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Contents

SECRETARY GENERAL'S DESK

IMPORTANCE OF AGRICULTURE IN INDIAN ECONOMY

Significance of Agriculture Sector :

Agriculture plays a significant role in our economy, as it not only provides food and raw material but also employment opportunities to a very large portion of our population. Both industry and agriculture are important for the progress of our country, but since independence, we have made greater efforts in the field of industrial development. However, agriculture provides us with our very basic requirement - that of food in the form of grains, vegetables, fruits and many other edibles. In addition, it provides raw materials for many industries. Thus, it not only fulfils one of our essential needs but also gives support to industries. Its role in our country's economy will continue to be of great importance. There are many agricultural products which are exported and in return valuable foreign exchange is earned which strengthens the economic system of our country. Hence, it is important to give more attention towards encouraging and developing our agricultural sector.

In a developing country like India where a very large proportion of income is spent on food and the population is increasing rapidly, *the demand for foodgrains* has been increasing at a fast rate. Agriculture has played an important role in meeting almost the entire food needs of the people. The production of foodgrains in India has increased from 51 million tones in 1950-51 to 260 million tones in 2011-12, i.e. by a little more than 5 times in 7 decades. This has enabled the country to overcome the problems of foodgrain shortages and our country is almost self-sufficient in foodgrains and it no longer depends on import of foodgrains.

The agricultural sector is significant as it provides *greater employment opportunities* which includes employment in the construction of irrigation projects, drainage system and other such activities in addition to the core agriculture activities. With the fast growing population and high incidence of unemployment and disguised unemployment in backward areas, it is only agriculture sector which provides more employment chances to the labour force. In India, the main occupation of our working population is agriculture with around 65 per cent of our population being engaged in agriculture. This high proportion in agriculture in our country is due to the fact that the non-agricultural activities have not been sufficiently developed to absorb the rapidly growing population. In advanced countries, this ratio is very small, being 5 per cent in U.K., 4 per cent in USA., 16 per cent in Australia, 14 per cent in France, 21 per cent in Japan and 32 per cent in USSR.

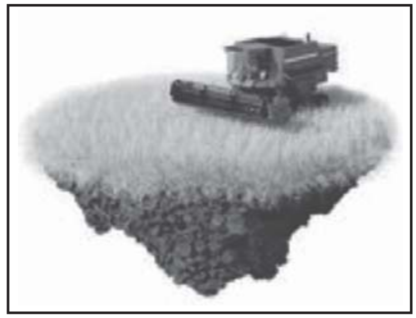
V.S. RATHORE
Secretary General, COSIDICI

Agriculture also provides the *source of raw materials* for the leading industries like cotton and jute textiles, sugar, tobacco, edible and non-edible oils etc. All these depend directly on agriculture. Apart from this, many other sectors like processing of fruits and vegetables, dal milling, rice husking, gur making etc. also depend on agriculture for their raw material. According to United Nations Survey, the industries with raw material of agricultural origin account for 50 per cent of the value added and 64 per cent of all jobs in the industrial sector. Agriculture also provides *markets for a large number of industrial products*. Since about two thirds of India lives in rural areas, there is a large rural purchasing power which has created a large demand for all types of industrial products. Green revolution and resultant growth in agriculture income has considerably increased the purchasing power of the farmers. Thus, the demand for various products like cars, motorcycles, scooters, cycles, radios, television, torches, lead batteries, clothes, footwear, soaps, detergents etc. has witnessed a marked increase. Likewise, the demand for a variety of agricultural inputs like tractors, pump-sets, chemical fertilizer, pesticides etc. has increased sharply. This has stimulated the development of industries manufacturing these products.

Agriculture has been a *major source of our national income* in the earlier years because of a very low industrial base, with 52 per cent of national income being contributed by agriculture and allied occupations in 1960-61. With industrialization, the share of agriculture in our national income came down to 42.4 percent in 1976-77 and further to 41.8 percent in 1981-82. In 2001-02, it contributed around 32.4 per cent of national income which was further reduced to 28 per cent in 2004-05 and to 14 percent in 2011-12. Contrary to this, the proportion of agriculture in national income of U.K. is only 3.1 percent, in USA it is 3 percent, 2.5 per cent in Canada, 6 per cent in Japan and 7.6 per cent in Australia. This indicates that more developed a country, the smaller is the contribution of agriculture in national output. However, in case of India, the low productivity in agriculture is also a reason for the fall in share of agriculture in national income.

Agriculture also plays an important role in the Indian economy *as an earner of foreign exchange* through exports of agricultural commodities like tea, cotton, coffee, jute, fruits, vegetables, spices, tobacco, sugar, oil, cashew kernels, etc. In the 1960s, export of agricultural products accounted for around 45% of the export earnings of the country. However, with economic development and consequent diversification of our exports, the share of agriculture in total exports has come down to about 10% in 2011-12. All these exports bring valuable foreign exchange to pay for the increased imports of oil, machinery and raw materials required in the non- agricultural sector.

Agriculture also helps in the *development of tertiary (or service) sector*. Various means of transport like roadways and railways get bulk of their business from the movement of agricultural commodities and raw materials.



Agriculture is the major source of income for railways and roadways which transport bulk of agricultural produce from farm to the mandies and factories. A significant part of internal trade constitutes mainly of agricultural products.

The development of agriculture provides *necessary capital for the development of other sectors* like industry, transport and foreign trade. In the course of economic development, agriculture employs majority of people. This means raising the level of the national income and standard of living of the common man. As agricultural development takes place, output increases and marketable surplus expands which can be sold to other countries. The rapid rate of growth in agriculture sector gives progressive outlook and further motivation for development. More and more people get engaged in mining, manufacturing and other non- agricultural sector. This helps to create proper atmosphere for general economic development of the economy. In fact, economic development depends on the rate at which agriculture grows. Here it is worth mentioning that the development of Japan and other countries were made possible by the surplus of agriculture.

Major Issues facing Agriculture :

Low Productivity and lack of infrastructure:

Slow agricultural growth is a concern for policymakers in India as current agricultural practices are neither economically nor environmentally sustainable and India's yields for many agricultural commodities are low. Poorly maintained irrigation systems and almost universal lack of good extension services are among the factors responsible. Further, poor seed quality, inefficient farming practices, harvest spoilage and lack of cold storage which causes over 30% of farmer's produce to go waste hampers agriculture growth. Farmers' access to markets is impeded by poor roads, rudimentary market infrastructure, and excessive regulation. Although India has attained self-sufficiency in food production, the productivity of Indian farmers is below that of even some of the developing economies. The index of total factor productivity (TFP) in agriculture in India has increased from 100 in 1961 to 170 in 2009. During the same time it increased from 100 to more than 200 in Brazil, China and Indonesia. The yields of many crops in India are lower than many countries. Thus, there are a lot of opportunities for increase in TFP and yields in India with appropriate price and non-price policies (technology and extension, water management, marketing and rural infrastructure).

Non-Remunerative Prices :

The Indian farmer receives just 10 to 23% of the price the Indian consumer pays for the same produce, the difference going to losses, inefficiencies and middlemen. Farmers in developed economies of Europe and the United States, in contrast, receive 64 to 81%. Keeping in view the interests of the farmers as also of self-reliance, Government has introduced the system of Minimum Support Price (MSP) with the objectives of - *i) preventing fall in prices in the situation of over production; and ii) protecting the interest of farmers by ensuring them a minimum price for their crops.* These minimum support prices of various crops are based on the recommendations made by Agriculture Cost and Price Commission (ACPC) which takes into consideration the input costs and a favourable return to the farmers. Government has also been subsidizing cost of inputs like seeds, fertilizers etc. However, this minimum price security is not high enough to give incentives and surplus to farmers to increase their productivity by deploying modern farming techniques. Encouraging policies that promote competition in agricultural marketing will ensure that farmers receive better prices.

Going forward :

Agriculture growth is one of the important components for productive inclusion. Global experience shows that GDP growth originating in agriculture is atleast twice as effective in reducing poverty as GDP growth originating outside agriculture.

Going forward, it will be essential for India to build a productive, competitive, and diversified agricultural sector and facilitate rural, non-farm entrepreneurship and employment. ***Growth in agricultural sector would offer immense potential and opportunities to the State Level Financial Institutions (SLFIs), COSIDICI's Member Corporations, for financing non-farm enterprises and infrastructure development in the rural and semi-urban areas***. The Government of India places high priority on reducing poverty by raising agricultural productivity. However, bold action from policymakers will be required to shift away from the existing subsidy-based regime that is no longer sustainable, to build a solid foundation for a highly productive, internationally competitive, and diversified agricultural sector. The required level of investment for the development of marketing, storage and cold storage infrastructure is estimated to be huge. Though the future of India is industrialization, the contribution of agriculture would always be of vital importance for making India a powerful and stable economy. Several studies suggest India could eradicate hunger and malnutrition within India, and be a major source of food for the world by achieving productivity comparable with other countries.

(V.S. RATHORE)

APPOINTMENTS

- Shri C.V. Sankar, IAS has been appointed as Chairman & Managing Director, State Industrial Promotion Corporation of Tamilnadu Limited {SIPCOT}, Chennai vice Shri Hans Raj Verma, IAS.
- Shri Rajender Singh, IAS has been appointed as Managing Director, Himachal Pradesh State Industrial Development Corporation Limited {HPSIDC}, Shimla vice Dr. Ajai Bhandari, IAS.
- Shri P.H. Kurian, IAS has been appointed as Managing Director, Kerala State Industrial Development Corporation Limited {KSIDC}, Thiruvananthapuram vice Shri Tom Jose, IAS.
- Dr. Surya Pratap Singh, IAS has been appointed as Managing Director, The Pradeshiya Industrial & Investment Corporation of U.P. Ltd. {PICUP}, Lucknow vice Shri Dheeru Sahu, IAS.

- Shri Shailesh Bagauli, IAS has been appointed as Managing Director, State Industrial Development Corporation of Uttaranchal Limited {SIDCUL}, Dehradun vice Shri Rakesh Sharma, IAS.

QUESTIONS OF CYBERQUIZ~44

1. Which computer Scientist and artificial intelligence pioneer is a winner of Nobel Memorial Prize in Economics ?

[a] Herbert Alexander Simon; [b] Niklaus E. Wirth; [c] Robert E. Kahn; [d] Dennis Ritchie.

2. IBM's own engineers had preferred which microprocessor to the above Intel microprocessor for their PC ?

[a] NEC V20; [b] Motorola 68000; [c] Motorola 6800; [d] Intel 8086.

3. Which IBM PC was the first to support a hard disk ?

[a] PC Junior; [b] PC; [c] PC/XT; [d] PC/AT.

4. Which computer component developed by IBM in the 1970s has borrowed the name of Winchester - a famous rifle ?

[a] Floppy drive; [b] Scanner; [c] Magnetic disk drive with a sealed head/disk assembly; [d] Magnetic tape drive.

5. Which advertising agency created the Apple 1984 commercial, one of the all time great advertisements created in the USA ?

[a] Grey Worldwide; [b] Chiat/Day; [c] BBDO; [d] Foote Cone & Belding.

For Answers See Page No. 15

THE INDIAN GROWTH TRAJECTORY

*SONA MITRA**

The TRAJECTORY of India's economic growth has been commended across the globe for almost a decade now with the country's average annual growth rate of GDP ranging between 6-8 per cent every year. However, at the current juncture, India's growth bonhomie has slowed down, for more than a year now, as a consequence of several domestic and global economic factors. In the context of the declining trends in the growth rate, it has been argued by a section of the academia that since the spate in Indian growth rates was not based on the kinds of stimuli and methods of financing that have characterised the growth of some other more successful Asian economies, the Indian resilience to the global economic crisis is over. On the other hand, the government and the policy establishment within the country has been issuing statements assuring that the declining growth rates are just a one –off phase and would soon be reversed. A part of the blame has been placed with the Reserve Bank of India's reluctance to cut interest rates that were raised to combat inflation. But the more fundamental explanations being offered are poor performance of the global economy and the difficulty of pushing ahead with more 'reform' in India's heterogeneous polity.

In the context of India, the argument of inadequate reform is without much substance, given the spate of economic reforms that have taken place since early 1990s in all areas of policy and success. Simultaneously, in terms of the impact of the global recession, India should be less affected compared to other similarly placed economies due to its significantly lower trade integration with the developed countries.

Growth: Sectoral Composition

Although the infamous and low *"Hindu rate of growth"* was transcended as far back as the 1980s, India's growth story had picked up after 2003-04. The GDP growth rates were fluctuating in the initial years of reforms; however, India registered unusually high growth rates in GDP between 2003-04 and 2007-08. The growth rate reached a peak of 9 percent around 2005-2008. However, the rates dipped slightly in 2008-2009 during the global financial crisis to return back to its high in 2009-10. Unfortunately, this could not be sustained and since 2011-12, the growth rates have dipped to nearly half of what it had been. Given such trends, it is important to look at the sectoral composition of the growth rates to understand the nature of the growth.

A closer look at the growth rates by sectors show that the period of high rate of GDP growth also coincides with high contribution to GDP by the service sector. On the other hand, while the manufacturing sector growth rate in the early 1990s averaged at 3-4 per cent per annum and increased to almost 7-8 per cent during the high growth period, the contribution of manufacturing to GDP shows an evident stagnation and a decline after 2010-11 (Economic Survey of India, 2012-13). The contribution of agriculture to GDP has been negligible, which is also reflected in the dismal growth performance of the sector. The annual average agricultural growth rates between 2003-04 and 2008-09 has been around 2 per cent. (Economic Survey of India, 2012-13). With the onset of reforms, the agricultural growth suffered a setback as a consequence of declining public expenditure in the sector and loss of its 'priority sector' status in the planning and policy paradigm.

It is therefore, important to note here that while agriculture's contribution to GDP is negligible, it still forms the mainstay of majority of the population. The latest National Sample Survey (NSS) estimates on Employment and Unemployment Survey 2011-

12, shows that almost 50 percent of total employed are still engaged in agriculture. The largest contributor to GDP, i.e. the service sector (contributing nearly 32 per cent of GDP as per the National Accounts Statistics, 2011-12 estimates, CSO-GOI), hardly has 11 percent of the workforce engaged in the sector. Service sector here refers to Financial Services, Real Estate, Public Administration, Social and Community Services and other service activities (Employment and Unemployment Survey 2011-12 NSSO). With the inclusion of Trade and Transport sectors within the service sector, the share in GDP rises to almost 60 per cent and the share in employment stands at 26.9 percent by the same estimates.

Growth and Employment: Links

Therefore, while the high GDP growth led by a surge in service sector has been a major characteristic of the Indian growth story, whether the growth has translated into employment generation requires a close look into the employment growth patterns. By the latest figures National Sample Survey (NSS) estimates on Employment and Unemployment Survey 2011-12, the overall rate of growth of employment has declined from nearly 3 per cent in1999-00/2004-05 to 1.2 per cent in 2004-05/2011-12. There is an observed decline of the annual average overall employment growth rates in both rural and urban areas. The decline is sharper among the age group of 15-59, which is by definition, the working age group.

In terms of employment elasticity as well, the indicators do not present a favourable picture. Employment elasticity essentially measures the employment generating capacity of growth within a particular sector and is the ratio of employment growth rate to rate of growth of value added in the sector. Such exercises show that the total employment elasticity for the decade 1999-00and 2009-10 hovers at a low rate of 0.2, thus indicating the overall lack of employment creating capacity of the GDP growth witnessed in India. Within the manufacturing sector, the employment elasticity has declined from 0.47 to 0.25 while for the service sector, it has although improved, but is substantially low at 0.28 over the two decades of 1993-94 and 2009-10 (Table 1). The financial services show high employment elasticity with respect to GDP but the total share of employed within the sector remains at less than 1 per cent (Employment and Unemployment Survey 2011-12, NSSO). It is also known that the employment elasticity of service sector is low due to its intrinsic character, advanced use of technology and a resulting inability to absorb more labour, and therefore the onus of labour absorption lies on the manufacturing sector; but, given the declining elasticity of manufacturing employment associated with a stagnation in manufacturing sector's share in GDP, the rate of growth of employment in manufacturing has also stagnated at around 3 per cent by the latest count.

Given such patterns, it can be fairly assessed that high growth rates in GDP have not translated into adequate employment generation in India. In fact in the last two years, when the data speaks of reversal in employment situation towards the better, the GDP growth rate has plummeted downwards as shown earlier. While such trends do not establish direct correlation between growth and employment, they do raise concerns about the inclusiveness of the growth process. Generation of sustainable livelihood forms the core of an inclusive growth process. From the employment figures, it is evident that such features have been missing from the Indian growth story. The features discussed in the Indian growth pattern shows ample potential for a default. While a decline in growth rates in the last two years does not signify the end to the 'success of Indian Growth', it does mark an important juncture to revisit the 'trickle down' aspect of growth and analyze the 'inclusiveness' in the Indian growth trends. At the current juncture, where a number of macroeconomic concerns are plaguing the Indian economic ranging from rapid depreciation of rupee and resultant increase in Current Account Deficits, increased inflationary pressures and declining services and manufacturing growth, a revival would be possible by greater emphasis on employment-generating growth.

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REFORMING INDIA'S LAND POLICY

*Maitreesh Ghatak**
*Parikshit Ghosh**
*Dilip Mookherjee**

As India struggles to reverse the economic slowdown that has followed a decade of high growth rates, it is increasingly becoming clear that a critical determinant of our economic future will be the handling of problems surrounding the land. There are two major reasons why this is so. The reallocation of resources from agriculture to manufacturing and services is the *sine qua non* of development. This structural transformation cannot be achieved without rapid improvements in the agricultural productivity and release of enough surplus labour to run the factories. Low yields in Indian agricultural have a lot to do with the imperfections in land markets- inequality, fragmentations, lack of good land records, ill-defined and often insecure property rights, the disincentives of tenancy, and the inability to use land titles as collateral that lead to credit constraints. Unless measures are taken to increase productivity significantly, food supply could become a serious bottleneck.

The second reason that land is so important is, our high population relative to land available, and its concentration in fertile areas. In India, the space required for non- agricultural production must come largely at the expense of farmland. Stiff resistance to land acquisition has sprung up all across the country in the last decade or so from the *Narmada Bachao Andolan* to Singur. It is the sign of a maturing democracy that it is no longer easy to evict poor people in the name of progress.

This is not to say that the problems have gone unrecognized or that legislative efforts have been absent. Two of the signature laws passed by the government have to do with food security and land acquisition; a new bill on land reforms is also in the pipeline. However all these initiatives, despite being well-intentioned, have not paid sufficient attention to the operation of market forces- both its limitations and possibly benign uses to which they can be put.

There is insufficient recognition of informational constraints facing decision-makers and the often unintended consequences of policies through how they shape incentives of various affected parties. Both are likely to be serious hurdles in the way of implementation.

The Land Acquisition Act

The Land Acquisition Act of 1894 has defined the framework for eminent domain in India until now. This law required that compensation has to be equal to the local market price for land based on circle rates and recently recorded sale deeds. The new law brings about three significant changes. First, compensation has to be much higher - two times the market price in urban areas and up to four times in rural regions. Second, landowners as well as 'livelihood losers' (individuals like sharecroppers and labourers who made a living off the land) are now entitled to an R&R package. Third, the procedural hurdles have been raised - acquisition now needs more clearances from more committees and further in the case of private companies, consent of at least 70 per cent of the affected population is required.

To evaluate the new law, it is first necessary to understand what was wrong with the old one. Simply put, compensation at market price is a deeply flawed principle. The market price of land should not be confused with its value to the owner. The latter derives from many factors including crop output, employment for family labour, food security, use as collateral, protection against inflation and social status. The value of land (and the price at which owners would be voluntarily willing to give up) is individual specific and varies considerably across owners. Even with a well functioning land market, many owners will end up putting a value on land that is higher than its market price. That is precisely why they have not already sold it!

Compensation at market price would be the right thing to do if what is being seized is a transferable physical asset traded on a perfect market, which can be repurchased at the going price. Consider two hypothetical scenarios: (a) the government needs to seize some cars from specific citizens (b) the government needs the forced labour of these citizens to meet some emergency. Setting aside the issue of liberty or property rights, compensation at market price is correct in the first case but not in the second. Those who have lost their cars can always buy back a similar vehicle with the compensation money. Those who were forced into several hours of work will not be able to buy back their time.

In the latter case, therefore, to pay just compensation, the true value of the workers' time must somehow be elicited. Imagine that a group consisting of self-employed doctors, lawyers and businessman were forced to work on some public works project and compensated at the "market rate", i.e., the going wage rate of comparable salaried workers. If this remuneration was enough, we should expect to see doctors and lawyers quit their private practice and take up salaried jobs. The price accepted by those who have self selected to be land sellers or employed workers cannot be projected onto those who have been forced into that role.

Land acquisition is, in principle, closer to the car example but given the realities of rural land markets in India, it is much closer to the example of forced labour. The thinness of land markets is a well- known phenomenon in developing countries. The market price of land is irrelevant if it is difficult to actually buy land at that price, just as it is difficult to find work at the going wage rate in a labour market riddled with frictions and high unemployment.

There are two additional reasons not to treat the market price based on past transaction prices as a benchmark for compensation. Acquisition of a significant quantity of farmland is a supply shock to the local agricultural economy that will raise land prices and rents by the usual laws of demand and supply. Historical prices are rising fast enough that the displaced owners are unable to buy back equal areas from the remaining pool of agricultural land. The project can itself create land price inflation through its economic spillovers, especially if it attracts ancillary industries to the region. An additional reason not to rely on recorded prices of recent transactions is that actual transaction prices are often under reported in India to evade stamp duty.

In light of this discussion, it should be obvious that compensation at market price is always under-compensation. How much it should be increased depends on the particulars of the case and should vary locally. The degree of land market imperfection, the fraction of land being taken, the nature of the project that will come up on the acquired land, the characteristics of farmers who lose land will all determine what markup is acceptable. There is evidence of considerable heterogeneity in this regard. A recent survey of households whose lands were acquired in Singur provides evidence of the heterogeneity of land valuations to owners and the important role this played in opposition to the land acquisition. The compensation offered by the West Bengal government was on average equal to the market values reported by the owners. Yet one third of these owners refused the compensation and opposed the land acquisition. This is partly explained by the inability of compensation offers to include information relevant to market values of individual plots, such as irrigation or multi- cropped status, or proximity to public transport facilities. Households for whom agriculture played a larger role in income, or those with a larger fraction of adult members who were workers, were less likely to accept the offer. This points to the role of income security as an important consideration, and the role of complementarity of land with farming skills that are non-transferable. Those who had a stronger financial interest (such as those who had purchased rather than inherited the plot or absentee landlords) were also less likely to accept.

The fixed mark-up introduced in the new law (with only a rural-urban distinction) is simply too rigid to serve its purpose all over the country. The problem is that getting this ratio correct is crucial. If it is set too high, the cost of acquiring land will become prohibitively large and industrialisation will slow down too much. It may also compromise farmers' interests by depriving them of windfall gains from profitable land conversion. If it is set too low, the problems seen in Singur will re-emerge. Moreover, we have come across no explanation why the multiplication factor was chosen to be two or four. Even as an averaged adjustment, it remains inscrutable.

Alternative Mechanism: Land Auctions

Ghatak and Ghosh (2011) argue that an auction based pricing mechanism should work much better than the arbitrary and rigid mark-up prescribed by the Land Acquisition Act of 2013. Here we will present the gist of the idea. As a first step towards acquiring land for any project, the government should buy land in the general neighborhood through an auction, procuring an aggregate area roughly equal to the size of the project site. Next, owners of unsold plots that lie within the intended project site can be compensated with land-for-land awards, that is, by giving them cultivable land of equal area outside the location. This will consolidate the acquired land into contiguous territory where the project can be located.

This mechanism has two major advantages. First, it incorporates a transparent way of determining price that takes discretion out of the hands of corruptible officials and bases it on the farmers' *own* valuation of land, elicited through competitive bidding. This will substantially reduce the coercive element of eminent domain and defuse the political resistance against development. It will also base compensation on the true current value of land to the owners instead of the artificial benchmark of a preexisting market price. Second, it will reallocate the remaining farmland to those farmers who place the highest value on land. These farmers can be expected to bid the highest asking price and will end up being compensated in land instead of cash. Essentially, the auction will simulate the missing land market.

The auction-based approach can be extended in various directions. The choice of location of a factory can also be decided by extending the auction to a multi-stage process. At the first stage, the industry in question or government could set a reserve price and minimum quantity of land needed. Next, different communities can be asked to bid for the factory to be located in their respective regions. These bids are set equal to the minimum price at which they can in turn, procure the necessary amount of land from landowners within their areas (as elicited by a local auction).

Decentralizing responsibility to local panchayat bodies in conducting these auctions within their jurisdictions will help minimize the sense of land acquisition being foisted on local communities by state or national governments in a top-down manner. In that case, panchayat leaders would have to be trained by bureaucrats to conduct such auctions. But this would be to help them acquire skills necessary for panchayats to take a more active role in business development within their respective areas.

In an op-ed piece in *The Hindu,* Minister of Rural Development, Shri Jairam Ramesh and his aide Shri Muhammad Khan justified eminent domain along these lines: "The State must have a role in acquisition given that land markets are highly imperfect in India and given that there are huge power and information asymmetries between the buyers and sellers of land." If the market is missing, what is needed is a mechanism that allows (a) discovery of the price that would prevail if a well functioning market was there and information about the project and its economic impact absorbed by all (b) the physical trades farmers would have carried out through the market post-acquisition. Note that our proposed auction does precisely this. The new law, on the other hand, is in effect a *non sequitur.* It does not close the gap left by market imperfections. Rather, it tries to rectify matters through pure guesswork.

Reviving Rural Land Markets

As we have outlined in the previous sections, the problems encountered in the course of land acquisition arise from imperfections in the land market. Many factors contribute to the dysfunctional state of rural land markets-poor land records that make it difficult to officially transfer ownership, the presence of tenancy and land ceiling laws lead to concealment of ownership status and roadblocks on the way to sales, limited mobility of potential buyers, lack of brokerage services and limited flow of information about buying and selling opportunities. Given the limited reach of the formal banking sector, another factor is the difficulty of financing land purchases.

On the flip side, in a world where there is very little access to formal sources of insurance, credit, and savings opportunities, land is not merely an income- generating asset but an insurance policy-cum-collateral-cum-pension plan as well. Therefore, even if land markets operated relatively smoothly, poor farmers may be more reluctant to sell than what some simple cost-benefit calculations of returns from agriculture will suggest.

Because land is not an easily tradable asset, owners are often unable to use it as collateral to obtain loans, contributing to credit market imperfections. The difficulty of obtaining financing, on the other hand, introduces considerable frictions into the land market and prevents ownership from being transferred from less productive to more productive farmers. Furthermore, imperfections in the credit market also lead to suboptimal investment in land even by owner cultivators, and pose an obstacle for the adoption of new agricultural technologies that often need expensive complementary inputs like HYV seeds, fertilizers and water. All this underscores the importance of land reforms, not only from the point of view of social justice and equality, but also for the purpose of raising yields and enabling the shift of resources into manufacturing and services. Better defined property rights over land would not only allow operational holdings to reach closer to optimal size, but also increase productivity indirectly by strengthening credit markets and leading to multiplier effects.

It is also critical to getting compensation rights for land acquired by the government. The Singur experience showed that a key problem underlying resistance of one third of all owners to the acquisition stemmed from the outdated land record. The last cadastral land survey in Bengal was carried out by the colonial British administration in the 1940s. Subsequent updating of these records are based on efforts of landowners to navigate the complex and corruption-ridden land registration offices. The disincentives were compounded by the likelihood that the revision of the records would likely raise the property taxes assessed. Thus, the irrigation status of many plots had changed since the last date for which records were available, resulting in mis-classification and payment of compensation according to the recorded status. Owners that had invested in irrigation facilities were compensated at rates assessed for unirrigated lands, which were too low. Owners whose plots had been correctly recorded were considerably more likely to accept the offered compensation. The compensation rates *per se* were not the problem. Rather, it was the assessment of the type of plot. Calculation of the correct market price therefore, requires up-to-date accurate land records.

The new land reform bill, therefore, assumes particular importance, as is the administrative drive to complete land records and create computerized databases for quick access. One way to create improved land records is to provide incentive to owners to volunteer information and seek formalization of their status in official records. The key problem is that redistributive measures like ceiling laws encourage concealment and the widespread practice of holding *benami* property. On the other hand, the possibility of facing acquisition for public purpose is one reason owners may want to get their title deeds in order. This suggests a possible complementarity between the land reforms and the land acquisition process, where improvement in the former will facilitate the latter. And likewise, the prospect of land acquisition will render implementation of the land ceilings easier. Other rewards for disclosure can also be considered, such as tying it with various government services and benefits such as loans from public sector banks, increased work and food entitlements through NREGA or the PDS, subsidized inputs, etc.

Also, in the light of our failure to implement the land reform laws in most states for more than half a century, perhaps ceilings should be relaxed to give officials a better shot at implementation. This is especially true in the light of evidence that suggests that overall for all states, land-reforms legislation had a negative and significant effect on agricultural productivity, and decomposing by type of land reform, the main driver for this negative effect seems to be land-ceiling legislation. Even incentive measures similar to tax amnesities could be considered to encourage disclosure and complete land records. The regulations and restrictions on sale of agricultural or tribal land serve no real purpose and often hurt the groups they are supposed to help. They greatly impede efficient land use and also take away an important tool of social mobility from the SC/ST population. They make it difficult for members of the tribal population to move out of agriculture and also discourage investment and industrialization in tribal areas for the ostensible purpose of preventing “exploitation”. They place the Forest Rights Act directly in conflict with conservation efforts. The idea of formalizing property rights over forest land should not be to make these open to cultivation and deforestation, but to entitle the rights holders to compensation if they have to be displaced from their traditional foraging and hunting grounds. More generally speaking, the most significant failure of many current policy initiatives on land is the inability to combine idealism with pragmatism, to balance distributive concerns and aggregate goals like industrialization or conservation of forest cover. Distributing our land endowments more equally is important for social justice, but this has no real conflict with allowing land markets to function smoothly and promoting the best use of land.

■■■

**** Maitreesh Ghatak is Professor of Economics at the London School of Economics.***

**** Parikshit Ghosh is Associate Professor at the Delhi School of Economics.***

**** Dilip Mookherjee is Professor of Economics at Boston University.***

Courtesy - YOJANA

Success should be measured by the yardstick of happiness; by your ability to remain in peaceful harmony with cosmic laws.

- Paramahansa Yogananda.

PROFILE OF MEMBER CORPORATIONS

Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC)

Shri Jayesh Ranjan, IAS
VC & MD, APIIC

Shri Jayesh Ranjan, IAS is presently Vice Chairman & Managing Director of Andhra Pradesh Industrial Infrastructure Corporation Ltd. He holds a Masters Degree in Psychology from Delhi University, a degree in Business Management from the Indian Institute of Management, Kolkata and a Masters in Public Management from Lee Kuan Yew School of Public Policy, National University of Singapore. His previous assignments have been in the Tourism Department of the State Government as its Secretary, and in Hyderabad Urban Development Authority (HUDA) as Vice Chairman, both for three years each, and various rural assignments in different parts of the State for over 12 years, working in diverse sectors like Tribal Development, Natural Resources Management, Poverty Alleviation and other related Social Development Sectors. Shri Jayesh Rajan supports many social, cultural and charitable causes, and is on the Board of United Way (Hyderabad), Save A Child's Heart (SACH) Foundation, Young Lives India, APMAS, ML Jaisimha Sports Foundation, Hyderabad 10K Foundation, Vijaya Foundation Trust, Ushalakshmi Breast Cancer Foundation, LSN Foundation and Tejas Foundation.

APIIC works towards identifying industrial development opportunities in the State, attracting investments and providing the required infrastructure support to the industrial units.

Objectives

To formulate, promote, finance, aid, assist, establish, manage and control schemes, projects or programmers, to provide and develop infrastructure facilities, including factory sites, factory sheds, godowns, marketing facilities, warehouses facilities of communications, power, water drainage, housing, hospitals and other medical and health and educational institutions and other services of any description in order to promote and assist the rapid and orderly establishment, growth and development of industries and commerce in the State of Andhra Pradesh.

To aid, assist, promote and finance industries set up in the factory sheds constructed or factory sites developed by the Company, whether owned or run by Government, statutory body, co-operatives, company, firm or individual or others and to provide them with capita, credit, means and resources for the prosecution of their work and business and to enable them to develop and improve their management, production and marketing techniques.

To implement schemes of incentives (financial and otherwise), subsidies and the like formulated by the Government of Andhra Pradesh, Government of India or other authorities or institutions and to administer such schemes in incentives as may be devised by the company from time to time in the interest of the establishment and development of industries and commerce in the State of Andhra Pradesh.

To carry on the business of hire purchase in, or to enter into hire purchase agreements with respect to the purchase and sole of, any goods, plant and machinery, tools and implements as aforesaid with any person, association, society or other body corporate on such terms and conditions as may be lawful.

To promote, establish, improve, develop, administer, own and run Tools Rooms, Pattern Shops Service Shops, Repair Shops or Work Shops to maintain, repair, refine, manipulate, alter or improve any plant, machinery, implements, accessories, appliances, apparatus, tools, goods or things of any description capable of being used by any customer of or person having dealings with the Company, or commonly dealt in by persons engages in any such business which may seem capable of being profitably dealt with by the Company and to manufacture, import, export, buy sell or otherwise deal in workshop machinery of all kinds.

To undertake such other activities, industrial, commercial or financial, which will create conditions conducive to the growth of industries in the State of Andhra Pradesh.

Industrial Parks

The Industrial Areas ranges from 15 acres to 2500 acres. The Corporation has presence in each and every Mandal Head Quarters of the District. A large number of leading industrial houses have their presence in these Industrial Areas. Some of them are BPL Engg., Kirby Building Products, Asian Paints, GVK, ITW Signode, Aurobindo Pharma, Widia India, Raasi Refractories, Lanco Kondapally Power Corporation, BSES Andhra Power etc.

The Industrial Areas are equipped with approved layouts, internal roads, water supply and power supply. The Corporation has also encouraged setting up Common Effluent Treatment Plants at Jeedimetla and Patancheru and also Treatment Storage Disposal Facility (TSDF) at Dundigal under Jeedimetla Zone.

Public Private Partnership Projects

APIIC has entered into partnership with the private sector to mobilize financial resources and expertise to meet the growing demand for infrastructure services. Some of these projects are - Hyderabad Information Technology and Engineering Consultancy (HITEC City-Cyberabad); Mind Space Project; Integrated Township & Convention Centre; Visakhapatnam Industrial Water Supply Company; Jawaharlal Nehru Pharma City, Visakhapatnam; IT/ ITES SEZ, Vijayawada; Hyderabad Pharma Infrastructure and Technologies Limited; Hyderabad Information Technology Venture Enterprises Ltd.(HITVEL) & Cyberabad Trustee Co.Pvt.Ltd.(CTCPL); FAB City, Ranga Reddy District; Bhartiya International SEZ Ltd. and Development of Trade Tower & Business District.

Industrial Clusters

APIIC is developing Industrial Parks in all the districts of Andhra Pradesh and has decided to develop industrial clusters based on the parameters like demand and the availability of the products in the surrounding areas of the cluster locations by availing Government of India grant under MSE-CDP scheme for the newly developing clusters and upgradation of existing Industrial Parks.

That happiness which comes after misery is all the more enjoyable; it is to one scorched in the sun that the shade of the tree gives exceptional relief.

- Kalidasa.

LETTER TO THE EDITOR

Dt.: 14th October, 2013

Dear Editor,

I have received your July-August, 2013 Issue of bi-monthly Journal – 'COSIDICI COURIER' and it is really informative and educative. I hope that this journal serves as a guide for economic upliftment of the country and individuals. Moreover, I am happy to note that COSIDICI renders assistance to its Member Corporations in their efforts to improve efficiency of operations of their assisted and sponsored units, as, there is an imperative need to further promote and nurture these enterprises for sustainable and inclusive growth of the national economy.

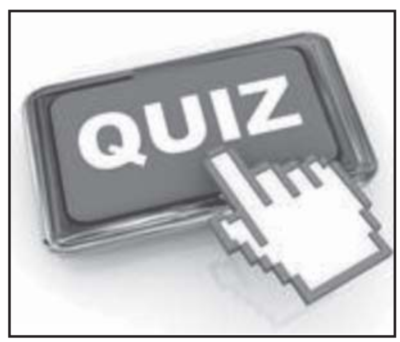
Best Wishes,

Sincerely,

Sd/-

(Rubinder Singh)
Chief Executive Officer PDCOR Limited
{A Project Dev. Co. jointly promoted
by Govt. of Rajasthan & IL&FS Group}
LIC Jeevan Nidhi Building,
Bhawani Singh Road, Jaipur

ANSWERS OF CYBERQUIZ~44



1[a] ***Herbert Alexander Simon :*** Simon has contributed significantly in a number of fields such as cognitive psychology, computer science, economic sociology, philosophy and public administration.

2[b] ***Motorola 68000 :*** IBM already had rights to manufacture the 8086 family, in exchange for giving Intel the rights to its bubble memory designs. Moreover, 68000 components were not widely available at that time.

3[c] ***PC/XT :*** The original first generation IBM PC did not have a hard disk.

4[c] ***Magnetic disk drive with a sealed head/disk assembly :*** The origin of the name Winchester drive goes like this. A prototype of IBM 3340 developed in 1973 had two 30-megabyte volumes of disk drives. Somebody noticed that this 30-30 combination has a similarly with Winchester rifle, in which the first 30 refers to its caliber and the seccond to the grain weight of its charge.

5[b] ***Chiat/Day :*** The commercial, based on George Orwell's science fiction classic 1984, was aired on January 22, 1984 during a break in the third quarter of Super Bowl XVIII. Interestingly, the Board of Directors of Apple was not impressed with the commercial during the preview and wanted it not to be aired! The commercial, shown only once nationally went on to create media frenzy and was voted one of the most influential marketing campaigns of all time. This ad agency is now known as TBWA/Chiat/Day, and is the U.S.A. division of the advertising agency TWBA/ Worldwide.

DO YOU KNOW !

Top 16 Uses of Petroleum

BUNKER FUEL Bunker fuel, which is also know as heavy oil, is used to power ships. It typically contains a high number of pollutants and contaminants. Use is increasing with the shipping associated with global commerce.

DETERGENT All soapless detergents used to wash clothes and dishes are derived from the petrochemical glycerin.

PLASTICS All plastic, unless it is “bioplastic”, is made from petrochemicals. Every product made from or containing plastic is a product that exists only through the distillation of petroleum.

JET FUEL The standard type of jet fuel, Jet A, is a petroleum product with a number of additives to prevent sparking, gumming, corrosion, and icing.

DIESEL FUEL Diesel, unless it is “biodiesel”, is made from refining crude oil. It is generally used in medium- and heavy-duty vehicles requiring a great deal of power and torque, like garbage trucks, road equipment, buses, and trains.

HEATING OIL Heating oil is a petroleum product used to fuel furnaces or boilers. In the U.S., most heating oil is consumed in the northeast.

SYNTHETIC RUBBER- Synthetic rubber is used for car tires and rubber soles on shoes. The demand for synthetic rubber is four times greater than that for natural rubber.

SYNTHETIC FIBERS- Polyester, nylon, and acrylic are all derived from petrochemicals. They are used for curtains, carpets, rope and even our everyday clothing.

FERTILIZERS & PESTICIDES- All major commercial fertilizers are ammonia based, made from natural gas, and most commercial pesticides come from oil.

PAINT -Plastic and oil based paints, as well as paint additives, are manufactured from petrochemicals.

GASOLINE- Gasoline is the most commonly used product by Americans for their day to day transportation needs. 45% of all oil used in the U.S. goes to gasoline, which means we consume in excess of 180 million gallons of gasoline a day.

PHOTOGRAPHIC FILM - Pertochemical ethylene is what is used in photographic film.

FOOD ADDITIVES - The shelf life of canned foods can be increased by food additives, derived from petrochemicals.

MAKE UP - Make-up’s that contain oils, perfumes, waxes and color, are derived from petrochemicals.

MEDICINE - Acetylsalicylic acid (ASA), the active ingredient in many pain reliever medicines, is manufactured from petrochemicals.

CANDLES - Wax is a raw petroleum product.

When we have inner peace, we can be at peace with those around us. When our community is in a state of peace, it can share that peace with neighbouring communities.

The XIV Dalai Lama.

ACTIVITIES OF COSIDICI

Executive Committee Meeting :

The Executive Committee Meeting and Annual General Body Meeting of COSIDICI were held on October 18, 2013 at India International Centre, New Delhi. The members appreciated the Training Programmes co-ordinated by COSIDICI for the officers of SLFIs and felt COSIDICI may co-ordinate/collaborate with the Ministry of MSME or Ministry of Urban Affairs, SIDBI, National Productivity Council and National Institute of Urban Affairs {NUIA} to hold more varied training programmes. A Training Coordinator could be hired by COSIDICI on retainer basis for this purpose. Some of these programmes may be jointly for officials of SFCs & SIDCs which may include topics like recovery u/s 29, 30, 31 & 32, project appraisal, risk appraisal etc. COSIDICI may organize Training Programme on issues related to Environmental Clearances, Land Acquisition Act, setting up of Common Effluent Plants, etc. for SIDCs/SIICs.

The members held meaningful discussions on financial restructuring & revitalisation of SFCs and agreed that the changing economic scenario necessitated that SFCs change their business plans so as to remodel and reinvent themselves in a manner as done by IDBI, SIDBI. It is a well known fact that world over financing of first generation entrepreneurs just like venture funding, is a risky business where failure rate can be as high as upto 30%. The commercial banks are reluctant to provide finance to first generation entrepreneurs. SFCs are providing finance to this high risk sector which promotes industrialization in all corners of the country. However, such lending results in higher NPAs. The State Governments which are the major stakeholder in these institutions therefore, needed to proactively support these organisations. APSFC, KFC, KSFC, RFC, TIIC, WBFC, AFC etc. had all been supported by their respective State Governments over the years due to which they continue to fulfill their socio-economic role of nurturing the MSME sector which is the backbone of the country's economy. A study of Standard Assets conducted by KSFC in the year 2009 had found that for every Rs.1 crore which KSFC had loaned to a unit, that unit gave around Rs.18 lakh as tax revenue to the State Government besides generating jobs. Keeping this in view many of the State Governments had given interest subvention to the SFCs in their States. Recently, Rajasthan Financial Corporation had promoted Young Entrepreneurs Incentive Scheme for which the State Government had given an interest subvention of 6% for giving loans to the deserving young entrepreneurs. The loans by Rajasthan Financial Corporation under this Scheme would be eligible for CGTMSE cover as a special dispensation. The cover would be for loan upto Rs.90 lacs with an aggregate limit equal to 15 times of the contribution to be made by RFC to CGTMSE corpus. Similarly, Schemes to promote industry had been started by the TamilNadu Government (Need) and Kerala Government (Entrepreneur Mission). Some of the SFCs viz. KFC & EDC Goa were also working as Nodal organisations of their respective State Governments and were generating fee base income. Other SFCs could also introduce these new initiatives taken by some of the SFCs as mentioned above. The Executive Committee felt that SFCs needed to showcase their achievements so that they could get the much needed funds at low cost. The SFCs had the potential of building themselves into a brand. A national data bank of all SFCs could be built wherein their contribution towards the State economy could be highlighted.

The Executive Committee appreciated the assistance given by COSIDICI to Rajasthan Financial Corporation in successful implementation of phase one of the above scheme, in evaluating the project ideas in a transparent and objective manner. It urged the members to make use of COSIDICI's services in this respect to introduce similar scheme for encouraging and incentivizing new entrepreneurship amongst the youth who have innovative ideas and zeal to set up there own ventures.

COSIDICI had organized a Presentation by IL&FS on its services offered through Gujarat International

Finance Tech City [GIFT], Ahmadabad which was appreciated by the Executive Committee. The Executive Committee was informed that GIFT is a Joint Venture between Gujarat Urban Development (GUDC), Government of Gujarat and IL&FS (50:50) and its objective is to provide world class infrastructure as well as modular services for all back-office needs of Banking, Financial services and Insurance {BFSI} sector. The Executive Committee felt that IL&FS team could approach SFCs/SIDCs/SIICs individually to work out possible areas/facilities being provided by GIFT which could be utilized by the Corporations as per their requirements on case to case basis.

ANNUAL GENERAL MEETING :

The Annual General Meeting of COSIDICI was held on October 18, 2013 at India International Centre, New Delhi. The following were elected as the Members of the Executive Committee of COSIDICI for the Year 2013-2014 **: -**

Shri P. Joy Oommen, IAS, M.D., KFC, Thiruvananthapuram as the President of COSIDICI For the Year 2013-2014. Shri Yaduvendra Mathur, IAS, CMD, RFC, Jaipur; Smt. Vandita Sharma, IAS, M.D., KSFC, Bangalore; Shri Tarun Bajaj, IAS, M.D., HSIIDC, Chandigarh; Shri T. Satyanarayana Rao, IAS, M.D., APSFC, Hyderabad; Shri J.P. Gupta, IAS, M.D., MSFC, Mumbai; Smt. Anita Rajendra, IAS, VC&MD, APIDC, Hyderabad were elected as Vice-Presidents. Shri B.V. Selvaraj, IAS, CMD, DFC, New Delhi; Shri P.B. Ramamurthy, IAS, M.D., KSIIDC, Bangalore; Shri B.B. Swain, IAS, Vice CMD, GIDC, Gandhinagar; Shri Naveen Mahajan, IAS, M.D., RIICO, Jaipur; Shri S.K. Prabakar, IAS, CMD, TIIC, Chennai; Shri Amlan Baruah, IAS, M.D., AFC, Guwahati; Shri Bhushan Gagrani, IAS, CEO, MIDC, Mumbai; Shri S.P. Bhat, M.D., EDC Ltd., Goa were elected as Executive Committee Members. Besides, Shri M. Muazzam, M.D., J&K SIDCO, Srinagar and Shri T. Wangchuk, M.D., SIDICO, Gangtok were co-opted as E.C. Members for the Year 2013-2014. The contents of the Annual Report of the E.C.M. of COSIDICI for the Year 2012-2012 were noted and approved by the General Body which also approved the audited statements of accounts for the Year 2012-2013.

COSIDICI Signs MoU with Iam SME of India :

COSIDICI signed an MoU with IamSMEofIndia on September 27, 2013 to strengthen the SME growth and enhance their business success. IamSMEofIndia facilitates the growth and Development of Micro Small & Medium Enterprises (MSME's) through various innovative programs such as Collective Bargains, Credit Facilitation Centre, Collateral Free Line of Credit from SIDBI, ICT Solutions such as IamSMERP, Export Facilitation Centre, and Innovation Centre etc.

On this occasion Shri Yaduvendra Mathur, IAS President, COSIDICI said, *"Through this partnership, COSIDICI envisions to empower SME borrowers of our members by connecting them with best business practices, lean manufacturing, succession issues, energy efficiency and good financial management. Along with IamSMEofINDIA, COSIDICI has created a roadmap to reach out to the SMEs and create the synergy required to propel growth in the SME sector and our combined objective will remain to support the development of the industry."* The MoU has been signed to introduce IamSMEofIndia to the Member Corporations of COSIDICI for the growth & development of SME's across the country. Under the MoU the IamSMEofIndia will render assistance to COSIDICI member corporations in their efforts to improve efficiency of operations of their assisted and sponsored SME units. It will also organize common service facilities, training courses, seminars, meetings and study tours for the benefit of the member corporations as well as studies, surveys, research and development projects pertaining to SME sector industries.

The association will on case to case basis, provide Mentoring, Advisory, hand-holding for start-ups as well as existing MSMEs, counsel them and act as one-stop hub for various essential services like Quality Systems/Certifications, Lean Manufacturing Systems, Cost Management, Energy, Efficiency, Performance and credit rating, Innovation support, Technological advice, Collective, Credit Counseling, Compliances of taxes, Human Resource Management, Environment Management, Marketing assistance, Brand Building, Web presence, Export-Import Information and Facilitation. Skill Development, IT tools, ERP, Bar-coding and other services as per requirements of individual MSMEs based upon diagnostic study and roadmap thus decided.

■■■

Cost, awareness levels keep technology away from MSEs

A study - Understanding and Overcoming Barriers to Technology Adoption Among India's Micro, Small and Medium Enterprises: Building a Roadmap to Bridge the Digital Divide - was done by Intuit Inc in collaboration with the ministry of MSME, the National Institute of Entrepreneurship and Small Business Development and the National Small Industries Corporation has identified the main barriers that keep Indian Micro And Small Enterprises (MSEs) from adopting new technology that helps them compete and grow. These are cost; a lack of awareness of the benefits of technology; lack of skilled manpower; security and privacy concerns, and poor infrastructure. The survey was conducted on 748 MSEs across 12 cities in India.

The report stated that software usage is basic and depends on popular products and established brands. Internet and mobile solutions, used for personal purposes, are not employed in businesses to the extent they are in business owners' personal lives. There is almost no customisation of solutions to meet specific business needs.

The report also said that MSEs are not yet convinced about the return on investment from technology adoption. Demonstrating value-addition for the business is critical and should be done using cost-benefit analyses and simple comparisons of growth between traditional operations and IT-based approaches, it said. The study said businesses that utilised numerous governmental and other stakeholder schemes benefited; yet, there appeared to be very low awareness of these programmes among small businesses. Recognition of specific programmes was as low as 1-4 per cent and only as high as 32 per cent. The report has recommended that all stakeholders, including the government, training institutions and the private sector, should work together to assess why existing communications about available resources are not reaching the end-user.

On the awareness front, neither government measures nor usage of technology was known among entrepreneurs. The Working Group on the 12th Five Year Plan had proposed to launch the Technology Acquisition and Support Scheme to assist MSMEs to develop or acquire technology. The government has also recommended merging the Credit Linked Capital Subsidy Scheme (CLCSS) for technology upgradation and relevant technology aspects of the National Manufacturing Competitiveness Programme with the new Technology Acquisition and Development scheme offered within the cluster framework. A budget of Rs.9,500 crore has been recommended by the Working Group on MSMEs' Growth for various schemes under the 12th Five Year Plan's technology platform.

Referring to usage of cloud technology, the study said its potential is tremendous but customers are not yet convinced of its benefits - and that may be because it is not well-defined among India's MSEs or those who are providing solutions. "...they are hesitant to do so until issues relating to security and reliability are addressed and communicated. Concerns today may outweigh benefits if those benefits are not well-defined by providers and policymakers or experienced first-hand by the end-user. MSEs can be encouraged to increase spending on the cloud through a simple comparison of the costs of using traditional methods versus leveraging cloud computing. The study quoted an example where small businesses using SaaS-based enterprise resource planning saved Rs.37, 000 annually compared to others deploying traditional ERP.

The report said that targeting all of India's millions of MSEs would be inefficient and distract resources from where they could have the greatest impact. Therefore, an addressable audience needs to be identified. This community comprises the current moderate tech-adopters and the tech-aspirers, who are open to change and new ideas. Located primarily in professional services and the education sector, this addressable community is a prime target for cloud technology.

The study concluded by saying that in order to identify and implement impactful solutions, a collaborative approach with dedicated drivers and contributors is needed, and this should be a multi-stakeholder approach - a collective effort between the government, private industry groups, training organisations and the enterprises themselves.

Net enables SMEs to increase profits : Study

Research released by FICCI and Google shows that the Internet makes a big impact on Small And Medium Enterprises (SMEs) in India. A survey of 951 SMEs in various industrial and geographical clusters across India shows that of SMEs that use the Internet, 69 per cent experienced an increase in customers, and 63 per cent an increase in geographic reach, while 44 per cent saw an increase in employment. The study, by Nathan Associates, found that on average, a SME adopting the Internet for business operations is able to increase its revenues by 51 per cent, profits by 49 per cent, customer base by seven per cent and employment growth by four per cent.

The study revealed significant opportunities both for India's booming SME sector, where fewer than five per cent of all businesses even maintain a web presence, and for India's economy: small and medium enterprises are critical to the economic growth in India, where 47 million SMEs employ about 100 million people and contribute more than eight per cent of India's GDP.

According to the report, only 51 percent of online SMBs use the web to advertise a mere 27 percent use it for ecommerce. But with 95 per cent of businesses yet to even establish a website; India is poised for big gains as more small enterprises come online. The perceived benefits of using the Internet are significant: 64 per cent of respondents reported an increase in sales due to Internet use, 65 per cent an increase in profits, 69 per cent an increase in customers, 63 per cent in geographic reach and, 44 per cent in employment. Another finding was that doubling of Internet use in SMEs can generate 43 per cent higher profits for SMEs.

While email was used by almost all the Internet using SMEs (95 per cent), only 49 per cent of Internet-using SMEs had websites; IT & ITES and hospitality had the highest numbers, and the chemical products and foundry sub-sectors had the lowest. SMEs having websites perform better than the ones not having them. Despite perceived and actual benefits, certain problems and concerns hinder Internet adoption and prevent SMEs that have adopted it from realising its full potential. Sixty-one per cent of Internet-using SMEs are very concerned about the security of online financial and personal transactions. Only 23 per cent of surveyed SMEs engage in e-commerce; on average they have more revenue, employees, and customers than those that do not. Geographic clusters were selected on the basis of inputs from the Union ministry of MSMEs and the United Nations Industrial Development Organisation (UNIDO). Within the manufacturing, services, and agriculture sectors, Nathan concentrated on sub-sectors that contribute to foreign trade and which are expected to use the Internet in conducting business.

Government setting up two technology centres in Haryana for MSMEs

The government is setting up two technology centres in Haryana with a cost of Rs.225 crore for MSMEs to make their products globally competitive. MSME Minister, Shri K.H. Muniyappa laid down foundation stone for the centres at Rohtak and Saha in Haryana. The minister said in Ambala that a total of 15 technology centres are being set up across the country at an investment of Rs.2,200 crore, where training of international standards would be imparted to youth to enable them to meet global industrial requirements. The Rohtak centre will help more than 4,500 MSME units manufacturing auto components and general engineering products in developing world-class dies, tools and fixtures, in addition to providing testing facilities and trained technical manpower. The Saha centre will benefit more than 3,500 units manufacturing scientific instruments, glass wares and electrical appliances.

Registered MSMEs increased by 19% in F.Y. '12

The total number of registered micro, small and medium enterprises (MSMEs) rose by 19 per cent in 2011-12, according to the ministry of MSME's annual report for 2012-13. The gross output of these enterprises increased by around seven per cent in 2011-12, and rural areas continue to be the largest contributor in terms of both employment and output.

The annual report shows that there has been a consistent rate of growth of more than 10 per cent in the number of registered MSMEs every year until 2010-11, while in 2011-12 the growth rate surged to 19 per cent, which is around twice of the growth rate recorded for previous years. The number of registered MSMEs in district industries centres across the country increased from 1.74lakh in 2007-08 to 1.93lakh in 2008-9, 2.14lakh in 2009-10, 2.37lakh in 2010-11 and 2.82lakh in 2011-12. The major chunk of enterprises is beyond the urban centres, and they are mainly focused on providing services.

The new MSMEs have not only increased the employment substantially, but also the gross output. In 2001-02 the total number of working enterprises was 105.21lakh, and this had more than quadrupled to 447.73lakh in 2011-12. The number of people employed also quadrupled- from 249.33 lakh in 2001-02 to 1012.59 lakh in 2011-12.

The market value of fixed assets shot up from Rs.1,54,349 crore in the 2001-02 to Rs.11,76,939.36 crore in 2011-12, while the gross output shot up from Rs.2,82,270 crore in 2001-02 to Rs.18,34,332.05 crore in 2011-12.

These enterprises manufacture over 6,000 products ranging from traditional to high-tech items. Significantly, the rural areas accounted for 55.34 per cent of the total units, which are largely proprietary enterprises.

The report stated that 94.41 per cent of the enterprises were proprietary enterprises, about 1.18 per cent were partnerships, 0.14 per cent are private and the rest are co-operatives/trusts and others.

The Ministry said some recent measures that have helped the industry and increased the incidence of registration include the Rajiv Gandhi Udyami Mitra Yojana, through which handholding support and assistance was given, and the public procurement policy for goods produced and services rendered by MSEs. The ten leading states in terms of number of enterprises are Uttar Pradesh (44.03 lakh units), West Bengal (36.64 lakh), Tamil Nadu (33.13lakh), Maharashtra (30.63 lakh), Andhra Pradesh (25.96 lakh), Kerala (22.13 lakh), Gujarat (21.78 lakh), Karnataka (20.19lakh), Madhya Pradesh (19.33lakh) and Rajasthan (16.64 lakh). The ten leading states in terms of employment are Uttar Pradesh (92.36 lakh employees), West Bengal (85.78 lakh), Tamil Nadu (80.98lakh), Andhra Pradesh (70.69 lakh), Maharashtra (70.04lakh), Kerala (49.62 lakh), Gujarat (47.73lakh), Karnataka (46.72 lakh), Madhya Pradesh (33.66 lakh) and Odhisa (33.24 lakh). Rural areas with 200.19 lakh working enterprises accounted for 55.34 per cent of the total number of working enterprises in the MSME sector, whereas urban areas housed 161.57 lakh working enterprises (*or 44.66 per cent of the total*). A majority of the enterprises are providers of services- constituted 68.21 per cent of the total, while the remaining 31.79 per cent are in manufacturing.

Happiness is the spiritual experience of living every minute with love, grace, and gratitude.

Denis Waitley.

FinMin panel rates Gujarat 12th most developed state

A new index formulated by the Rajan Committee for ranking States according to their development is based on averages of ten sub-components - monthly per-capita consumption expenditure, education, health, household amenities, poverty rate, female literacy, share of scheduled castes and scheduled tribes in the total population, urbanisation rate, financial inclusion, and connectivity. The purpose of the index is to decide on a way to allocate Central funds to states. A final call would be taken after all stakeholders - departments, ministries and the Planning Commission - have given their feedback.

If the recommendations are accepted, the present criteria for giving the special-category status to a state - that a state should be in a remote or hilly area - will give way to a new definition. For instance, Uttarakhand, currently a special-category state, will become *"relatively developed"* state. Bihar has been classified as the second-least developed state, after Odisha. According to the recommendations, each of the 28 states would get 0.3 per cent of total Central funds. This will take care of 8.4 per cent of funds. Of the remaining 91.6 per cent, the committee has recommended allocating three-fourths on the basis of needs (underdevelopment index) and a fourth on performance.

CDR referrals are Rs.26,386 cr in September quarter

Loans worth Rs.6,492 crore were referred to the corporate debt restructuring (CDR) cell in September, taking the second quarter's total to Rs.26,386 crore, a senior banker said. This is much higher than the Rs.18,907 crore worth of cases referred to the cell in the same quarter last year, showing that the pace of debt restructuring in the banking system is showing no signs of abating. Of the 13 cases referred this month, the larger ones are Ideal Energy (Rs.1,353 crore), Kiri Industries (Rs.575 crore) and Vardhaman Chemtech (Rs.216 crore) and Nagpur-based Ideal Energy Projects. The CDR cell has seen the entry of several large names including Lanco Infratech (Rs.7,500 crore), Soma Group companies (Rs.6,000 crore), Electrosteel Steels (Rs.6,461 crore) and Abhijeet Group companies (Rs.6,000 crore) during the July-September quarter.

World Bank forecasts India GDP growth at 4.7%

In its Índia Development Update, 2013, issued in October, 2013, the World Bank scaled down India's GDP growth estimate to 4.7 per cent from its earlier projection of 5.7 per cent for 2013-2014. It attributed the new projections to macro-economic vulnerability, particularly high inflation, the CAD and fiscal imbalance. If the economy grows by 4.7 per cent, it would be the lowest since 2002-03. After falling to a decadal low of five per cent in 2012-13, growth fell to a four-year low of 4.4 per cent in the first quarter of 2013-14.

PlanCom predicts 5.3% growth

The Planning Commission expects India's economy to clock a growth rate of 5.3 per cent for the current financial year, a little higher than a decadal low of five per cent in the previous year. However, any growth above five per cent in 2013-14 would send the right signals to investors now, when independent analysts have projected the economy to expand sub-five per cent.

The global economic situation had squeezed demand and affected capital flows so the growth rate of GDP of India was also not expected to be high.

Madras Stock Exchange to offer platform for MSMEs

The Madras Stock Exchange (MSE) will soon have a new trading platform, which will focus on micro, small and medium enterprises (MSME). It will help them not only to raise capital, but also with regulatory compliances.

The exchange also is set to sign a deal with the National Securities Clearing Corporation Ltd. (NSCCL), a wholly-owned subsidiary of the National Stock Exchange (NSE), for clearing and trading operations. MSE has also said it is open to merging with other regional stock exchanges (RSEs), which will help more MSMEs to get listed on the MSE platform. It plans to mobilise Rs 100 crore through private placement, including private equity (PE), and an initial public offering (IPO). The exchange will also help entrepreneurs address regulatory issues by training them in complying with regulations, as most MSMEs may be promoted by first-generation entrepreneurs. The RSEs are the best way for more inclusive growth. Many of today's blue-chip companies trading on the NSE and BSE had started out by trading on the MSE.

Direct Tax collection up 12% at 3.4 L crore during April-October

The government has raised more than half the budgeted corporate tax and personal tax for the year in the first seven months of the current financial year providing more evidence that things could be finally looking up. Gross direct tax collection during April-October is up 11.6% at Rs.3.37 lakh crore against Rs.3.02 lakh crore last year. Direct taxes include corporate tax and personal income tax, the biggest sources of revenue for the government. Gross corporate tax is up 8.2% in this period to Rs.2.09 lakh crore from a year ago, more than half the Rs.4.19 lakh crore budgeted during the year. Personal income-tax receipts rose 17.9% toRs1.25 lakh crore, again more than half the budgeted amount of Rs.2.4 lakh crore for the year. The government has run up a fiscal deficit of 76% of the budget amount in the first half of the current fiscal, raising concerns that the target of 4.8% of GDP may be breached. *"In the context of continued sluggishness in growth, achieving budgeted target for tax and non-tax revenues (including divestment and telecom receipts) will be extremely challenging,"* according to a Morgan Stanley a report. The latest numbers should address some of those concerns as there seems to be some pickup in collections, in particular corporate taxes. Net direct tax collection in April-October is up 13.3%. Securities Transaction Tax was up 5.67% at Rs.2,645 crore. Wealth tax collections rose 5.86% to Rs.560 crore.

External debt up 13% at $390 bn in 2012-13

India's external debt rose 13 per cent to $390 billion in 2012-13, according to an official statement. "The rise is due to increase in short-term debt, commercial borrowings and non-resident Indian deposits.

The level of India's external debt is on a rising trend with the elevated level of the current account deficit and the overall external financing requirements. The current account deficit touched 4.8 per cent of the gross domestic product (GDP) in 2012-13.

With rising debt flows, deceleration in GDP growth and a depreciating rupee, key external debt indicators witnessed some deterioration as at end-March 2013, compared with end-March 2012. However, debt service ratio, measured by the proportion of the total debt service payments to current receipts (minus official transfers) of balance of payments, at end-March 2013 showed some improvement over end-March 2012, coming down from 6.0 to 5.9.

The country's external debt has remained within manageable limits, as indicated by the external debt-GDP ratio of 21.2 per cent last year. The share of commercial borrowings in the total external debt stood at 31 per cent at the end of March, followed by short-term debt (24.8 per cent), NRI deposits (18.2 per cent) and multilateral debt (13.2 per cent). Government (sovereign) external debt stood at $81.7 billion from $81.9 billion a year earlier. The share of government external debt was lower at 20.9 per cent compared with 23.7 per cent previously.

■■■

Happiness is not readymade. It comes from your own actions.

The XIV Dalai Lama.

Rs.14K-crore infused in PSU Banks

Rs.14,000 crore is being infused by the Government of India in some PSBs. State Bank of India will get the largest share of Rs.2,000 crore from the Rs.14,000 crore apportioned by the finance ministry. IDBI Bank and Central Bank of India are second on the list, with both getting an infusion of Rs.1,800 crore. Infusion of capital by the Government in state-run banks is in addition to their internally generated capital to enable the banks to maintain a comfortable level of tier-I capital. In 2012-13, the government had provided Rs.12,517 crore capital to 13 state-run banks. During the current fiscal, Bank of Baroda will get Rs.550 crore, Canara Bank Rs.500 crore, Allahabad Bank Rs.400 crore and Dena Bank Rs.700 crore. Besides, Bank of India will get Rs.1,000 crore, Corporation Bank Rs.450 crore, Union Bank of India Rs.500 crore, United Bank of India Rs.700 crore and Oriental Bank of Commerce Rs.150 crore.

PSBs seek infusion of Rs.51,202 crore

Public sector bank have requested for a total capital infusion of Rs.51,202 crore, more than three times the Rs.14,000-crore that the government has budgeted for in F.Y.'14. State Bank of India has asked the government for Rs.7,240 crore and Punjab National Bank for Rs.5,200 crore, while Bank of Baroda wants Rs.2,399 crore. Smaller lenders like Allahabad Bank have asked for Rs.1,500 crore, and Andhra Bank and IDBI Bank have requested for Rs.700 crore and R3,000 crore, respectively. Of the 26 public sector banks, Indian Bank is the only lender that has told the government that it does not require any capital infusion this year. In 2012-13 the government had infused Rs.12,517 crore into the of Rs.3,004 crore.

The additional capital will help the lenders to achieve a minimum tier I capital of 8% under Basel III norms and grow their loan books. Most public sector banks already have enough capital to meet Base III requirements. However, four lenders – Indian Overseas Bank, IDBI Bank, Bank of Maharashtra and Dena Bank – which have Tier 1 capital below 8%, are looking for capital. The government will take steps to ensure that these banks have 8% tier 1 capital by the end of the current fiscal year, Shri Chidambaram had said earlier this year.

As per Reserve Bank of India estimates, the Indian banking system needs Rs.5 lakh crore capital by F.Y. '18 to meet new Basel III norms. The central bank estimates the government needs to pump in Rs.90,000 crore worth of capital if it is to maintain the current level of shareholding in PSU banks.

Arcil to acquire Rs.2,000 crore of bad loans

Asset Reconstruction Company (India) Ltd, or Arcil, is set to acquire bad loans of about Rs.2,000 crore this financial year. In 2012-13, it acquired bad loans of Rs.741 crore, against about Rs.100 crore in 2011-12. *"We look forward to acquiring assets (bad loans) of about Rs 2,000 crore. This was our target last financial, too. We could have achieved that target because cases were available. But we preferred to consolidate and grow in a calibrated manner,"* Shri P Rudran, Managing Director and Chief Executive said.

In 2012-13, Arcil had bought two-thirds of the assets through cash, and a third by way of security receipts. *"Last year, our recoveries were also satisfactory. With non-performing assets (NPAs) increasing in the banking system, we expect greater momentum in our business in the coming days,"* Shri P. Rudran, MD & CEO, Arcil said.

The prices for buying bad loans had risen in recent times. *"Earlier, sales were not taking place, primarily on account of pricing issues. But now, we are witnessing greater convergence on this. Last year, since NPAs were increasing, banks wanted to see reduction in these. That continues to be the case this year, too. For us, pricing for acquiring these assets has gone up and room for error is reducing. But we are ready to negotiate, as we see business at that price, too"*. Industry sources said in the last financial year, Arcil had bought the NPAs at 40-45 per cent of the worth of the loans, against 25-30 per cent earlier. "The assets we had acquired last year were basically in the upper end of micro, small and medium enterprises," said Shri Rudran.

Rules eased for Foreign Parents to Raise Stake in Listed Firms

RBI has changed the rules to make it easier for foreign and NRI promoters to raise stake in listed

Indian companies to increase dollar inflows. Offshore parents of such local companies can now freely purchase shares by using the services of registered Indian brokers. Such acquisition of shares can also be funded with dividend amounts paid by Indian companies to these non-resident promoters. The new rule will apply to all non-resident entities, including non-resident Indians (NRIs). At present, foreign institutional investors (FIIs), qualified foreign investors (QFIs) and NRIs are eligible to buy shares on Indian stock exchanges in compliance with foreign exchange regulations. The central bank has opened another door to encourage inflows by adding all non-resident promoters to the list. There is no long-term capital gains tax on shares sold on the exchange.

ADB to give $ 700 million to IIFCL for infra projects

The Asian Development Bank (ADB) will give $ 700 million to the India Infrastructure Finance Company Ltd (IIFCL) in the next one-and-a-half years to fund infrastructure projects in India. Of the $700 billion, $400 billion would be given to IIFCL by early 2014 and the remaining by early 2015.

"India needs to invest more in infrastructure - $1 trillion in 12th Five Year Plan (2012-13 to 2016-17). The private sector would be called upon to bridge the shortfall to the tune of $ 100 billion over the Plan period. We have put in $700 million", Mr. Juan Miranda, World Bank, Director General for South Asia Regional Department said. The funding would be for two purposes - directly lending to developers and take-out financing - replacing financing by banks with IIFCL funding which would free up bank loans for green field projects.

Capital adequacy ratios of PSBs shrinks

The capital adequacy ratios of public sector banks (PSBs) in the country continues to shrink, following a pick-up in credit demand and requirement of higher provisions in the wake of asset quality deterioration. They are now banking on capital infusion from the government to meet the regulatory requirements. The following data has been reported from these PSBs :

- Most PSBs have reported a dip in their capital adequacy ratios (CAR) in the July-September period;
- Bank of Baroda saw its CAR as per Basel-II contracting to 12.32 per cent at the end of September 2013 from 12.70 per cent a quarter ago;
- Allahabad Bank closed July-September quarter with a CAR of 11.07 per cent;
- Bankers hope that the govt's decision to inject Rs 14,000 crore capital will help them meet regulatory requirements and finance business growth;
- Sudden rise in credit demand is one of the main reasons for dip in capital adequacy ratios.

Centre sets Rs.1 lakh crore retail loan disbursal target for PSBs

The finance ministry expects public sector banks to disburse about Rs 1,00,000 crore of consumer loans at low rates this festive season, say bankers. Several public sector banks had already taken initiatives to offer retail loans at low prices. While some banks had started offering these loans at the base rate (the minimum lending rate), most had waived fees and processing charges on vehicle finance and mortgages. A few banks have introduced easy finance schemes for the purchase of television sets, refrigerators, air conditioners, computers and other electrical and electronic gadgets.

PSB's to do own internal rating

The Finance Ministry wants every PSB to do their own due diligence and internal rating before extending credit to each and every borrower. It is important that they strengthen their internal rating mechanism as it will help in bringing down bad loans. The RBI is also in favour of banks strengthening their own internal rating mechanism to capture the reality independently and not to depend on external rating and external due diligence.

Banking sources said some leading PSBs such as SBI, Punjab National Bank, Bank of India and Bank of Baroda have sought RBI's permission to shift to an advanced Internal Rating Based approach (IRB) wherein the Integrated Risk Management Department of these lenders develop modules on their own to assess risks and rate borrowers using better data gathering techniques. Currently, these banks are conducting a pilot run of their advanced IRB with the RBI nod.

Meanwhile, the sources said, the other PSBs are also developing advanced IRB modules albeit with the help of models purchased from external rating agencies and consultants. All PSBs are likely to migrate to an independent advanced IRB system within three to four years. An advanced IRB helps in giving a clear record of the performance of the borrowers and their past history. However, repayment defaults have many other aspects and may not be a reflection of the rating of the borrowers.

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SUCCESS STORIES OF UNITS ASSISTED BY SLFIs

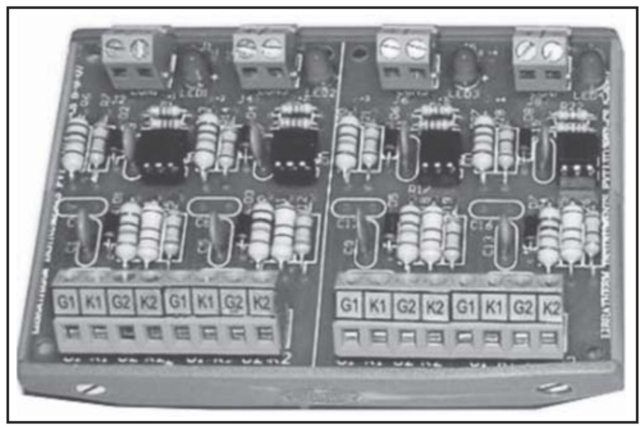
M/s M.S. Chhabra & Co. Assisted by D.F.C.

Injection Moulded Plastic Components

The range of production of the unit includes Room Cooler Kits, Mixie & Juicer Parts, Iron Components and Plastic Auto Parts etc. supply to M/s Usha International, Usha Shriram India, Maruti Udyog Ltd. Computer Keyboard Cabinets to all the leading manufacturers in India.

The unit has fully computerised moulding machines of International repute and capacity ranging from 80 T to 400 T.

Kaynes Technology Mysore - Assisted by K.S.F.C.



Kaynes Technology is the proprietary concern of Mr. Ramesh Kannan, started during the year 1989. The unit is engaged in the manufacture of circuit boards for electronic industries. The unit delivers total manufacturing solutions with integrated business verticals to cover the entire bandwith of electronic manufacturing services from designing to prototype sourcing, turnkey manufacturing and support services.

Kaynes Technology assembles PCB for companies like Wipro, Kirloskar Electric Company, Bells Control System and BHEL. The unit has also set up a second manufacturing plant in Himachal Pradesh. The unit has availed several loans like term loan, bridge loan, technology development and modernization fund and credit linked capital subsidy scheme. The financial assistance availed by the unit is Rs. 98lakhs during 1989-2004 from KSFC. The unit made a turnover of Rs. 1427.54 lakhs, Rs. 3891.95 lakhs and Rs. 5771.67 lakhs during the years 2006, 2007 and 2008 respectively.

Kaynes Technology has been conferred all the three ISO certification- ISO 9001, 14001 and 18001. It has also been awarded the Excellence in Export award for the year 2006-07 from the Ministry of Communication and IT, Government of India. The promoter has also diversified into hospitality industry and established a hotel in Mysore with financial assistance from KSFC. Both the ventures are doing well.

Peace be to earth and to airy spaces! Peace be to heaven, peace to the waters, peace to the plants and peace to the trees! May all the gods grant me peace!

- Atharva Veda 19.9.14

Manage Hypertension : Watch What You Consume by : Hugh Nurse

Hypertension (High Blood Pressure) is on the rise and shows no sign of abating in the near future. For persons suffering with this ailment it's an ongoing battle to manage and stave off the more serious effects if left untreated. There are a number of medications available and a vast amount of research being conducted to control and if possible eliminate this impending epidemic. This document is meant to provide some additional tips to assist in this fight. For the most part the information presented focuses on lifestyle changes which play a significant role in keeping your blood pressure level within the acceptable range (120/80 normal,140/90 danger zone). A healthy lifestyle can reduce your risk of high blood pressure or if you're already afflicted, can lessen your need for prescribed medication(s).

Sodium/Salt

A number of studies have been conducted which has conclusively proven that a diet low in sodium (salt) and high in potassium, magnesium and vegetable proteins can significantly affect your blood pressure level. Sodium causes water retention which in turn increases the total quantity of blood in the body thus increasing your blood pressure. You need to lower your sodium intake with the goal of completely eliminating it from your diet if you're hypertensive or pre-hypertensive. Be aware that sodium is most present in canned foods, snacks, fast foods and processed foods. You need to be vigilant in your salt consumption; its limitation is one of the most natural ways of lowering your blood pressure.

Potassium

Potassium is an essential dietary mineral of the electrolyte family which transmits the electrical currents that cells, tissues and organs need to function. Its ultimate effect is to cause a relaxation of the blood vessels, leading to a lowering of blood pressure. It also plays an essential role in controlling fluid balance in one's body, helping to maintain a balance of sodium

levels as cells pump out sodium to be replaced by potassium. Through this balance the nerves are allowed to transmit impulses, the muscles to contract and your heart to beat. Natural sources of potassium include: tomato, spinach, swiss chard, soy, sweet potato, dried herbs, avocados, bananas, oranges, cantaloupe, nuts, whole grains, paprika and red chili powder, cocoa powder and chocolate, dried apricots, prunes, currants, raisins, low-fat dairy and cold water fishes.

Magnesium

Magnesium promotes normal blood pressure, keeps heart rhythm steady, helps regulate blood sugar levels, maintain normal muscle and nerve function, supports a healthy immune system and keeps bones strong. It is also credited with offering the following health benefits as related to the cardiovascular system: dilates blood vessels, prevents spasms in your heart muscles and blood vessel walls, dissolves blood clots and counteracts the action of calcium (which increases spasm).

Akin to potassium, magnesium can also be found in abundance in a wide variety of common everyday foods. Foods rich in magnesium include:

- Fruits - bananas, artichokes, dried figs, avocado
- Grains – brown rice, oat bran, barley, whole wheat flour, buckwheat flour

- Vegetables – beans, broccoli, spinach, squash, potatoes, sweet potatoes, tomatoes, okra,
- Fishes – tuna, halibut, yellowfin, haddock
- Nuts – peanuts, cashews, brazil nuts, almonds, pine nuts

Weight and Exercise

Blood pressure normally increases with weight. Being overweight means that your heart must work harder, this puts a strain on the cardiovascular system and increases your blood pressure. Losing weight can significantly decrease or in some cases, eliminate the need for medication. An active lifestyle plays a dual role in managing your blood pressure. While contributing to weight control it's a firmly held belief that exercise stimulates the endothelial cells, (the cells lining the inner surface of blood vessels) to release the molecule nitric oxide which promotes relaxation of blood vessels, regeneration of the endothelium (the inner lining of arteries) and inhibition of platelet clumping which makes the blood thinner.

Alcohol

Alcohol in moderate quantities (maximum one drink for a woman and two for a man per day) can actually contribute to lowering ones blood pressure. This is not to suggest that you should start drinking if you do not already imbibe. More than the suggested amount can result in a rise of blood pressure.

Coffee and Tea

Coffee and tea contain caffeine, a natural stimulant. Stimulants tend to increase the activity of the central nervous system which in turn leads to tightening of blood vessels and an increase of blood pressure. Caffeine however is a mild self limiting stimulant and excreted from the body within a relatively short time. There's no conclusive evidence proving coffee and tea play any significant role in high blood pressure.

Medication is not always necessary in treating your high blood pressure; maintaining a healthy weight and paying careful attention to what you eat can go a long way towards alleviating your condition. However, note that before making any drastic changes you need to consult your healthcare provider.

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May peace rule the universe; may peace rule in kingdoms and empires; in states and in the lands of the potentates; in the house of friends and may peace also rule in the house of enemies.

-Virchand Gandhi.

Fight with yourself, why fight with external foes? He, who overcomes self will obtain happiness.

-Mahavira.

JICA to fund Chennai-Bangalore industrial corridor

Japan International Cooperation Agency (JICA) is set to fund the second industrial corridor in India between Chennai and Bangalore. The Chief Representative of JICA in India said the agency was waiting for a shortlist of projects that would form part of Chennai-Bangalore Industrial Corridor (CBIC) from the Indian government. Some 26 early bid projects were already identified during the preliminary study. The Japanese government had earlier announced $4.5 billion investment in India.

The master planning for CBIC is being done for 2030. In addition, JICA is identifying certain urgently required infra projects. These include construction of peripheral ring road between the two cities and upgradation of cargo handling at Chennai and Ennore ports including access to them. States of Tamil Nadu and Karnataka have many transportation projects on the shelf. The master plan for CBIC is expected to be finalized by the fourth quarter of 2013-2014.

SEBI lays out guidelines for listing SMEs and start-ups

SEBI issued detailed guidelines (October 24) for listing of start-ups and small and medium enterprises (SMEs) on stock exchanges without an IPO. The guidelines follow notification of new norms by Sebi earlier last month for permitting listing of start-ups and SMEs on the institutional trading platform (ITP) of SME exchanges. Through this new route, the SMEs and start-ups can get listed on the bourses without making a public offer. This would help enterprises to raise capital from the securities market during their early stages of growth, as it provides exit opportunities for investors. A company that is not more than 10 years old and its revenues never exceeded Rs.100 crore are eligible to raise funds through private placement or rights issue. It should have got an investment of at least. Rs.50 lakh from an external agency, and the promoters should hold at least 20% stake after the issue.

DIPP asks finmin for NIMZ capital gains relief

The Department of Industrial Policy and Promotion (DIPP) has asked the Finance Ministry to give a relief to the National Investment and Manufacturing Zones (NIMZs) from capital gains tax. The department has asked the revenue department in the finance ministry to ensure manufacturing zones enjoy tax benefits in the Direct Tax Code (DTC) Bill.

A letter to the revenue department asking them to expedite giving capital gains tax exemptions to NIMZs and if needed, the issue be dealt with separately has been written. The DTC Bill 2010 seeks to overhaul the over 50-year-old income-tax law and is likely to include provision exempting investors in the NIMZs from capital gains tax on sale of plant and machinery in existing facilities before relocating in the zones.

Shri Anand Sharma, Commerce and Industry Minister had urged the revenue department, in the first meeting of the Manufacturing Industry Promotion Board, for the dispensation pertaining to relief from capital gains tax as approved in the National Manufacturing Policy (NMP), as included in the Bill.

As per the norms for NIMZs: *"Exemption from capital gains tax on sale of plant and machinery of a unit located in a NIMZ will be granted in case of re-investment of sale consideration 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."*

Among the support measures assured to investors, the policy promises up to 20% of the project cost being given as an outright capital grant if the intended activity is otherwise non-viable. These incentives are required as the country's manufacturing sector has been languishing at 16% of its GDP, whereas China's is 35%. India envisages to raise the share of manufacturing about 25% and create 100 million jobs by 2022.

TUFS included in 12th five-year Plan

The Cabinet approved inclusion of the Technology Upgradation Fund Scheme in the 12th five-year Plan and has allocated Rs.11,900 crore for the scheme. The focus of the scheme is the powerloom sector. In order to reduce imports of second hand shuttleless looms, the interest reimbursement has been reduced to two per cent from five per cent. The capital subsidy on new shuttleless looms has been raised to 15 percent from 10 per cent, interest reimbursement has been raised to six per cent from five per cent, and margin money subsidy to 30 per cent with an increase in subsidy cap from Rs.1 crore to Rs.1.5 crore.

The capital subsidy for the handloom and silk sectors has been increased to 30 per cent from 25 per cent. Margin money subsidy cap has been increased to Rs.75 lakh in respect of micro, small and medium enterprises and jute sectors. A cap of 26 per cent has been put on the spinning sector, while caps on all other segments have been removed.

Govt allots Rs.700 crore for technical textiles

The government has allotted Rs.700 crore in the next five-year Plan for the development of technical textiles. In 2012-13, technical textiles reached Rs.7.48 lakh crore at an annual growth rate of 3.5 per cent. *"Even the high level committee on manufacturing, chaired by the prime minister, recognised the importance of technical textiles sector in the national economy, as well as the potential for increasing production and exports in this sector,"* said Shri Panabaaka Lakshmi, Minister of State for Textiles.

The Companies Act 2013

The Draft Rules Prescribed For Companies Act, 2013 For Auditors Appointment of Directors and Corporate Social Responsibilities (CSR) are as follows : -

MANDATORY CSR

- Companies to spend 2% of their average net profit on CSR for past three years.
- They have to explain reasons for not doing so in annual reports.
- Net profit means net profit before tax and does not include profits from branches outside India.
- Two per cent CSR spending would be computed as 2% of the average net profits made by the company during every block of three years.
- CSR will not include activities exclusively benefitting employees or their family.
- For first CSR reporting, the net profit shall mean average of the annual net profit of the preceding three financial years ending on or before 31 March 2014.
- Reporting will be done on an annual basis starting from FY 2014-15.
- Contribution to PM's National Relief Fund or any other fund set up by the Central or state governments for socio-economic development will qualify as CSR.
- Tax treatment for CSR to be in accordance with the IT act.
- Only CSR activities in India will be considered.
- CSR committee of a company has to frame its CSR policy and also monitor the spending.

TOUGH NORMS FOR AUDITORS

- Individual auditor can have a maximum term of five years, an auditing firm can have a maximum term of 10 years.
- In case of information of fraud, auditor shall report the matter to the Central Government immediately, not later than thirty days of his knowledge.
- Incoming auditor should not be associated with the outgoing one.
- Certain classes of companies to appoint an internal auditor.
- Company can suggest rotation of auditing partner and team within the audit firm.
- Joint auditors in a company must not complete their term in the same year.

DIRECTIVES FOR DIRECTORS

- Certain listed companies to have at least one woman director.
- Certain public companies shall have at least one-third of the total directors as independent directors.
- Independent directors to have certain specified qualification.
- Companies to maintain data bank of persons willing and eligible to be appointed as independent director.
- A listed company may elect a small shareholders' director from amongst the small shareholders.

Self-Help Group

What is a self-help group (SHG)?

SHG primarily comprises members with homogenous social and economic backgrounds. It is a voluntarily formed group consisting of women, rural labourers, small farmers and micro-enterprises . The concept is akin to the concept of democracy. SHGs are formed by the members, for the members and of the members. The number of members could be as less as five and could even go up to 20. They save and contribute to a common fund which is used to lend to the members. Since they know each other, members do not seek collateral from each other.

What are the goals of an SHG?

An SHG is seen as an instrument for achieving a variety of goals, including empowering women. Data from Nabard, which pioneered the concept, shows that 90% of members in the SHG are women and most of them do not have any assets. It also helps in developing leadership abilities among the poor, increasing school enrolments, improving nutrition and in birth control. An SHG is generally started by non-profit organisations, such as an NGO with broad anti-poverty agendas. It is also a popular channel of micro-lending by commercial banks, particularly government-run banks.

What are the advantages of financing through an SHG?

A poor individual benefits enormously being part of an SHG . Raising finance through SHGs reduces transaction costs for both lenders and borrowers. Lenders have to handle only a single SHG account instead of a large number of small-sized individual accounts, borrowers as part of an SHG cut down expenses on travel to the branch to get the loan sanctioned.

What are the different ways in which banks fund SHGs?

Banks deal directly with individual SHGs . They provide financial assistance to each SHG for lending to individual members. Alternatively, banks provide loans to SHGs with recommendation from NGOs. Here the SHGs are formed by NGOs or government agencies, which raise funds from banks. In this, NGOs would organise the poor into SHGs, undertake training, help in arranging inputs and marketing and assist in maintenance of accounts.

A genuine smile distributes the cosmic current, prana to every body cell. The happy man is less subject to disease, for happiness actually attracts into the body a greater supply of the universal life energy.

-Paramhansa Yogananda.

Happiness comes from the soul's satisfaction, not from the vital's or body's satisfaction.

-Sri Aurobindo.

LEGAL ISSUES

Compensation of Land Acquisition

The Supreme Court in the case of Tukaram Kana Joshi vs MIDC said that *"statutory authorities are bound to not only pay adequate compensation but also rehabilitate displaced persons"* and expressed its displeasure with the Maharashtra government for the inordinate delay in payment of compensation to a landowner whose land was acquired in 1981. It said that denying compensation to farmers amounts to deprivation of livelihood, which is a violation of Article 21 of the Constitution. *"Even under valid acquisition proceedings, there is a legal obligation on the part of the authorities to complete the proceedings at the earliest and to make payment of requisite compensation,"* the top court said, while setting aside the Bombay High Court 2011 judgment which found fault with Shri Joshi for not filing a claim petition, and directed the state to pay compensation to him at the prevailing market rate.

In the case, land was acquired from illiterate farmers by MIDC for an industrial development project. Some landowners were paid compensation. Meanwhile, the acquisition lapsed and a fresh notification was issued in 1981 and land was transferred to the City Industrial development Corporation of the state. Still, these landowners were not able to get compensation. *"The landowners have been deprived of their legitimate dues for about half a century."* Some of them were given benefits of acquisition, including compensation in 1966. *"This kind of discrimination not only breeds corruption, but also dis-respect for governance, as it leads to frustration and to a certain extent, forces persons to take the law into their own hands,"* the Supreme Court observed.

NEWS FROM STATES

Arunachal to Get Roads and Bridges Worth Rs.819 crore

The rural development ministry has approved a network of roads and bridges to improve connectivity in Arunachal Pradesh. The pre-empowered committee of Pradhan Mantri Gram Sadak Yojana, the Centre's rural roads programme, has cleared construction of 57 roads and 58 long-span bridges covering 842 km. Of these, 21 roads and 46 bridges are in areas along the India-China border. The projects will cost Rs.819 crore and connect 170 habitations in the state. State agencies and National Building Construction Corporation, a central public sector company, will construct these roads and bridges.

Rural Development Minister, Shri Jairam Ramesh's push for strengthening connectivity in international border areas has led to speedy clearances since January for construction of 95 roads and 31 long-span bridges in the state, covering a length of 1,190 km at a cost of Rs.894 crore. The government has approved construction of roads connecting 126 clusters of habitations, each of which have population of less than 250.

The ministry has also cleared construction of the entire stretch of the 157 km Miao-Vijoynagar road that leads to the India-Myanmar border. The remaining 97-km stretch between Mazgaon and Vijoynagar that comprises 22 bridges has also been cleared.

Centre allocates Rs.40 cr for setting up plastic park in Odisha

The Centre has sanctioned Rs.40 crore for setting up a plastic park in Odisha, Minister of State for Chemicals and Fertilisers, Shri Srikant Jena said. The park will be set up at Siju village in the Jagatsinghpur district through a special purpose vehicle Paradeep, Plastic Park Ltd. Besides, a Plastic, Polymer & Allied Cluster and an Advanced Plastics Processing Technology Centre are being set up in Balasore.