takes time, hence a nodal officer should be appointed under single window policy to simplify the procedure. He said there was a need to redefine MSME in context of today. Chief patron of FORTI, Shri Surjaram Meel said NOC from pollution control authorities should not be mandatory for all units except 'red category' industries in order to promote industrialisation.

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Guarantor can also be named wilful defaulter: RBI

The Reserve Bank of India (RBI) has clarified that individuals or corporate entities acting as guarantors to loans could also be identified as wilful defaulters for refusing to clear the dues despite having the means to do so.

"If guarantees, given by group companies on behalf of a firm that defaults wilfully, are not honoured when invoked by banks or financial institutions, such group companies should also be reckoned as wilful defaulters," RBI said.

If an individual serving on the board of a firm is declared a wilful defaulter, any company on whose board he serves as a member cannot avail of bank loans. This rule is also applicable in the cases where guarantors are not directors of the borrowing company or are non-group entities or individuals.

"Where a banker has made a claim on the guarantor because of a default by the principal debtor, the guarantor's liability is immediate. If this guarantor refuses to comply with the demand by the creditor or banker, despite having sufficient means to clear the dues, such a guarantor will also be treated as a wilful defaulter," RBI said. However, the rule is to be effective prospectively, so will not apply to the cases where guarantees were given before the issue of the circular.

RBI also clarified that banks could declare individuals as well as business enterprises - whether incorporated or not - wilful defaulters, if a borrower defaulted on payment despite having the capacity to repay. A borrowing entity or individual could also be declared a wilful defaulter if it was found that the borrowed funds were used for purposes other than that for which the loan was availed of.

Banks' capital adequacy ratio at 6 year low

With a rise in non-performing assets exerting pressure on their profitability, Indian banks' Capital Adequacy Ratio (CAR) has fallen in the aftermath of the global economic slowdown of 2008 - to 13 per cent as of March 2014 from 13.88 per cent a year earlier, according to data compiled by the Reserve Bank of India. The ratio - a measure of banks' capital to their risk - was 13.01 per cent as of March 2008.

Public-sector banks have been the worst hit, with their average capital adequacy ratio falling to 10.67 per cent as of the quarter ended June, compared with 11.18 per cent in March. The situation is worrisome, as bad loans continue to mount amid a slowing economy, where interest rates have stayed elevated. Gross non-performing assets (NPAs) of public-sector banks increased to 4.1 per cent as of the end of March from 3.6 per cent a year ago. Their net NPA as a proportion of net advances were 2.2 per cent, compared with 1.7 per during the same period a year earlier.

Banks are sitting on a pile of restructured assets, with the ratio of recast assets to gross advances standing at 5.9 per cent as of the end of March, compared with 5.8 per cent a year ago. Public-sector banks account for 92 per cent of the sector's total restructured advances.

Arcil posts Rs.7.86-cr profit

Asset reconstruction company India (Arcil) reported a net profit of Rs.7.86 crore in Financial Year 2014, issuing security receipts (SRs) worth Rs.4,376 crore. The firm had restated profits for the previous year at Rs.39 lakh, according to the company's filing with the registrar of companies (RoC). In that year, it issued SRs of Rs.759 crore. However, Arcil India's oldest asset reconstruction company (ARC), saw its recoveries fall to Rs.783 crore in FY 2014 from Rs.1,034 crore in the previous fiscal.

The company, in the RoC filing, blamed the economic slowdown, low asset base at the beginning of the year subdued economic sentiments affecting fund-raising by stressed borrowers and legal challenges, for an adverse impact on recoveries during FY 2014. The macro-economic situation was not very supportive for recoveries as companies had serious cash flow issues.

Arcil's assets under management (AUM) stood at Rs.9,343 crore at the end of March, 2014 compared to Rs.5,564 crore in the previous financial year, a 68% increase. The company was able to achieve better profit numbers owing to lower write-offs in FY 2014 at Rs.63.46 crore, close to one-third of Rs.177.7 crore in the previous fiscal. ARCs, which came into focus due to the ever-increasing non-performing assets (NPAs) in the banking sector; have bought substantial amount of bad loans and helped banks clean their books.

Arcil said in FY 2014, banks, largely in the public sector; collectively put on auction bad loans in the region of approximately Rs.50,000 crore (principal outstanding), roughly about four times of the loans in the immediate preceding year and the largest in any year since ARCs have been formed.

Even the deal closure of around Rs.27,000 crore loans at a consideration of Rs.21,800 crore has also been the highest in any of the auctions in the previous years, the document said. Bankers say there has been slowdown in ARCs buying stressed assets after the Reserve Bank of India (RBI) in August mandated the upfront investment in SRs to 15% from the earlier 5%, to ensure that ARCs have 'more skin in the game'. According to sources, as a result of this revision, ARCs picked up only Rs.1,000 crore of the Rs.20,000 crore put on the block by banks in the three months to September. Arcil's share capital at the end of 2013-2014 stood at Rs.324.9 crore and to raise third-party funds for financing acquisition of NPAs, Arcil Asset Reconstruction Fund III (AARFIII), a third-party distressed debt fund is being launched, the company said in its filing.

Monetary & Credit Policy of RBI

On the basis of an assessment of the current and evolving macroeconomic situation, the RBI in its bi-monthly Monetary Policy Statement on September 30, 2014 decided to:

keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 8.0 per cent;

keep the cash reserve ratio (CRR) of scheduled banks unchanged at 4.0 per cent of net demand and time liabilities (NDTL);

reduce the liquidity provided under the export credit refinance (ECR) facility from 32 per cent of eligible export credit outstanding to 15 per cent with effect from October 10, 2014;

Consequently, the reverse repo rate under the LAF to remain unchanged at 7.0 per cent, and the marginal standing facility (MSF) rate and the Bank Rate at 9.0 per cent.

Non-food credit growth decelerated in September 2014, the lowest level since June 2001, despite liquidity conditions remaining comfortable and deposit growth remaining normal. Partly, this sharp deceleration is on account of a high base – monetary tightening to curb the exchange market pressures in July-September last year raised interest rates on alternative sources of funds and pushed up the demand for credit from the banking system. Adjusting for these base effects, non-food credit growth would have been around 11 per cent in September 2014. Corporates have also opted to raise financing through alternative sources such as commercial paper, which are significantly larger than a year ago. Finance from other non-bank sources such as foreign direct investment and external commercial borrowing has also increased. Also, a few banks have sold stressed loans to asset reconstruction companies, and so these loans no longer appear as bank credit. Net bank credit is also lower because of repayments of loans by entities that have received payments by government departments and public enterprises, and because oil marketing companies' borrowing is lower. The slowdown in credit growth is more pronounced in public sector banks.

Over April-August, 2014, the trade deficit was narrower than a year ago, notwithstanding a slowdown in export growth in July and August and a strengthening of non-oil non-gold import growth to its highest level since March, 2013. The improvement in the trade balance has benefitted from the fall in the value of gold imports.

Expanding access of finance to the small, the poor, the unorganised and the underserved sections of society has been a central tenet of the Reserve Bank's developmental policies. Therefore, State-Level Coordination Committees (SLCCs) are being strengthened to focus on financial inclusion for flow of public savings to the formal channels and protection of public deposits mopped up by unauthorised and unscrupulous entities. In line with the recommendation of the Financial Stability and Development Council (FSDC) the SLCC, which is now chaired by State chief secretaries/ UT Administrators, will meet every quarter instead of half-yearly.

With a view to easing difficulties faced by common persons while opening bank accounts and during periodic updating, guidelines on 'know your customer' (KYC) will be further simplified with immediate effect so that banks: do not insist on physical presence of the customer at the time of periodic updating; do not seek fresh proof of identity and address at the time of periodic updating in case of no change in status for 'low risk' customers; allow self-certification; accept a certified copy of the document by mail/post, etc; and do not seek fresh documents if an existing KYC compliant customer of a bank desires to open another account in the bank.

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In the game of Life, sometimes people may kick you as if you are a Football. But they don't know that they themselves are sending you near your goal

None can destroy iron, but its own rust can!

Like wise, none can destroy a person, but his own mindset can.

JICA extends loan of Rs.3,500 crore for energy sector

Japan International Cooperation Agency (JICA) has signed agreements with SIDBI and the Indian Renewable Energy Development Agency Limited (IREDA) to provide official development assistance (ODA) of 30 billion Japanese Yen (Rs 1,750 crore) each to the two institutions to enhance energy availability in India. ODA is a development assistance programme run by Japan to provide monetary help, infrastructure, emergency assistance, and public facilities to developing countries.

The assistance will further financial savings through efficient energy use and expand use of renewable energy to reduce dependence on fossil fuels. The energy supply and demand gap in India has caused frequent power outages and is considered one of the impediments to India's economic growth.

JICA said it has been supporting India's efforts towards mitigating energy shortage by focusing on developing infrastructure such as more efficient technology for power plants, transmission systems and distribution networks, and increasing efficient use of energy, especially in micro, small and medium enterprises (MSMEs).

JICA's assistance will enable medium-to-long term funding to private and public companies engaged in energy saving and renewable energy development. Since 1988, JICA has provided 200 billion Japanese Yen to SIDBI through eight loan agreements to facilitate development of MSMEs. The current agreement with SIDBI is the third phase of JICA's assistance focusing on efficient energy use. The project - Micro, Small and Medium Enterprises Energy Saving Project (Phase 3) - will help SIDBI fund MSMEs invest in energy-efficient facilities; it will help achieve the goal of 20 per cent improvement by 2017 in MSMEs' energy efficiency.

In India, MSMEs account for 45 per cent of the output of manufacturing sector and 43 per cent of exports and contribute substantially to employment generation. JICA's assistance to IREDA is the second, following a 30 billion

Japanese Yen assistance extended in 2011. The project, New and Renewable Energy Development Project (Phase 2), aims at supporting power producers to invest in new renewable energy projects such as wind and solar power through IREDA. India is fourth in the world in terms of installed wind power and the project will contribute to the investment required to develop clean energy sources, particularly solar power.

"These new loan agreements are aiming to provide comprehensive support to ensure stable energy supply and diversify energy resources. Since Japan is one of the most energy-efficient countries, Japan's knowledge will contribute to achieving the goal," said Shri Shinya Ejima, Chief Representative, JICA India.

8 core sectors grow 5.8% on higher steel & coal output

The growth in the output of eight core sector industries - with a combined weight of 38% in the Index of Industrial Production (IIP) - recorded a 5.8% growth in August against 4.7% in August last year, due to a robust growth in coal, steel, cement and electricity sectors. In July, it had slowed down to 2.7% from 5.3% in July last year.

The data released by the ministry of commerce and industry on Tuesday showed that the coal production increased 13.4 %, while steel production rose by 9.1 % in August. Cement production and electricity generation increased 10.3 % and 12.6%, respectively, in the month. However, crude production declined 4.9 %, natural gas production fell 8.3% and petroleum refinery production went down 4.3 %. Fertiliser production fell 4.3 % in the month.

Since May 2013, the highest growth rate was 8% in September, while the lowest was minus 0.6% in October, last year. During April-August period, the eight sectors grew 4.4%, against 4.2% in the year-ago period.

The August figures are likely to have a positive impact on overall industrial production. Manufacturing activity had contracted 0.7% last fiscal and shrank by 1.2% in the April-June quarter of 2014-15. The government recently launched a 'Make In India' campaign to transform India into a global manufacturing hub. The aim is to take the share of manufacturing in the country's GDP from a stagnant 15-16% currently to 25% by 2022 as stated in the National Manufacturing Policy as well as to create 100 million new jobs by 2022. The country's GDP growth rate had touched a two-and-half year high of 5.7% in the first quarter of 2014-15 thanks to better performance of manufacturing, mining and services sectors.

Govt. clears Wipro proposal to set up SEZ in Andhra

The government has approved the proposals of Wipro Ltd and Mumbai Futuristic Economic Zone to set up SEZs in Andhra Pradesh and Maharashtra.

Wipro Ltd has proposed to set up IT/ITES zone in Andhra Pradesh on an area of 1.22 hectares. *"The Board noted that the developer is in possession of the land. The Government of Andhra Pradesh has also recommended the proposal. Accordingly, the Board decided to grant formal approval to the proposal of Wipro Ltd.*

Mumbai Futuristic Economic Zone has proposed to set up two SEZs - Biotech and IT/ITeS - in Maharashtra. While the biotech SEZ would come up over 24 hectares, the IT/ITeS zone would be developed on 10.47 hectares.

According to industry experts, seeking more time for developing projects and surrendering them reflected lack of enthusiasm in the tax-free enclaves due to imposition of minimum alternate tax and dividend distribution tax. However, to boost investor confidence in these zones, the government is planning incentives for developers and units. The incentives are likely to be announced during the new Foreign Trade Policy. Exports from these zones increased from Rs.22,840 crore in 2005-06 to Rs.4.94 lakh crore in 2013-14.

Reliance Haryana SEZ returns Gurgoan, Jhajjar land to Haryana Infra Corporation

Reliance Industries Ltd (RIL) has announced that its group company Reliance Haryana SEZ Limited (RHSL) has returned 1,383.68 acres of land in Gurgaon acquired from Haryana State Industrial & Infrastructure Development Corporation (HSIIDC) for setting up special economic zones (SEZs) owing to revision of strategic priorities.

RHSL is a joint venture between Reliance Ventures, a wholly owned subsidiary of RIL, and HSIIDC, a Haryana government-owned company. The venture was established for development of SEZs, model economic townships (MET) and other infrastructure facilities in Haryana. HSIIDC has also exited the joint venture and the project. The model economic township project will continue to be developed in the Industrial Model Township framework on the directly-purchased land. The development work has started on 290 acres of land as an 'industrial colony'. Companies such as Panasonic and Denso have established their manufacturing units in the MET Project. A memorandum of understanding was entered into on December 12, 2005 with HSIIDC for development of a large multi-product SEZ in Gurgaon and Jhajjar districts of Haryana. In 2007, HSIIDC transferred 1,383 acres of land to RHSL for development of the SEZ. On July 14, 2010, the Haryana government approved the development of SEZ over the land transferred by HSIIDC in Gurgaon and the development of MET. But in March 2011, the Centre withdrew the fiscal concessions for the SEZs.

"Consequently, in January 2012, RHSL offered to return the 1,383 acres as SEZs became unviable with the withdrawal of fiscal incentives. On February 7, 2014, the Haryana Cabinet approved the return of the land to HSIIDC at a price much lower than the price at which it was transferred to it. It also approved the exit of HSIIDC from the project," RIL said.

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SUCCESS STORY OF UNITS ASSISTED BY KERALA FINANCIAL CORPORATION

M/s Sagara Beach Resort, Kovalam

M/s Sagara Beach Resort is a partnership concern started by three brothers viz. Shri R. Sisupalan, Shri R. Sathesan and Shri R. Haridas. Shri R. Sisupalan is the Managing Partner. The promoters have availed financial assistance amounting to Rs.975 lakhs from Kerala Financial Corporation (KFC), Thiruvananthapuram. The turnover of the hotel has been growing steadily over the years. The hotel has been conferred with government of India approved Food Safety standard. The hotel has received Travel Tourism Fair Award a number of times. It has generated employment to more than a hundred persons. Sagara Beach Resort is classified as a three-star hotel and is situated at the southern end of the Kovalam Beach. It has state of the art facilities like swimming pool, multi cuisine restaurant , Ayurveda and yoga centres.

Sagara Beach Resort is classified as a three-star hotel and is adjacent to the Light House at the southern end of Kovalam Beach. It overlooks and shares the Light House beach, the southernmost and most popular part of the crescent-shaped Kovalam Beach, which is the most popular beach destination of South India, veritably called 'the Paradise of the South'. Kovalam is just 14 kms from the International Airport at Thiruvananthapuram, near the southern tip of the Indian Subcontinent.

The resort is constructed in three blocks and having 92 spacious and elegant air conditioned rooms, classified into A/c Standard Garden view, A/c Deluxe, Palace Sea view, Suits and honeymoon suits. Each room has a balcony with sea view through the coconut palm fronds that gently sway to the rhythm of the ever-present and soothing sea breeze.

Amenities / Facilities :

- There are two state-of-the-art swimming pools hygienically and flawlessly maintained with crystal-clear water reflecting the azure sky above and green coconut umbrellas around.

Shri R. Sisupalan, Managing Partner

- There is a roof-top multi-cuisine restaurant, overlooking the Light House beach and the Arabian Sea where the moisture-laden sea-breeze refreshes you all day and night. It serves mouth-watering delicacies of the Indian, Chinese, Thai and Continental varieties. The polite and helpful personnel look after your needs promptly and precisely.
- Various Ayurvedic treatments, including massage treatments for various diseases and for rejuvenation, are conducted under the expert supervision of qualified practitioners under Dr. V. Franklin, who has forty years experience in the field, including years in the post of District Medical Officer under the Government of Kerala. He hails from a family with four centuries of Ayurvedic-treatment tradition and he has been honoured as the 'Tourism Man of the Year 19992 for his contribution to tourism in Kerala in the field of Ayurvedic Health Tourism.
- There is a Yoga Centre where qualified Yoga Gurus (Teachers) give training and teach the intricacies of the science of Yoga, the one-way highway to the wholesome well-being of the soul, mind and body. Facilities for short-term Yoga treatments are also provided.

- The travel desk has all the latest facilities and connections needed for making arrangements for travel to anywhere in the world, including booking of train and airline tickets, checking availability of accommodation and arrangement of taxi services, fast and easy.
- Traditional dance and drama forms like Kathakali, the classic dance-drama performance, martial art forms like Kalarippayattu, the fore-runner of Kung-Fu, and other forms of traditional performing arts, theatre, music, etc are organised once in two weeks and/or on special festival occasions.

All the latest communication facilities, including high-speed internet connections, are available for all your communication needs.

- Safe deposit lockers are made available to the residents for the safe-keeping of their valuables, like documents and jewellery items, to free the minds of the leisure-loving tourists from such worries.
- Round-the-clock money exchange service is provided so that the visitors will never be short of local currency for excursions and shopping trips.

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ANSWERS OF CYBERQUIZ~50

1[a]. Viral Marketing :

When started, Hotmail was a classic case of viral marketing. It offered free email accounts to anyone who wanted to sign up by filling out a detailed demographic profile. Each message sent from a Hotmail account included a link which would enable others also to sign up. This way, the offer passed from user to user.

2[b]. Shrinkwrap agreement :

This type of agreement is used in or on a software pack. Also called box-top agreement, this contract or license states or implies that the user accepts the terms of the agreement when she or he opens the pack or box.

3[c]. C-DAC :

The GIST Group of Centre for Development of Advanced Computing (C-DAC) developed LIPS system which was adjudged the best design in the VLSI design contest in the VLSI International Conference, 1993. C-DAC, formerly known as National Centre for Software Technology, is a scientific society of the Department of Information Technology, Government of India.

4[b]. Networking :

IEEE is acronym for Institute of Electrical and Electronics Engineers, USA.

5[d]. MSX :

Any piece of hardware or software with the MSX logo on it was compatible with MSX products other manufacturers. MSX stood for “Machines with Software eXchangeability. VHS stands for Video Home System.

Natural Supplements Boost our Health and Immunity

Supplements developed by scientists in the laboratory are state-of-the-art formulations that carry nutrients that the human body needs. These natural health products are high grade and of the purest quality making them very potent indeed. They are especially prepared by companies for public consumption.

Nutritional supplements are available over the counter and as days go by, more and more people are opting to use them not just to maintain their health but as a cure for certain illnesses as well. These products gain the patronage of many consumers since they facilitate the immune response and promote homeostasis. There are of course skeptics who do not believe in them but users can already attest to the effectiveness of these natural supplements.

Proven effective

It is the responsibility of the manufacturers to make sure that they use only the finest ingredients. Before they are released to the public, they need to be certified and validated by the appropriate regulatory bodies. Once proven by the health and nutrition board that these products are safe and effective, they are released and made available to everyone.

When we get sick we are prescribed antibiotics by our doctors. These are synthetic products designed to cure various diseases. But before modern pharmaceutical products became available, humankind relied on substances found in nature to cure them of their illness. Using vitamin products and other health supplements is just like going back to nature and letting her healing powers resolve our health issues.

The advantages of natural over synthetic :

Synthetic medications have the elements that cure various diseases but they are also composed of possibly harmful chemicals. They are designed to

work fast but the downside is that they may cause damage in the long term.

Now, there are natural alternatives available from any vitamin shop that provides great protection from infections without the potential adverse reactions. And natural remedies may be the more effective treatment agents because they are better at treating the source of the problem. Synthetic meds may be effective at resolving symptoms but not the origins of the disease.

Paradigm Shift

The shift to alternative health products from pharmaceuticals is the trend these days, and more and more companies are joining the fray. The demand is high and there is enough for everyone.

All the product lines in the market today are made from the highest quality ingredients. And some companies even make it a point to support local organic farmers. Organic farming has low environmental impact and the ingredients used by health supplement companies come from organic sources. Another reason why natural supplements have become rather popular is that they are made from earthy friendly components. Health products without harmful agents are the more popular choice these days. You are protecting your body from additional harm and getting more nutrition than is usually available.

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Changes in GDP Reporting to Add Zeroes to India Economy

India's economy is likely to swell in absolute terms as the government embarks on an exercise to add parts of it that have been ignored when it comes to calculating gross domestic product. The first set of data based on the new series, for the quarter ending December, will be released on January 31 next year. Some estimates suggest the current survey underestimates the size of the $1.87-trillion economy by 2-3% while others suggest the gap could be even wider.

The government is looking to broaden coverage of agriculture and corporate data in the national accounts, with the base year being revised from 2004-05 to a more recent 2011-12. All these efforts are aimed at helping the government get the numbers right first time around, rather than having to substantially revise them in subsequent iterations as more data comes in, making things easier for policy-makers.

"We are targeting January 2015 for the release of the new GDP base. A (massive) exercise is underway to estimate various sectors. The methodology will also undergo a change," said a government official. The Central Statistics Office (CSO) will re lease new series data for 2011-12, 2012-13 and 2013-14 when it issues the revised estimates early next year, so that the numbers are

comparable. The Indian economy has shown signs of reviving after two successive years of below-5% growth when it hit decadal lows.

Rise in indirect tax collections well below year's 25% target

Indirect tax collections rose 12.3 per cent in September over a year earlier, to Rs 48,012 crore as compared to Rs 42,738 crore in the same month last year, due to a big rise in customs duty collection. Even so, the September growth was lower than the 26 per cent target for the current financial year. The excise duty collections also fell indicating manufacturing is yet to gather steam. Collections from customs duty were Rs 18,116 crore in September, compared with Rs 13,644 crore in September 2013, marking a rise of 32.8 per cent. Service tax collections rose 5.8 per cent to Rs 15,608 crore.

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Be yourself: *no matter what other people think. God made you the way you are for a reason. Besides, an original is always worth more than a copy!*