

COSIDICI COURIER



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AIMS AND OBJECTIVES OF THE COUNCIL OF STATE INDUSTRIAL DEVELOPMENT & INVESTMENT CORPORATIONS OF INDIA {COSIDICI}

COSIDICI is a national federation of State Level Financial Institutions comprising 18 State Financial Corporations (SFCs), 29 State Industrial Development Corporations (SIDCs) and 9 State Infrastructure & Investment Corporations (SIICs), engaged in promotion, development and financing of industry mainly in the small and medium sector. The objectives of the COSIDICI are to :-

- ❖ provide and arrange means and facilities for dissemination of knowledge and information relating to promotion and development of industries, for exchange of views and ideas on subjects of common interest to all Member Corporations.
- ❖ promote, protect and develop common interests of the various Member Corporations.
- ❖ establish and maintain at the Registered Office a Commercial and Technical Library and Information Centre for use of Member Corporations.
- ❖ co-operate with various institutions and organisations in India and abroad in the collection and exchange of information pertaining to industries.
- ❖ sponsor professional, technical, management, marketing and other programmes and services for the benefits of the Member Corporations.
- ❖ sponsor studies, surveys, research and development projects pertaining to industries.
- ❖ promote co-ordination, collaboration, joint participation and general understanding among the Member Corporations.
- ❖ organise common service facilities, courses, seminars, meetings and study tours for the benefit of the Member Corporations.
- ❖ institute awards for outstanding and meritorious performance in the activities connected with development of industries.
- ❖ seek representation for the Member Corporations on Government sponsored committees, councils, bodies, term lending institutions, teams etc. connected with the development of industries.
- ❖ render assistance to Member Corporations in their efforts to improve efficiency of operations of their assisted and sponsored units.
- ❖ establish contacts, relations with trade organisations, associations, Chambers of Industries or Commerce of India and abroad in furtherance of the objectives of the COSIDICI.
- ❖ liaise with and to represent to the Central and State Governments, the term lending and other financial institutions on the common problems and issues of the Member Corporations.
- ❖ co-operate and affiliate, if necessary, with other similar bodies, institutions associations in India and abroad with the intention of furthering the objectives of the COSIDICI.
- ❖ do all such other things as may be incidental or conducive to the attainment of the above objectives.

COSIDICI provides a common platform to the aforesaid State Level Financial Institutions (SLFIs) for ventilating their problems and grievances to the Government and All-India Financial Institutions and serves as a mouthpiece of the sector for influencing the policies of the Government/National Financial Institutions. Ever since its inception in 1976, COSIDICI has been playing its role commendably and has significantly produced the desired impact on the growth of the SLFI sector by providing training programmes for senior executives of its Member Corporations as well as offering and conducting consultancy/advisory services, studies in specific areas with a view to bringing about enhancement in managerial and organizational skill of the Member Corporations.

The Website launched by COSIDICI {URL No. <http://www.cosidici.com>} in the year 2000 contains comprehensive information regarding promotional and developmental schemes of the State Corporations for setting up of industries and is aimed to serve as a useful guide to the potential investors from inside and outside the country which also indicates state-wise investment opportunities and incentives available to the prospective entrepreneurs.



FOREWORD

It gives me immense pleasure to note that COSIDICI has been publishing COSIDICI COURIER since 1978. The COSIDICI COURIER, facilitates direct communication with its member corporations and sensitization of various stakeholders, including commercial banks, financial institutions, government departments, industry associations, and individual entrepreneurs. COSIDICI's efforts through its Member Corporations towards servicing the economy, particularly the Micro, Small, and Medium Enterprises (MSME) sector are commendable.

The MSME sector is often hailed as the backbone of the Indian economy, accounting for approximately 29% of the country's GDP. The sector holds immense potential for driving innovation, employment generation, and economic activity. Recognizing its significance, the Honourable Prime Minister of India has continually emphasized the importance of providing adequate and timely credit to this sector to realize the vision of Atmanirbhar Bharat, or self-reliant India.

At this critical juncture in our nation's development trajectory, our collective efforts in supporting the MSME sector are more crucial than ever. The role of State-level Financial Institutions (SLFIs) in nurturing and supporting these enterprises is indispensable. The ability of the institutions to provide timely and effective financial assistance, coupled with tailored advisory services and capacity-building initiatives is essential. This

can facilitate sustainability, Industry 4.0, other upcoming trends and can further strengthen the MSME sector. For all these reasons, it is imperative that the COSIDICI and its Member Corporations, continue the efforts to serve the needs of the MSME sector.



Shri Lalit Bohra
Joint Secretary

MSMEs are already part of our country's renewable journey. As per India's updated NDC, we need to achieve about 50 percent cumulative electric power installed capacity from non-fossil fuel-based energy resources by 2030. In this regard, Govt. of India targets to achieve 500 GW of commissioned non-fossil fuel based installed energy capacity by 2030. This opens up tremendous opportunity for the MSME sector to be part of this energy transition journey.

I invite you to explore the insights and perspectives presented in this issue of the COSIDICI Journal. The articles highlight various aspects such as the challenges with respect to green finance in India, strategies to be adopted for harnessing opportunities provided by Industry 4.0 and key highlights of the MSME landscape in India.

*Shri Lalit Bohra, Joint Secretary, Ministry of New & Renewable Energy {MNRE},
Government of India, Atal Akshaya Urja Bhawan, New Delhi*



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



FROM THE EDITOR'S DESK

RELEVANCE OF TIIC'S TEN STRATEGIC IMPERATIVES FOR THE SLFIs ON A PAN INDIA BASIS



The seeds of the Platinum Jubilee Celebration were sown during the Golden Jubilee, when the entire TIIC family took a candle light oath with a resolve to take TIIC out of its current financial crisis and doldrums. The subsequent 25 years have laid the foundation of a strong and stable TIIC, which is celebrating its Platinum Jubilee as a confident player in the MSME financing ecosystem.

This Platinum Jubilee Souvenir is designed to be a bridge between the past, the present and the future. The distillate of the collective wisdom, knowledge and learnings over the 75 years of TIIC's existence has been captured in this. This is an attempt to resuscitate the knowledge and memories from the mists of time.

This Platinum Jubilee Souvenir is a valuable document which is to be treasured by the current crop of TIICians and a legacy to be passed on to the future generations. This Platinum Jubilee Souvenir should be presented to every new recruit as it contains the values, ethos, culture and history of TIIC.

During my long career in Tamil Nadu bureaucracy for a total of 3 Score and 8 Years, I had the privilege of being associated with the Silver Jubilee Celebrations of TITAN industries, 35 years celebrations of the Tamil Nadu Corporation for Women Development (Mathi), 50 years Golden Jubilee Celebrations of TNEB and now the Platinum Jubilee Celebrations of TIIC.

I had the honour of carrying forward the legacy of Visionary Leaders and Great Institution Builders namely, TNEB - Mr.Appasamy Mudaliar, Mr.C.V.Panicker (TITAN), TNCDW - Mr.Loganathan, Mr.Al Fernandez (Pioneers of SHG movement), Myrada NGO, Forest Department – Dr.Krishnamoorthy, Mr.Andiappan Devar, Mr.Basha (The pioneer of Tiger conservation), CR Ranganathan (First Indian Principal of the TNFA), TIIC - Dr.R.K.Shanmugam Chetty, Mr.M.R.B.Punja, Mr.S.N.Pai, Mr.M.V.Arunachalam, Mr.S.Rajaratnam, Mr.James Raj, and Mr.D.V.Narasimhan. For any Organization to be great in perpetuity it should

treasure and value the contribution of its heroes, pioneers and visionary leaders.

"We TIICians are the proud flag bearers of the priceless legacy of these financial stalwarts who have helmed TIIC". TIIC

has been a cradle for financial talent for all India Financial Institutions. No organization can match its enviable record of having a Hon'ble Finance Minister of India, Chairman of IDBI and Chairman of ICICI from among its Chairman/MD.

As TIIC embarks on its journey for its Centenary Celebrations, the following Strategic Imperatives and Guide posts will facilitate the journey and be its true North.



Shri Hans Raj Verma

Director General, COSIDICI

1) Instilling Complete 360° Ownership of TIIC's Vision/Mission at all Levels of the Organization:

A clear definition and thought process along with the right philosophy was communicated with clarity across the organisational levels. This instilled among the employees the ownership to achieve the stated vision and reducing the Principal-Agent conflict.

2) Ensuring that TIIC's Management / Financial Systems are matching with "Lenders Best Practices" and on par with Industry Standards:

TIIC has been updating itself on an ongoing basis. This made sure that TIIC was able to survey the market shock and LPG strategy of the Government. Being a 75 year old organisation the modifications have led to Best practices being followed for the benefit of the stakeholders and adopting to the regulations.



3) Treating Customers as “Valued Long-Term Investees” and acknowledging their contribution in TIIC’s growth in a Paradigm shift from the hitherto unidimensional Lender-Customer Interface:

As rightly said by Mahatma Gandhi, TIIC follows the principle that Customers are the Kings. TIIC also understands that Customers are always right. This has helped TIIC to understand the customers from their perspective and find out the right solution in negotiations, which has led to a Win-Win situation for the customers and TIIC. Their contributions are always acknowledged and appropriate cards are issued to the customers to value their long term relationship. This will enable them to avail benefits like priority in processing of loan applications, reduced processing fees, relaxation of certain regulations based on customer demands, etc.

4) Increasing Market Share by Leveraging the “Lending Plus Value Proposition” & “Total Cost of Ownership”:

In the ultra competitive world, TIIC is moving ahead of the curve by addressing the challenges faced by customers. TIIC achieves this by its strategy of Lending plus Value Proposition &

Total Cost of Ownership. TIIC being a growth catalyst, doesn’t confine its role to lending alone; it also shows keen interest in the full project implementation. TIIC’s interfaces with the appropriate authorities and guide the industries in the implementation and monitoring of the Project. This increases the probability of success. A satisfied customer has the potential to increase the market share by tenfold with the multiplier effect.

5) Embedding Sustainability (ESG, SCOPE, BRSR & SDGs) into Core Business Operations:

Core business operations of TIIC involves lending as Term Loan and Working Capital Loans. In either case, TIIC has invested in the long-term sustainability of the Investees. As the financial landscape is changing continuously, Banks and Financial Institutions need to have a vision for the Investees. TIIC has to align itself with the Vision of State and Union governments, who have the vision to go Net Zero by 2070. With this noble vision of the rule makers, it is mandatory for every organisation to take the same path. TIIC has foreseen it and is the first SFC to form its own ESG cell to guide the customers in ESG, SCOPE, BRSR and SDGs.



6) Adopting “State of the Art” Technology (EDGE, IR 4.0/5.0 & Cyber Security):

No Organization can grow without investing in technology. While capital deepening is essential for initial growth, achieving economies of scale requires Total Factor Productivity, which hinges on technology investment. In this aspect, TIIC has invested in EDGE for building an in-house platform for Loan applications, knowledge repository, follow up, recovery, Bill discounting etc. Also, at the same time TIIC guides its customers in IR 4.0/5.0 with focus on lean manufacturing, automation of the possible Industrial processes, software-based monitoring and reporting for efficient follow-up and recovery.

7) Investing in Capacity and Resilience Building in the Human Resource as a Competitive Advantage:

The growth of an Organisation depends on the dedication, knowledge, out of the box thinking and attitude of the employees. To align it straight with the organisational goals, employees are trained in a regular basis to be resilient. Various training on Project Management by Project Management Associates (PMA), on ESG by the Institute of Directors (IOD), on Sustainability and ESG by Kosher Climate etc are conducted across the organisation. Apart from this, employees are encouraged to attend workshops on the field they are interested in for their own benefit as well as for the benefit of the organisation. This has given exposure to them in the latest technology like Cybersecurity to become cyber resilient, in IR 4.0/ 5.0 to guide the entrepreneurs, ESG for sustainable growth of the organisation and the industries.

8) Reimagining & Reinventing Relevance to negotiate the VUCA World:

VUCA means Volatile, Uncertain, Complex, and Ambiguous. It is certain that each and every one is facing the consequences of the VUCA world.

In TIIC we reinvent ourselves, this is the moat of TIIC. We foresee the future and modify our systems and policies accordingly. This secret potion has enabled TIIC to survive for the past 75 years, and beyond that, it empowers TIIC to turn hurdles into opportunities and swim against the tides.

9) Engaging proactively with the Stakeholders from a “Position of Strength”:

TIIC has grown and along with TIIC’s stakeholders as well including Customers, Creditors, Employees, Trade Bodies and other stakeholders. We negotiate with the Bankers from the Position of Strength. They feel their money is invested in safe hands seeing the proactive strategy of TIIC. TIIC’s effort to be cyber resilient is seen as one of the positive pillars and the other being TIIC’s flexible policies.

10) Managing the Business Challenges and their conversion into Growth Opportunities with “Out of the Box” thinking:

It can’t be business as usual and to hold on to its existing clientele base, ring-fence it from poaching by competitors and to gain new market share, innovative and creative approach is required by the TIICians.

As I sign off from my bureaucratic career as CMD, TIIC with a sense of pride and accomplishment, I am very confident that TIIC will play its mandatory role to be a Growth Catalyst for Tamil Nadu economy and contribute significantly to Hon’ble CM’s Vision of making Tamil Nadu Economy a USD 1 Trillion Economy by 2030. TIIC will continue to play a lead and proactive role in promoting Brand Tamil Nadu and State’s Thought leadership & Technology leadership at all India level.

I wish TIIC and the entire TIIC family all the very Best.

Hans Raj Verma



STORAGE: NEW CHALLENGE FOR RENEWABLE

* Vinayak Chatterjee



Renewables accounted for a remarkable 83 per cent of the world's power generation capacity addition in 2022, spearheaded by wind and solar. However, the mainstreaming of renewables has cast the spotlight on their inherent challenges - that they are intermittent and variable. The solution is energy "storage", which is set to grow at 23 per cent per annum. While China and the US are expected to drive around 60 per cent of these additions, India presents an intriguing scenario. Despite being projected to have the world's third-largest renewable energy capacity by 2030, India is likely to be fifth in terms of energy-storage installation.

In May 2021, the Indian government announced a Rs.18,000 crore PLI (production-linked incentive) scheme for advanced cell chemistry battery manufacturing, hoping to draw in foreign and domestic investment of Rs.45,000 crore.

In August 2023, the Ministry of Power issued the National Framework for Promoting "Energy Storage Systems" (ESS). This framework addresses in detail procedures and incentives across five subsectors of ESS. They are (i) storage with generation of renewable energy; (ii) storage with transmission; (iii) storage with distribution; (iv) standalone ESS operating independently as "merchant units"; and (v) storage for ancillary and balancing services.

Following this framework, in Sept 2023, India approved a Rs.3,760 crore viability gap fund aimed to encourage the production of "Battery Energy Storage Systems" (BESS) for renewable energy storage. Under the scheme, the government committed itself to providing financial support of up to 40 per cent of the capital cost of BESS projects totalling 4,000 MW hours (MWh) till 2030-31. The government reiterated that this was in keeping with its desire to reduce the levelised cost of storage to Rs.5.50-6.60 per kWh.

Further, the Ministry of Power has indicated the directive could be expected anytime now to have renewable projects with more than 5 MW install energy storage system (ESS) for minimum 5 per cent of their capacity.

In mid-December 2023, India's Ministry of Environment categorically stated at C O P 2 8 , Dubai, that until storage



(and related "abatement" technologies) became viable, the country could not commit itself to definitive time-lines to phase out fossil fuels, particularly coal.

Demonstrating its commitment to the global climate action agenda, India has set a target to achieve a 500 GW renewable energy generation capacity by 2030, primarily supported by 292 GW of solar power. With anticipated misalignment between solar peak hours and demand peak hours, ESS will be critical.

The most common types of storage are BESS and PSP (pumped storage projects). Green hydrogen and ammonia are also considered alternative forms of storage, currently at various stages of development. Coupling ESS with solar and wind generation is paramount not just for ensuring energy supply reliability but also for providing a variety of required interventions for frequency response and voltage support towards grid quality improvement.

The Central Electricity Authority has projected a requirement of 60 GW of energy storage capacity by 2030; ie 12 per cent of the projected 500 GW of renewable capacity planned to be set up in the same period. This is to consist of BESS of 42 GW and PSP of 18 GW. Against this projection of 60 GW, the current visibility is about 30 GW.

Lithium is the key mineral ingredient for BESS. At a global level, Chile, Australia, China, Argentina and Brazil are reckoned to be the largest producers of lithium. India's lithium reserves were recently discovered in Jammu & Kashmir and Rajasthan. Together, these two discoveries are estimated to take care of 90 per cent of India's demand. In spite of this,



there is serious concern about lithium availability for batteries, volatility in other material components, high capex requirements for manufacture et al. in spite of various impediments, the power minister, Shri R K Singh, informed Parliament recently that with the supporting environment in place, the cost of BESS was anticipated to be in the range of Rs.2.20—Rs.2.40 crore per MWh in 2023-26.

The October 28 issue of The Economist has a detailed article on how cheap and abundant “sodium” could replace, or at least rival, lithium-based batteries with its version of sodium-ion (Na-ion) technology gaining traction alongside lithium-ion (Li-ion) batteries. If this sodium-based technology can be commercialized soon, it would be a big boost for India, with its vast availability of this salt.

As a viable alternative, India’s familiarity with PSP makes it a compelling option for electricity storage, given its mature and proven technology. In essence, PSP harnesses surplus renewable electricity to pump water up and then release it down to hydropower plants, generating electricity as and when demand arises. Thus, the policy focus in the short term is, rightfully, to rapidly operationalize PHS, bolstered by the fact that India has already identified 119 GW of PSP potential.

While the discovered “standalone” storage tariff has been Rs.9-11/kWh, the integrated tenders have seen tariffs of Rs.3–7/kWh. It may be clearly inferred that integrated tenders enjoy the advantage of combining and optimising solar and wind capacity with storage capacity to match demand on a round-the-clock-basis, or in accordance with the dispatch requirements.

With various aspects of the energy storage ecosystem demanding attention, implementing a supportive framework is pivotal. Some of the suggestions are :-

- Scheme of waiver of inter-state transmission charges to be extended till 2030 for electricity generated by ESS. This is currently applicable only for BESS/PHS projects commissioned upto June 30, 2025.
- Rectifying the double-charging framework which treats ESS as a consumer while charging and as a generator during discharging, incurring network charges twice. Globally, countries like the UK, Japan and the US have tried resolving this by recognising storage as a generator. In India, the National Framework document labels energy storage as an intermediary element, advocating exemption of input charging power from various network charges. However, a crucial step forward will need a gazette notification to make it binding for states.
- Exemption from open access charges and transmission charges needs to be done by states to promote storage installation.
- Concessional goods and service tax of 5 per cent on grid-scale BESS vis-à-vis 18 per cent currently.

The Central Electricity Authority has projected that by 2047, the requirement of energy storage is expected to increase to 320 GW (90 GW PSP and 230 GW BESS) due to the addition of a larger amount of renewable energy vis-à-vis the net zero emissions targets set for 2070. Thus, the implementation of storage for India’s green transition clearly emerges as the new challenge for the renewables vision.



Courtesy : Business Standard. The writer is an infrastructure expert. He is founder and managing trustee of The InfraVision Foundation. The author acknowledges technical inputs from Shri Vivek Sharma, an energy-Sector Specialist.



APPOINTMENTS



- Dr. M.T. Reju, IAS has been appointed as Managing Director, Karnataka State Financial Corporation {KSFC}, Bengaluru vice Shri Ujjwal Kumar Ghosh, IAS.
- Shri Saurabh Gaur, IAS has been appointed as Managing Director, Andhra Pradesh State Finance Corporation {APSFC}, Vijayawada vice Shri N. Gulzar, IAS.
- Shri Sushil Sarwan, IAS has been appointed as Managing Director, Haryana State Industrial & Infrastructure Development Corporation Limited {HSIIDC}, Chandigarh vice Dr. Yash Garg, IAS.
- Ms. Tanvi Hooda, IAS has been appointed as Managing Director, Madhya Pradesh Financial Corporation {MPFC}, Indore vice Shri Lokesh Kumar Jatav, IAS.
- Shri D. Prasanth Kumar Reddy, IAS has been appointed as Managing Director, Odisha State Financial Corporation {OSFC}, Cuttack vice Md. Sadique Alam, IAS.
- Shri Manvendra Pratap Singh, IAS has been appointed as Managing Director, Assam Industrial Development Corporation Ltd. {AIDC}, Guwahati vice Shri Adil Khan, IAS.



- Shri Shafat Sultan has been appointed as Managing Director, Jammu & Kashmir and Ladakh Finance Corporation {JKLFC}, Jammu vice Shri Om Prakash Bhagat, KAS.



“Almost everything will work again if you unplug it for a few minutes, including you.”

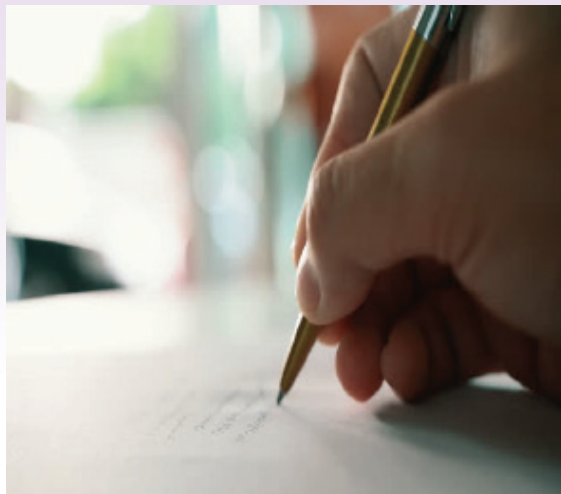
—Anne Lamott



LETTER TO THE EDITOR



I am glad to learn that the COSIDICI' Journal gives cogent and informative news regarding Economy, News from various parts of our Country and this Council is engaged in the promotion, development and financing of industries in the small, medium and large Sectors. The COSIDICI Journal also contains comprehensive material regarding various developmental schemes of Government of India. COSIDICI Journal contains comprehensive information regarding various developmental schemes of State Government as well as Government of India. Further, Annual COSIDICI National Awards instituted by this Council for encouraging the "Outstanding Entrepreneurs" is really appreciable one. Moreover, we find that most of the Articles on 'Health Care' published in this bi-annual Journal are quite eye catching and informative.



I extend my sincere and good wishes for successful publication of the Journal – "COSIDICI COURIER".

With kind regards,

Sincerely

Dr. K.N. Srivastava

Senior Director & Advisor
BLK-Max Super Speciality Hospital,
Pusa Road,
New Delhi-110005

*"Knowing how to be solitary is central to the art of living.
When we can be alone, we can be with others without
using them as a means of escape."*

—Bell Hooks



PROFILE OF MEMBER CORPORATIONS

Nagaland Industrial Development Corporation Ltd. {NIDC}



Introduction

Nagaland Industrial Development Corporation Ltd (NIDC) was established on 26th March, 1970 under the Companies Act 1956 as a wholly owned undertaking of the State government for promotion and development of small, medium and large industries in the state of Nagaland and functioned as both as SIDC and SFC.

NIDC has played a very significant role over the years in industrial financing, and has been pursuing development activities like the establishment and management of industrial estates, infrastructure development projects under the central ministries and closing key skill gaps among the potential workforce through training and development programmes.

Activities & Ongoing Projects

Refinance Schemes

Entrusted with the task of promoting industries, NIDC has been functioning as State Financial Corporation (SFC) and its role in the field of industrial financing has had a huge impact in promoting Small and Medium Enterprises in the state both during pre and post liberalization eras. At a time when loan facilities were unavailable from private commercial banks, NIDC has been facilitating financial assistance in the form of loans, especially for first time entrepreneurs by identifying the gaps in institutions and markets in the states financial sector and acting as a “gap-filler” starting with the Hire Purchase Scheme in 1976-77. It may be stated that NIDC has been instrumental in initiating a culture of entrepreneurship in the State though the levels of progress may seem sketchy in comparison with other regions of the country.

Performance as SFC

Over the years NIDC has been facilitating industrial financing and assisting employment generation under the refinance schemes of the IDBI, NSTFDC, NMDFC, NSKFDC, Term Loans to Industry (TLI), SRTIO, including banks and central refinancing:

The Corporation has also been assisting business units under various schemes to entrepreneurs, thus generating both direct as well as indirect employment.

NIDC, through its thrust on transport sector, has created a genre of private transport operators and today there are private taxis and buses servicing every remote reach of the State thereby alleviating the transport and communication bottlenecks, a crucial infrastructure for development.



Shri Kekhrievor Kevichusa, IPOs
Commissioner & Secretary,
Deptt. of Industries & Commerce
Government of Nagaland &
Managing Director, NIDC

Industrial Estates, Dimapur

NIDC manages and maintains two Industrial Estates at Dimapur. The Industrial Estates covering a total area of 30 acres has 25 ready built Standard Factory Sheds 20 Plots generating a regular monthly stream of revenue for the corporation.

Residential Complex

The Residential Complex consisting of MIG and LIG block building consisting of various flats and also an EWS block building consisting of few flats are being managed. An additional building of LIG block was constructed. All together various types of residential flats are at hand generating a regular monthly stream of revenue for the Corporation.

Nagaland Hotels Limited

NIDCs' wholly owned subsidiary, Nagaland Hotels Limited, has established two hotels with three Star facilities, at Kohima and Dimapur. Today these two prestigious properties are serving crucial infrastructure requirements for leisure as well as business travellers.

Special Economic Zone (SEZ) at Ganeshnagar

The Corporation manages a Special Economic Zone which was notified under the Ministry of Commerce & Industry, GoI on July 9, 2009. The Project is planned across an area of 125 acres and the SEZ aims to offer a perfect blend of industrial, business and social



infrastructure for entrepreneurs and Export Oriented Units (EOUs).

Additionally, with the intention of widening the scope of accommodating entrepreneurs from various industries, the Special Economic Zone (SEZ) has been deemed multi sector.

Implementing Agency (IA) for MSE-CDP Projects under the Ministry of MSME, GoI

NIDC has been nominated as the State Implementing Agency for all MSE CDP (Micro Small Enterprise – Cluster Development Programmes) projects as under :-

- Industrial Estate, Tuli, Mokokchung District;
- Wooden Furniture Cluster, Common Facility Centre (CFC), Toluvi, Dimapur, Nagaland;
- Food Processing Cluster, Common Facility Centre (CFC), Yaongyimsen, Mokokchung, Nagaland;
- Raising and Accelerating MSME Performance (RAMP) Scheme.

Upcoming Activities & Projects

There are several projects under the Ministry of MSME, GoI under Micro & Small Enterprises Cluster Development (MSE-CDP) scheme and other Ministries of GoI for which the corporation has already obtained final/administrative approval from the concerned Ministry. These are:

- CFC Honey, Spice & Food Processing Longkhim & Chare, Tuensang District.
- CFC Animal Feed Cluster Mokokchung District.
- CFC Food Processing Pughoboto, Zunheboto District.

- Community Trade Link Centre (CTLC), Jalukie. Under North East Council (NEC)

Besides the above mentioned projects, a few other projects are in the pipeline which are being pursued for NIDC to be directly involved as an implementing agency.

SIDBI Cluster Development Fund Scheme (SCDF)

SIDBI has set up a Cluster Development Fund to boost cluster development for the growth of MSMEs that will attend to the hard infrastructure (physical infrastructure) side of a cluster. NIDC is in talks with SIDBI to act as the implementing agency for the loans being extended to the State Government under SCDF.

SIDBI PRAYAAS Scheme

NIDC is in the process of involving itself as an implementing agency for the PRAYAAS Scheme which is a scheme introduced to facilitate access to affordable credit to informal micro-enterprises/micro-entrepreneurs (IMEs) for their livelihood enterprise. The scheme provides doorstep assistance with the help of Partner Institutions, who assist SIDBI in the credit processes including collection of application information, digital documentation, collections etc.

CGTMSE – 1000 Yodha Trucks

NIDC is looking forward to finance 1000 nos of Yodha trucks under the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) Scheme which provides guarantees in respect of credit facilities extended by eligible NBFCs to borrowers in Micro and Small Enterprises (MSEs).

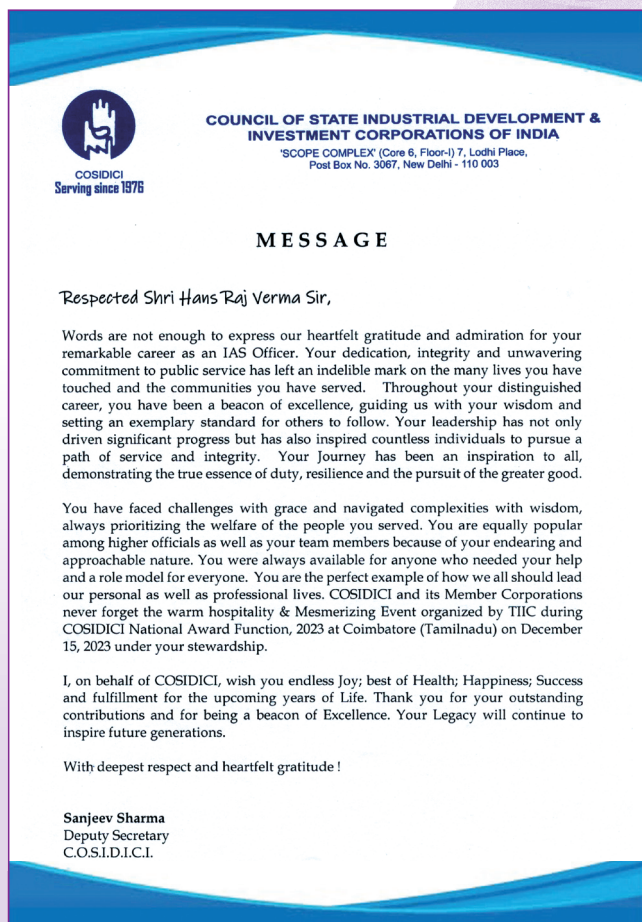
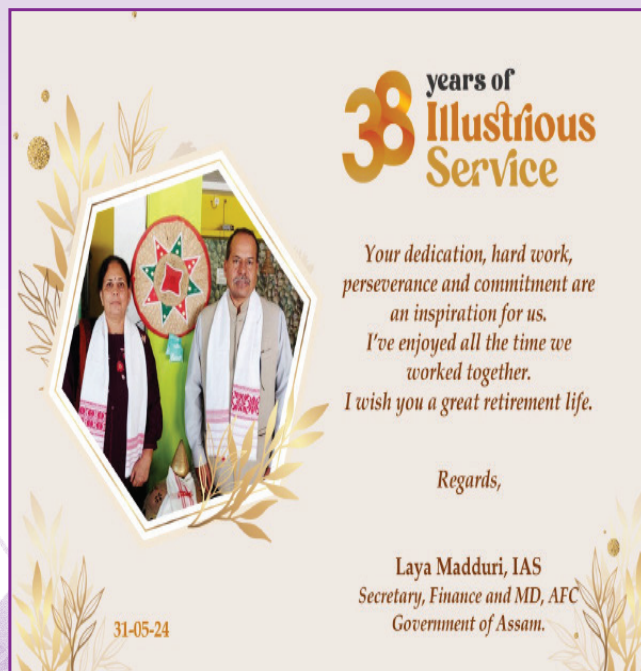
CONCLUSION

In keeping with the changing economic environment, NIDC is focusing its activities more on infrastructure development and other entrepreneurship development schemes. NIDC as a developmental agency has in the recent years been working on its new business ventures in tandem with the changing economic scenario for creating and infusing economic growth in the State. The policy support of the State Government is imperative for implementation of various State and National flagship programs which would facilitate NIDC to carry forward its mandate to assist, develop and promote industrial growth in the State.





SUPERANNUATION MESSAGES

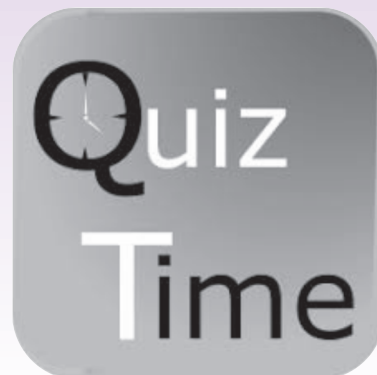




QUESTIONS OF CYBERQUIZ ~ 86



- Q.1 What's the best way to protect your hard drive data ? [a] regular backups; [b] periodically defrag it; [c] run chkdsk at least once a week; [d] run scandisk at least once a week.
- Q.2 Match the device driver HIMEM.SYS to its operation [a] Supports (ANSI) terminal emulation; [b] Manages the use of extended memory; [c] Uses expanded memory on a 80386 processor; [d] Supports code page switching.
- Q.3 What is the best way to prevent damaging your PC with static electricity ? [a] Place your PC on a rubber mat; [b] wear an ESD wrist strap; [c] periodically touch a safe ground point on the PC to discharge yourself; [d] static electricity doesn't really hurt a PC.
- Q.4 A systems theory of management includes : [a] The manager as the control mechanism; [b] the use of both environmental and internal information describing what should be achieved; [c] the use of objectives or standards of performance describing what is being achieved; [d] All of the above.
- Q.5 A central purpose of most decision-support systems is : [a] To build a model of the decision making problem; [b] to design a data-base management system; [c] to build an expert system; [d] to determine the key decisions in the problem area.
- Q.6 Which of the following is not true about expert systems ? [a] Expert systems are collections of human knowledge; [b] Expert systems are expensive to design; [c] expert systems are usually designed to run on small general-purpose computers; [d] maintenance support may be difficult to obtain for an expert system.
- Q.7 Which of the following refers to the associative memory ? [a] the address of the data is generated by the CPU; [b] the address of the data is supplied by the users; [c] there is no need for an address i.e. the data is used as an address; [d] the data are accessed sequentially.
- Q.8 The Memory Buffer Register {MBR} : [a] Is a hardware memory device which denotes the location of the current instruction being executed; [b] is a group of electrical circuits (hardware), that performs the intent of instructions fetched from memory; [c] contains the address of the memory location that is to be read from or stored into; [d] contains a copy of the designated memory location specified by the MAR after a "read" or the new contents of the memory prior to a "write".
- Q.9 In analyzing the compilation of PL/I program, the ter "Lexical analysis" is associated with : [a] Recognition of basic syntactic constructs through reductions; [b] recognition of basic elements and creation of uniform symbois; [c] creation of more optional matrix; [d] use of macro processor to produce more optimal assembly code.
- Q.10 An Interpreter is : [a] Is a program that appears to execute a source program as if it were machine language; [b] a program that automate the translation of assembly language into machine language; [c] program that accepts a program written in a high level language and produces an object program; [d] a program that places programs into memory and prepares them for execution.



For Answer See Page No.38



DO YOU KNOW ! BENEFITS OF ELECTRIC VEHICLES (EVs)

Electric vehicles contribute to a more sustainable transportation ecosystem. They address various environmental challenges, from reducing air pollution to promoting renewable energy adoption and resource conservation. The running cost of an electric vehicle is much lower than an equivalent petrol or diesel vehicle. Electric vehicles use electricity to charge their batteries instead of using fossil fuels like petrol or diesel. Electric vehicles are more efficient, and that combined with the electricity cost means that charging an electric vehicle is cheaper than filling petrol or diesel for your travel requirements. Using renewable energy sources can make the use of electric vehicles more eco-friendly.

The electricity cost can be reduced further if charging is done with the help of renewable energy sources installed at home, such as solar panels. Electric cars or vehicles (EVs) have the potential to reduce air pollution compared to traditional internal combustion engine vehicles. This is primarily because they produce zero tailpipe emissions. Vehicle emissions from internal combustion engine vehicles are a major contributor to air pollution and have adverse health impacts, especially in areas with heavy traffic congestion like China. In contrast, electric vehicles produce zero tailpipe emissions, so they do not release harmful pollutants like Nitrogen Oxides (NOx) and Volatile Organic Compounds (VOCs) into the atmosphere. The widespread adoption of electric cars can contribute to cleaner air and improved public health by reducing air pollution, like fine particulate matter (PM_{2.5}) and ozone (O₃). This is especially beneficial in urban areas where air quality and health are affected by traditional vehicles.

Reduced Harmful Gas Emissions

EVs produce zero tailpipe emissions, significantly reducing the emission of harmful gasses like Carbon Monoxide (CO), Nitrogen Oxides (NOx), Hydrocarbons (HC), and Particulate Matter (PM) that contribute to outdoor air pollution.



Improved Air Quality

With no exhaust emissions, EVs can make the air cleaner in urban areas. This reduction in harmful pollutants like Nitrogen Oxides (NOx) and Particulate Matter (PM) can lead to better respiratory health for the population and potentially less smog in cities.

Noise Pollution Reduction

EVs are quieter than traditional vehicles, as they lack a loud internal combustion engine. This reduced noise pollution is especially beneficial in densely populated urban areas, making them more pleasant and peaceful.

Energy Efficiency

Electric motors are inherently more energy-efficient than internal combustion engines. They convert a higher percentage of the energy from the grid into vehicle movement, reducing overall energy consumption and associated environmental impacts.

Renewable Energy Integration

If EVs are charged using electricity generated from renewable sources like wind or solar power, their environmental footprint is further reduced. This



promotes the use of clean energy and accelerates the transition to a sustainable energy system.

Resource Conservation

The EV industry is driving advancements in battery technology, emphasizing recyclability and the reuse of materials. This approach promotes the efficient use of natural resources, reducing the environmental impact of raw material extraction.

Reduced Oil Dependency

By reducing reliance on traditional energy sources, EVs help decrease the environmental impact associated with oil production, transportation, and the potential for oil spills. This shift also contributes to energy security and resilience.

Grid Integration and Load Balancing

Finally, smart charging infrastructure allows EVs to interact with the electric grid intelligently. They can charge during off-peak hours when energy demand is lower, helping to make better use of renewable energy sources and balancing the grid, ultimately reducing



stress on the grid during peak times and improving energy efficiency.

While there are caveats like the source of electricity and overall lifecycle emissions, these points highlight the multifaceted environmental benefits of electric vehicles, extending beyond emissions reduction to address various environmental and sustainability challenges.



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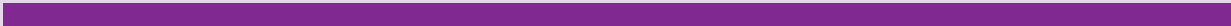
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Smt. Renu Mahanta, a first generation young woman entrepreneur of Assam set up M/s Kuhi Bakery for production of Assamese traditional cuisine in the year 2012 by taking financial assistance from AFC. The Bakery is manufacturing environment friendly products produced mainly from different varieties of local rice such as joha, black rice, organic foods etc. which are beneficial for health. The unit is engaged in utilizing eco-friendly paper based materials both for packing, serving and delivery of their products.

M/s River King City Palace is a star category guest house project ideally located on a hillock with beautiful views of the river Brahmaputra. It is promoted by Shri Diganta Baruah with financial assistance from AFC. He is also running a well furnished tourist resort at Bagori, near Kaziranga National Park since 2013 which attracts a large no of tourists due to its good service. The hotel is committed to green best practices for waste reduction, energy conservation, water conservation, promoting ecotourism etc. Shri Baruah is proposing to set up green infrastructure like solar panel installations, energy star-rated heating & cooling systems, geother

—Reba McEntire



ACTIVITIES OF COSIDICI



Executive Committee Meetings

The Executive Committee Meetings of COSIDICI were held on March 15, 2024 & May 27, 2024. Some of the highlights of discussions held in the meetings are as under :-

Financial Restructuring & Revitalisation of SFCs

The members felt the manufacturing sector needs to be promoted and the youth skilled so as to create a proper ecosystem for providing adequate jobs. The SLFIs, therefore, need to diversify and develop both infrastructure as well as financing of the industry. This would enable them to become financially strong. TIIC had organised a technical session on **“Embedding Sustainability in MSMEs through Capacity Building and Facilitation”** before the National Award Function for the benefit of the entrepreneurs and member corporations. The sessions by experts from the field of sustainability development; deriving energy from renewable resources specially wind energy; and digital solutions in manufacturing were a learning experience and these can be easily applied in the units. The SFCs need to equip themselves to help the MSME units to prepare for the future which is more and more governed by ESG, sustainability, efficiency and Artificial Intelligence.

TIIC has taken an initiative to educate the MSME sector towards ESG compliance. This necessitated the officers have technical knowledge. TIIC is, therefore, developing an in-house team by giving the requisite training to its manpower. The Corporation would be happy to train the officers of other SLFIs. The Executive Committee appreciated this initiative of TIIC and urged the members to avail of this opportunity. The members were requested to write to COSIDICI in the matter. The Council was requested to coordinate the training. The Executive Committee was informed that RIICO is keen to partner with TIIC in training of its officers as the Corporation is facilitating the industry to follow ESG norms in Rajasthan. It would help the Corporation to access low cost funds and



thus improve its financials. The only way forward for MSMEs is through decarbonisation and sustainability otherwise they will not be able to compete as a part of any supply chain. In addition compliance with ESG norms would enable the MSME units to access cheaper funds. Shri Hans Raj Verma, IAS, CMD, TIIC informed the members multilateral agencies like World Bank, IMF and ADB Bank, have given low cost funds to State Bank of India, SIDBI, PNB which in turn are looking for partnership and industry connect to disburse the funds. He suggested the members may approach these institutions through the State finance department or the State industries department for low cost funds. The department to be approached in SBI is Climate Finance unit and there are similar units in other institutions as well as in NABARD. These agencies will handhold and guide for energy efficient projects. The states can garner low cost funds for the MSMEs in the states. These funds can be used for rooftop solar units, solar plants, energy efficiency and other such verticals. The Executive Committee decided that a separate technical session on sourcing of low cost funds from the multilateral agencies may be held in the May, 2024.

The Executive Committee further advised the members to diversify their finance portfolio by approaching various banks. KFC has a line of credit with nine banks. Members could approach smaller



banks like Bank of Maharashtra initially. Once the banks realize the SLFIs are giving good returns, the bigger banks will readily give finance to them. EDC Goa and KFC have already sourced low cost funds from various banks. In addition to financing the industry, the SFCs could provide funds to the micro finance sector and the PSUs. AFC and KSFC are financing the microfinance sector very successfully. The members agreed that balance of risky, safe and challenging investments leads to a better return on investment.

The SLFIs need to study the financials of units to have a strong Standard Asset Portfolio. KFC studies the income tax returns and GST returns to see the financial health of the units. ESCROW account is opened through which all the funds are routed enabling the Corporation to keep tabs on the units. Both APSFC and KFC follow stringent norms while sanctioning loans. Andhra Pradesh State Financial Corporation (APSFC) has become a debt free corporation this year. TIIC is hand holding the entrepreneurs. Its assets under management increased by Rs.1000 crore last year. The interactive sessions of COSIDICI are meant to facilitate knowledge dissemination among Member Corporations. The Executive Committee, therefore, requested the members to get in touch with those Corporations who have taken initiative successfully and put in place new mechanisms and advised the Member Corporations to write to COSIDICI in the matter. The Council will facilitate interaction amongst the concerned Corporations.

Some of the State Governments, at present, are supporting the SLFIs in their respective states. However, the Members felt the SLFIs will ultimately have to compete in the market. Though the MSMEs have various institutions and banks from which they can source funds but the SLFIs provide value addition to attract the good borrowers by giving technical and marketing support, guidance in setting up units and handholding them till the units become successful leading to a very strong relationship between them. The employees of the Corporations need to be trained to follow risk management guidelines to improve the productivity and financial health of the corporation leading to their enhanced remuneration and incentivisation. The contribution of MSME sector

in the GDP of the country needs to grow by 12% to 15%. The SFCs, therefore, have to do due diligence and follow best practices for NPA management, credit flow rating. This can be done only if they collaborate, share and disseminate information on their best practices amongst themselves. The members were advised to mail their best practices to COSIDICI to enable the Council to forward this information to all the Corporations. In many States, SFCs are the implementing agencies of their state government schemes. All the SLFIs may take up with their respective State Governments to become the implementing agencies for various schemes of the state governments to promote entrepreneurship.

The Executive Committee was informed EDC Ltd., Goa has collaborated with EDI, Ahmedabad to promote entrepreneurship in the state of Goa. Shri Shafat Sultan, MD, JKLFC informed that Jammu and Kashmir has a local Entrepreneurship Development Institute (EDI) and has offices in Jammu and Srinagar. It provides seed money to entrepreneurs to help them launch their units. Shri B.S. Pai Angle, M.D., EDC Ltd. Goa appreciated the role of Entrepreneurship Development Institute, Ahmedabad. The institute has introduced 'entrepreneurship development' as a subject in school. As a result, students are inclined towards being an entrepreneur at a young age. EDC is trying to follow the same model in Goa. Members were requested to let COSIDICI know if they would like to get involved in this process. Tamilnadu also has an Entrepreneurship Agency to guide the startups and entrepreneurs. Shri Verma cautioned that while lending to startups the Corporations have to be careful so as to maintain a good portfolio.

The Executive Committee was informed a Parliament Standing Committee on Commerce had visited Kerala in September, 2023 for a comprehensive strategy to map major products and countries to maximize exports and minimize imports. KFC had informed the Committee the State Financial Corporations (SFCs) were constituted as per the SFCs Act 1951, a Central Act. The last amendment of the Act was carried out in the year 2000. SFCs play a vital role in assisting MSMEs. A lot of changes have happened in the MSME sector in the last 20 years including many amendments in MSMEs Act. Since the SFCs Act has not been amended in time, SFCs face many



operational issues in assisting MSMEs. Also the Expert Committee of MSMEs, constituted by the RBI under the Chairmanship of Shri U.K. Gupta in 2019 had, recommended to review State Financial Corporation Act, 1951 for enhancing the role of states so that more operational freedom is given to SFCs. Hence, the Hon'ble Chairman was requested to send the status of the pending proposal on amending the SFCs Act, 1951. KFC was informed the proposal for amendment to the SFCs Act is under consideration in consultation with SIDBI. In this regard, the Department of Financial Services, Ministry of Finance, GoI has sought comments on the proposed amendments from RBI, SIDBI and 18 States where SFCs are in existence. The comments have been received from RBI, SIDBI and 14 States. However, comments from 4 States Viz. Bihar, Himachal Pradesh, Rajasthan and Uttar Pradesh are still awaited. The Department of Financial Services, MoF vide its letter dated October 12, 2023 had requested these States to expedite their comments. COSIDICI vide its letter dated January 05, 2024 had also requested these States to expedite the matter. Reply from these Corporations is awaited. COSIDICI vide letter dated 8th August, 2023 to secretary Department of Financial Services, Ministry of Finance, Government of India had made a representation for amendment to the SFCs Act. The Executive Committee again requested the Members to write to the Central Government through their respective state governments so as to expedite the matter to enable the SFCs to give timely and adequate credit to the MSMEs. In this context the members decided to meet the Ministry of MSME in May 2024.

Activities of State Industrial & Infrastructure Development Corporations {SIIDCs} :

Members are aware many of the SIIDCs have collaborated with rural self-employment training institutes run by the Ministry of Rural Development to train the youth to start new enterprises in rural tourism, homestay, etc. This leads to self-employment, job creation. This successful association may be followed by all the SIDCs. SIDCs have also started financing of SHG clusters. The NPAs are minimal here leading to quick circulation of resources and as well as better returns.



The Executive Committee was informed AFC had tried to finance the borrowers in the rural areas. The Corporation enquired about the mechanism being followed by other SLFIs while collaborating with RSETI which could be emulated by AFC. Shri Verma explained the SLFIs could collaborate with RSETIs in rural areas. There are two dimensions here. The banking industry had mandated that every bank should have an RSETI in every district to impart training and skill upgradation to rural youth free of cost for entrepreneurship development. He advised that SLFIs could tie up with these institutions to get a pool of entrepreneurs to whom they can lend. Self Help Groups are another dimension wherein groups are mobilised for rural transformation. SLFIs can target those members of the Self Help Group who have a good record of entrepreneurship at micro and village level in various industries like homestay, dairy, fisheries, marine sector, mushroom cultivation, rural artisans and handicrafts. Financing a cluster may be difficult but individual members with a good record in this industry can be financed. There is good potential in the sector where SLFIs can lend and be a part of the rural development, process. As both the lending and recovery will be the responsibility of the SLFIs, the Corporations should associate with RSETIs or SHGs for better recovery which is facilitated due to peer pressure.

Membership of COSIDICI to ITCOT Limited, Chennai

ITCOT Limited - a Consultancy Organisation founded in 1979 with its headquarters in Chennai



and a Pan India presence is a joint venture of AIFIs, SLFIs & Commercial Banks. It provides project and business consultancy services with best practices in market at a very competitive rate to entrepreneurs, banks & financial institutions, PSUs, Government departments, corporates, MSMEs, Start-ups, etc. ITCOT prepares Techno Economic Viability Reports, Asset/Business Valuation, provides know how for Cluster Development as well as Statutory Approvals & Compliance Consulting etc. and has so far provided consultancy support for 20 Infrastructure projects developed by SIPCOT; TANSIDCO; TIDCO, ELCOT etc. It also provides end-to-end services in renewable energy projects like wind, solar, hydro, biomass, waste to energy etc. The agency has been appointed by Ministry of MSME, GoI as Technical Agency for the development of clusters under Scheme of Fund for Regeneration of Traditional Industries (SFURTI). ITCOT Limited was enrolled as a Member of COSIDICI to enable the agency & SLFIs to work together to bring about speedy development in the States.

Annual General Body Meeting :

The Annual General Body meeting of COSIDICI was held on "Google Meet" on March 15, 2024. The following were elected as the Members of the Executive Committee of COSIDICI for the year 2024-25 :-

Shri Hans Raj Verma, IAS, CMD, TIIC, Chennai as the President of COSIDICI for the year 2024-25. Smt. Manisha Varma, IAS, MD, MSFC, Mumbai; Shri Saurabh Gaur, IAS, MD, APSFC, Vijayawada; Shri Sanjay Kaul, IAS, CMD, KFC, Thiruvananthapuram; Ms. Laya Madduri, IAS, MD, AFC, Guwahati; and Shri Shivprasad M. Nakate, IAS, MD, RIICO, Jaipur were elected as Vice-Presidents. Shri Karilal Valaven, IAS, CMD, APIDC, Hyderabad; Dr. M.T. Reju, IAS, MD, KSFC, Bengaluru; Shri Sandip Janardan Sangle, IAS, MD, GSFC, Gandhinagar; Dr. Yash Garg, IAS, MD, HSIIDC, Chandigarh; Ms. Tanvi Hooda, IAS, MD, MPFC, Indore; Ms. Mousumi Chattaraj Chaudhuri, IAS, MD, WBFC, Kolkata; Shri Shafat Sultan, MD, JKLFC, Jammu and Shri P.T. Rudra Goud, MD, PIPDIC, Puducherry were elected as Executive Committee Members. Besides, Shri Rajeshwar Goel, IAS, MD, HPSIDC, Shimla and Shri

Kekhrievor Kevichusa, IPoS, M.D., NIDC, Nagaland were co-opted as Executive Committee Members for the year 2024-25. The contents of the Annual Report of the Executive Committee meeting of COSIDICI for the year 2024-25 were noted and approved by the General body which also approved the audited statements of accounts for the year 2024-25.

Meeting with MSME Ministry :

In the Special Executive Committee Meeting of COSIDICI held on May 27, 2024, Shri Hans Raj Verma, IAS, President COSIDICI said that the SLFIs were passing through trying times and needed to revisit their operations and come up with new strategies for improving their performance. The Members held meaningful discussions on the subject and unanimously agreed that the SFCs had to remodel and reinvent themselves by identifying their strengths and weaknesses to adapt to the changing economic environment. The main problem before the SFCs is availability of resources at cheap costs and their viability was primarily dependant upon the cost of their funds. After a detailed discussions on the matter in all its aspects, the Executive Committee Resolved that "A delegation comprising of some Chief Executive Officers of SFCs under the leadership of Shri Hans Raj Verma may meet the Hon'ble Minister of MSME, Ministry of MSME, Govt. of India to place the problems being faced by the SFCs before him and to seek a viable solution to strengthen them and also to enable them play their mandated role in fulfilling the socio economic obligations of the government and taking economic progress to the grass root levels."

COSIDICI' National Award Function, 2024 for the 'Outstanding Entrepreneurs'

The members felt that the COSIDICI National Award Function, 2023 had been successful in its twin objectives of felicitating and motivating successful entrepreneurs and of giving visibility to the contribution made by the SLFIs towards the industrialisation and economic progress of the country. The Executive Committee decided that good units under the following Six categories viz. Best First Generation Entrepreneur; Best Entrepreneur; Best Woman Entrepreneur; Best Unit in Service Industries (tourism/hospital etc.); Best Exporting



Unit /introduced the most innovative product; and Most environment friendly units be nominated for the 10th COSIDICI' National Award Function 2024 at Assam. The Corporations may also keep in view the compliance of the units with the prevailing environmental norms. Shri K.K. Saikia, Deputy General Manager, AFC stated Team AFC welcome the members in Assam for the ensuing COSIDICI' National Award Function, 2024.

Publications of COSIDICI Journal – Essay Writing Competition, 2024

The quality and content of the journal were appreciated by the members. The President COSIDICI requested the member corporations to whole-heartedly support the efforts of COSIDICI in bringing out such a useful financial journal which enjoyed wide circulation in the country. She requested that the Chief Executives of the Corporations should share their experiences in financing first generation entrepreneurs and other success stories for wider publicity. The Executive Committee appreciated the proposal for holding an '**Essay Writing Competition 2024**' and felt it would impart a sense of participation among our Member Corporations. The Executive Committee, therefore, Resolved to approve the proposal to hold an 'Essay Writing Competition 2024' under the aegis of COSIDICI COURIER on the subject "**Turn Around Strategies for the DFIs in the country**".

COSIDICI Executive Telephone Directory, 2024 (11th Series)

The Deputy Secretary COSIDICI informed the members that to integrate the activities of its Member Corporations, COSIDICI has been taking various initiatives over the years. In addition, every year

the Council publishes an "Executive Telephone Directory" to facilitate interaction among its Members Corporations all over the country. The Directory provides key information about senior Executives of our Member Corporations across the country viz. communication address, Telephone/Fax Nos, STD Code alongwith their Email IDs/ Websites and contains the latest list of Executive Committee Members of COSIDICI as well as List of Emergency Helpline numbers all over India. COSIDICI is in the process of publishing "**COSIDICI Executive Telephone Directory 2024**". The members were happy that COSIDICI is in process to finalise the 11th Series of "COSIDICI Executive Telephone Directory 2024" published by COSIDICI. The Executive Committee also urged the Members to keep COSIDICI Secretariat informed, as and when, there is any change of their executives, address, telephone nos., email etc.

On the conclusion of the discussions Shri Sanjeev Sharma, Deputy Secretary, COSIDICI thanked profusely the President COSIDICI, Shri Hans Raj Verma, IAS; Members of the Executive Committee of COSIDICI as well as all the participants in the Special Executive Committee meeting held on May 27, 2024 for expressing their courtesies and listening the views with a spirit of accommodation; open mind and making their valuable contribution in its deliberations. He also requested the members to use COSIDICI platform for dissemination of knowledge, information relating to promotion and development of industries, as well as for exchange of views and ideas on subjects of common interests. The exchange of ideas at the Executive Committee meetings had been helpful in launching new schemes and taking up varied activities by the Member Corporations.



"To be yourself in a world that is constantly trying to make you something else is the greatest accomplishment."

– Ralph Waldo Emerson



MEMBER CORPORATIONS ~ THEIR ACTIVITIES



AIDC, Guwahati

Assam Govt. planning Singapore-like infrastructure in Guwahati

The Government of Assam is planning to sign a Memorandum of understanding (MoU) with a Singapore firm to give a major facelift to Guwahati, the capital of the state that is also considered the financial nerve centre of the Northeast Indian region. The envisioned MoU will reportedly be signed between the Guwahati Metropolitan Development Authority (GMDA) and the Singapore Corporation Enterprise (SCE), an agency of the Singapore government.

Last year, a 'letter of intent' was signed between the state-run Assam Industrial Development Corporation (AIDC) and South-East Asian firm Surbana Jurong in Guwahati. Speaking at the Event, Assam Chief Minister, Shri Himanta Biswa Sarma said that the signing of the "letter of intent" would add a new strength to the "organic relationship" between Assam and Singapore. These reports have surfaced at a time when the state government is undertaking significant efforts to upgrade infrastructure in Guwahati as well as some of the other key towns in the state.

Assam government announced plans to implement the 'Ten Cities Development Concept' that aims to bring about comprehensive improvements in ten selected cities, focusing on various aspects such as manpower rationalization, capacity building, and the delivery of municipal services through digital platforms. Under this project, special attention will be given to the digitization of municipal services, strengthening financial infrastructure, and optimizing manpower in the selected cities. Apart from Singapore, Assam is also planning collaborations with another Asian country – Bhutan. Bhutan's king Jigme Khesar Namgyel Wangchuck announced a massive "international city" in an area of over 1,000 sq. km. on its border with Assam as part of a project "connecting South Asia with Southeast Asia via India's northeastern States".

KFC, Guwahati

KFC raises Rs.307 Crore through NCDs

Kerala Financial Corporation has successfully raised Rs.307 crore by issuing Non-Convertible Debentures (NCDs). The 10-year term bond was raised through the BSE Electronic Book Platform (EBP) on March 13, 2024, at a coupon rate of 8.89%. KFC is one of the few public sector undertakings in the State with AA Credit rating given by RBI/ SEBI approved rating agencies and hence, KFC could raise funds at a better rate than the major Public Sector Banks/ State PSUs in this rising interest scenario. "The lower coupon and strong demand from investors for KFC bonds underscores the market confidence in the financial strength of KFC and our sustainability-driven strategy as well," said Sanjay Kaul, CMD, KFC.

The Kerala government has infused Rs.100 crore capital to the Corporation thus increasing its network to above Rs.1000 crore. Since 2016, the Corporation has been raising funds based on the strength of its balance sheet, without Government guarantees. KFC will be raising further funds from the bond market to the tune of nearly Rs 700 crore in the next Financial Year.

Kerala Financial Corporation registers Rs.74.04 Crore Net Profit

Kerala Financial Corporation declares a dividend of Rs.36 cr to the State Govt. The decision was taken in the 71th AGM of KFC. The AGM has also adopted the financial statements for the year ended 31-03-2024 & decided to declare a dividend of Rs.5 per share. The State Govt. hold 99% shares in KFC & the other shareholders include SIDBI, SBI, LIC, etc. The institution reported a substantial increase in net profit, reaching Rs.74.04 cr, marking a 47.54% rise from the previous yr's figure of Rs. 50.19 cr. The loan portfolio exceeded Rs.7,000 cr for the first time, reaching Rs. 7036 cr, while net worth touched Rs.1064 cr. Total income has increased to Rs.688.71 cr against



Rs. 694.37 cr last yr. During the year, KFC sanctioned Rs. 3306.66 cr loans to MSMEs, Startups & other sectors. Total loan disbursement comes to Rs.4,068.85 cr. Under 'CM's Entrepreneurship Development Programme', 2648 MSMEs were assisted with loans worth Rs.726.66 cr so far at an annual interest rate of 5%.

68 Startups were assisted with Rs. 72.53 cr loans under 'Startup Kerala' - a comprehensive scheme by KFC for Financing Startups, where loans were given without any collateral.

EDC Ltd., Goa

Chief Minister Pramod Sawant Inaugurates EDII's Goa Regional Centre to Boost Entrepreneurship

In a significant move to bolster entrepreneurship and innovation in Goa, the Hon'ble Chief Minister Dr. Pramod Sawant inaugurated the Entrepreneurship

Development Institute of India's (EDII) Goa Regional Centre on March 12, 2024. The inauguration ceremony, held in Ahmedabad, was attended by key dignitaries including Dr. Sunil Shukla, Director General of EDII; Dr. Milind Kamble, Chairman of DICCI and Board Member of EDII; Shri Sanjay Satardekar, Vice Chairman of EDC Limited; Shri B. S. Pai Angle, Managing Director of EDC Limited; and Dr. Amit Dwivedi, Incharge – Department of Government Projects, EDII.

The Goa Regional Centre has been established to implement the 'Goa Udyamita Yojana', with EDII serving as the implementation agency, and the Goa CSR Authority and EDC Limited, Goa, acting as the nodal agencies. The Goa Udyamita Yojana aims to enhance the entrepreneurial ecosystem in Goa by leveraging human capital and local resources to promote the creation of new enterprises and the growth of MSMEs. Dr. Sunil Shukla, Director General of EDII, expressed gratitude for the opportunity to work towards nurturing entrepreneurship in Goa. He outlined EDII's plans to undertake various initiatives such as training, research, mentoring, and incubation to transform Goa into a hub of entrepreneurship and innovation. Dr. Milind Kamble, Founder Chairman of DICCI and Board Member of EDII, expressed confidence that the Goa Centre would catalyze entrepreneurial spirit, particularly among the youth,





and position Goa as a center for entrepreneurial aspirations and mindsets.

Shri B. S. Pai Angle, Managing Director of EDC Limited, expressed his satisfaction with the collaborative efforts aimed at strengthening entrepreneurship in Goa. He reiterated EDC Limited's commitment to supporting and nurturing the entrepreneurial ecosystem to drive economic prosperity in the state. The launch of the EDII Goa Regional Centre marks a significant milestone in Goa's journey towards becoming a hub for startups and entrepreneurship. It reflects the state's commitment to fostering a culture of innovation and entrepreneurship, providing a platform for local talent to thrive and contribute to Goa's economic development.

HSI IDC, Chandigarh

Haryana launches one-time settlement schemes for HSI IDC plot allottees

The scheme is applicable to the existing allottees of commercial, institutional, residential or group housing plots or sites, who have been allotted plots and sites before January 2021. Newly sworn-in Haryana Chief Minister Nayab Saini announced two new one-time settlement schemes under the 'Vivadon Ka Samadhan' initiative in a bid to boost business operations in the state. "These schemes will provide option to plot allottees for settlement of dues and related legacy matters against plots (industrial, commercial, residential/group housing and institutional use) in respect of cost of plot and enhanced cost in industrial model townships and industrial estates of the Haryana State Industrial & Infrastructure Development Corporation (HSI IDC)," an official press release issued by the government said.

Saini remarked that the effort underlines the government's focus on protecting the interests of industrialists and entrepreneurs in the state. "The government has been proactive in its efforts in creating a conducive environment for the development of industries in Haryana," he added.

HSI IDC launches new web portal with a chatbot

Shri V. Umashankar, the Principal Secretary to the Chief Minister of Haryana said the information technology (IT) initiatives such as these will not only ensure timely service to the end-users but also help in quicker realisation of due payments and decrease in litigation due to inherent delays. The Haryana State Industrial and Infrastructure Development Corporation (HSI IDC) launched a new web portal having a chatbot for real time interaction with end users. As part of this effort, the corporation has already linked its WhatsApp business account with the e-sewa portal to promptly send notifications and communications such as digitally signed RLAs, due payment reminders, water bills, etc.

MIDC, Meghalaya

Struggles to Successes: The Turnaround of Meghalaya's MIDC

A year ago, the Meghalaya Industrial Development Corporation (MIDC) was struggling to maintain financial stability as well as handle operations efficiently. Following old practices and standards, the lack of a renewed outlook for the team, inefficient quality control measures in place, as well as bleak industrial networking became an annual story for the corporation, which even reflected poorly in the balance sheets.

A year later, with a new Chairman, Mr. James P.K. Sangma, new officers at the helm, a new team and with multiple fresh measures in place, on April 22, 2024, MIDC became the first and only state Public Sector Undertaking (PSU) of Meghalaya to receive two of the most prestigious International certifications for quality management and environmental sustainability, the ISO 9001:2015 and ISO 14001:2015. The transition from a struggling entity to a thriving organisation has not come easy for the corporation. Through a series of strategic initiatives, an involved and engaged Chairman, prudent financial management and allowing employees ownership of their work, the turnaround story of MIDC has involved long days of collective brainstorming, identifying strengths and



weaknesses of the team and laying down streamlining measures for operations to flow smoothly.

Another vertical which the MIDC strengthened was leveraging the power of networking. With the Chairman of the corporation being a seasoned statesman, this contributed to the pathway of building valuable networks, through strategic collaborations and partnerships. MIDC's collaborations with organisations like RITES, WAPCOS and CMPDI have played a crucial role in borrowing best practices and expertise, more importantly because these corporations in their own right are some of the biggest organisations of India and have consistently demonstrated a history of efficiency. These collaborations enabled MIDC to access a wealth of knowledge and resources.

Using such resources, a key aspect of MIDC's capacity-building strategy has been the strengthening of its engineering wing. This was achieved through the empanelment of technical advisors, IT experts, architects, and UAV experts as well as the recruitment in important positions in key offices such as Tura and Shillong. These additions bolstered the corporation's technical expertise and project execution capabilities, allowing the leverage of cutting-edge technologies and digital tools to enhance project monitoring and evaluation mechanisms, making the MIDC an attractive partner for large-scale industrial projects. All of these initiatives, along with the state's latest industrial policy, enabled MIDC to secure substantial investments, such as the nearly 100 crore investment by Varun Beverages, one of Pepsico's largest bottling partners, in the Mega Food Park at Mendipathar.

MIDC turnaround story is a testament to the corporation's tuning to the fast and changing industrial landscape of the country, along with continuous improvement and innovation, which is still ongoing. While there is still a long way to go and more achievements to be made, as of now MIDC has positioned itself as a key player not only in the state but in the region's industrial development landscape, adding and contributing to the growth and development of Meghalaya.

RIICO, Rajasthan

RIICO inks pact for a plant in Bhiwadi

Rajasthan State Industrial Development and Investment Corporation (RIICO) and Automation firm Craftsman Automation have inked an agreement for a plant in Alwar with an initial investment of Rs.150 crore. The company will set up an aluminium products plant in Salarpur industrial area of Bhiwadi as per the deal. The South India-based company is investing Rs 150 crore in the first phase. It will supply products to many international and domestic brands, including Tata Group and Mahindra Group, Craftsman Automation, Chairman and Managing Director, Shri S. Ravi said in a release. Shri Ajitabh Sharma, Principal Secretary, Industries, and Chairman, RIICO said, "We welcome Craftsman Automation Ltd and will support the company with Rajasthan's investment promotion schemes, financing, incentive schemes and all eligible benefits as applicable."



From L to R: Shri Gautam Ram, Director, Craftsman Automation with Shri Ajitabh Sharma, IAS, Principal Secretary, Government of Rajasthan & Chairman, RIICO

SIPCOT, Chennai

With Singapore government's help, SIPCOT gears up to set up India's first net-zero industrial estate

The Tamil Nadu and Singapore Governments collaborate to finalise the framework for India's first Net Zero Industrial Park in Chennai in one year. H.E. Simon Wong, High Commissioner of the Republic of Singapore in India, addressing the gathering at



a session on Singapore at the Tamil Nadu Global Investment Summit 2024 in Chennai.



A comprehensive framework for India's first Net Zero Industrial Park, as a result of the collaborative efforts of the Tamil Nadu and Singapore governments, is likely to be finalised in the next one year, said Dr. K. Senthil Raj, IAS, Managing Director, SIPCOT (State Industries Promotion Corporation of Tamil Nadu), at the Tamil Nadu Global Investors Meet (TNGIM). The framework will guide the establishment of a net-zero industrial park, which SIPCOT has plans to design and build in the North of Chennai. It will potentially be the first Net Zero Industrial Park in India. Last year, SIPCOT signed an agreement with the Singapore-India Partnership Office (SIPO) under the Ministry of Trade and Industry (MTI) to cooperate on a sustainable industrial park during the visit of Tamil Nadu Chief Minister, Shri M.K. Stalin and other State Ministers and key officials from the Government of Tamil Nadu to Singapore to promote the TNGIM.

The co-operation between SIPCOT and MTI-SIPO brings together Singapore agencies like the Centre for Liveable Cities and JTC Corporation as knowledge partners for SIPCOT, the developer of industrial spaces in Tamil Nadu.

Earlier, Simon Wong, Singapore High Commissioner to India, said Singapore has been a long-standing

partner for Tamil Nadu, and Singapore companies have committed to investing about Rs.31,000 crore in Tamil Nadu across high-growth sectors such as sustainability and infrastructure, as well as collaboration in technology and skills. Given the cultural and historical familiarity between both states, he also said Tamil Nadu is often the first port of call for Singapore companies looking at South India.

TIDC, Tripura

Tripura Industrial Development Corporation earns Rs 5 crore net profit after 3 years of losses

The Tripura Industrial Development Corporation (TIDC) has registered a record hike in revenue generation in the just-concluded financial year. The industrial body, established in 1974 to oversee industry-related issues and facilitate growth in the industrial sector, received a substantial boost after Prime Minister Narendra Modi launched multiple schemes to incentivize private investment in the Northeast, particularly in the state of Tripura.

TIDC chairman Nabadal Banik told Business North East that after the first BJP government was formed in 2018, several initiatives were undertaken to create a conducive atmosphere to attract private investments in the state. "Though we suffered initial losses, we developed industrial infrastructure and logistics support was extended from the government and TIDC. Different schemes such as MSME, Swabalamban, KVIC, and NMB were implemented in letter and spirit, which led to the growth. I have also taken several initiatives to ensure that deserving aspirants get loans and other benefits in time," he said. He further mentioned that several renowned companies like North East Biniar Plywood, G Cube, Electro Trans Industries, Lal Baba Food, Nitcon Indian, and Mutha Industries have set up their units in the state. According to a statement, the TIDC generated revenue amounting to Rs 17,10,13,790 in the 2023-24 fiscal year. After all expenses, the industrial body earned a net profit of Rs 5,33,60,087.





ECONOMIC SCENE



Economy expands 8.4% in Q3

India's economy witnessed a six-quarter high growth rate of 8.4 per cent in Q3FY24, due to high tax collections and control over subsidies, amid significant revisions in earlier gross domestic product (GDP) estimates. The National Statistical Office (NSO), in its second advance estimates data released in January, 2024 revised the FY24 growth estimate upward to 7.6 per cent, from the 7.3 per cent projected in January. This upward revision was aided by a downward adjustment of the FY23 growth estimate to 7 per cent, from the previously projected 7.2 per cent. The average GDP growth for the first three quarters of FY24 stands at 8.2 per cent, implying that the fourth quarter growth is assumed at 5.9 per cent. The nominal GDP for FY24 is projected at Rs.294 trillion, assuming 9.1 per cent growth, slightly higher than the 8.9 per cent growth assumed in the first advance estimates released in January. This projection will likely ease the government's path to achieving the revised fiscal deficit target of 5.8 per cent of GDP for FY24.

Exports grow fastest in 20 months; trade gap widens

India's merchandise exports grew at the fastest pace in 20 months at 11.9 per cent in February, overcoming the Red Sea crisis and falling commodity prices. Data released by the commerce department showed merchandise imports grew 12.2 per cent — a 17-month high — to \$60.1 billion in February, leading to a trade deficit of \$18.7 billion during the month.

“This is the highest exports in 11 months (in value terms). During April-February 2023-24 period, merchandise exports contracted 3.45 per cent to \$395 billion, while imports shrunk 5.3 per cent to \$620.2 billion, leading to a trade deficit of \$225.2 billion.

India signs EFTA agreement

India and the four European Free Trade Association (EFTA) countries signed a free-trade agreement



(FTA) in March, 2024, which may be instrumental in India receiving \$100 billion as foreign direct investment (FDI) in 15 years with 1 million jobs. The EFTA countries will get duty-free market access to India for products like Swiss watches and chocolate. Though investment will flow from private players and the governments of EFTA countries will only nudge them to invest, India can partially withdraw tariff concessions if the investment commitments are not met. The EFTA bloc, which includes Switzerland, Iceland, Norway, and Liechtenstein, “shall aim to increase” FDI from investors of the EFTA states in India by \$50 billion within 10 years of this agreement taking effect and an additional \$50 billion in the next five years.

Manufacturing PMI at 16-yr high; hiring picks up

India's manufacturing sector ended 2023-24, with the Purchasing Managers Index (PMI) soaring to a 16-year high of 59.1 in March, up from 56.9 in February, according to a survey released by HSBC in April.

A PMI above 50 represents expansion in the manufacturing sector, while a reading under 50 represents contraction. The survey reveals that the manufacturing sector gained momentum in March, with the strongest increases in output and new orders since October 2020. This was accompanied by the second-sharpest upturn in input inventories in the survey's history in connection with India. Employment



returned to positive territory and firms scaled up buying levels.

At 59.1, the March manufacturing PMI is slightly lower than the flash estimate for the month at 59.2, released on March 21. The March figure marks the manufacturing output rising for 33 months in a row and to the sharpest since October 2020.

The growth of new orders, the survey noted, accelerated at the fastest pace in nearly three-and-a-half years in March, amid reports of buoyant demand conditions. New work inflows strengthened from both domestic and export markets, with new export orders increasing at the fastest pace since May 2022. Sales to Africa, Asia, Europe, and the US picked up sharply. The survey also noted that growth quickened across the consumer, intermediate, and investment goods sectors. The steepest expansion in production was seen at investment goods makers. Manufacturers in India hired additional workers in March. The pace of job creation was mild but still marked the best performance since September 2023.

Forex reserves rise by \$10 bn to 2-yr high

India's foreign exchange reserves rose to \$636 billion in the week ended March 8, according to the latest data released by the RBI. The total reserves increased by \$10.47 billion in the previous week, which was the highest weekly gain since July 14, 2023. The reserves rose on account of an increase in foreign currency assets, which grew by \$8.12 billion in the week. Foreign exchange traders said the RBI heavily purchased dollars in the spot market during the week, absorbing robust inflows in both debt and equity ahead of the inclusion of government bonds in global indices.

Labour-intensive jobs India's only option now: ILO

There is "no alternative" for India to have growth led by labour-intensive manufacturing at least for the next 10 years to absorb seven-eight million youths who will join the labour force annually, a report jointly prepared

by the International Labour Organization (ILO) and Institute for Human Development (IHD) has said.

Using official data, it highlighted the increasing uncertainties in the labour market due to fast-changing technologies, including artificial intelligence (AI). Titled "India Employment Report 2024" and released in March, it said: "Fast-changing technological advancements, particularly artificial intelligence, are going to be important disruptive factors in the labour market, with positive and negative consequences. Although on a good footing, India still needs to do more to prepare itself for the challenges posed by new technologies."

The report calls for primacy to be given to labour-intensive manufacturing employment to absorb the abundant unskilled labour, along with the emerging employment-generating modern manufacturing and services sectors, with a direct and greater focus on micro, small and medium-sized enterprises by providing a more supportive and decentralised approach. It also highlights investment in the green (environment-friendly) and blue (based on ocean resources) economies, developing rural infrastructure, and establishing an integrated market to revive employment in the farm and non-farm sectors in rural areas.

The report mentions outsourcing in India could be disrupted because some back-office tasks would be taken over by AI, but given that India has a lot of vibrant startups, tech developers, and a reasonably good digital infrastructure, it is possible to create jobs. AI offers immense opportunity to enhance labour productivity and incomes of even unskilled and semi-skilled workers, while cautioning that the disadvantaged states are less prepared for this, and active policies and programmes need to be formulated and implemented for training youths in those states. India remains poised to reap a demographic dividend for at least another decade due to the youth population remaining at 23 per cent of the total in 2036 from 27 per cent in 2021. However, youth employment has by and large remained of poorer quality than employment for adults.



India's forex reserves increase \$6.55 bn to \$625.63bn

India's foreign reserves increased by \$6.55 billion to \$625.63 billion for the week ending on March 1, the RBI said. The reserves took a hit as the central bank deployed the kitty to defend the rupee amid pressures caused mostly by global developments since last year.

Economy may grow over 7% for 4th straight year in FY25:CEA

The Indian economy is set to grow clock over seven per cent growth rate in FY25 too if conditions are favourable, chief economic advisor (CEA) Shri Anantha Nageswaran said. He highlighted the interconnectedness of economic components, noting that while natural economic growth relies on internal dynamics such as capital formation, exogenous factors like fiscal stimulus or external demand can uplift economies from downturns.

Trade deficit falls to 3-month low of \$19.8 billion in Dec

India's trade deficit in December narrowed to a three-month low of \$19.8 billion amid an import slowdown due to falling commodity prices. Merchandise exports during the month grew 0.97 per cent over a year earlier to \$38.45 billion, contrary to the trend of a slowdown so far this financial year, showed data released by the commerce department in January. Merchandise imports, meanwhile, grew 8.45 per cent to \$58.25 billion, boosted by gold imports.

Higher demand for engineering goods, electronic products, and drugs & pharmaceutical products aided growth in outbound shipments from India, said government officials. Commerce Secretary Shri Sunil Barthwal said India moved into a positive territory in terms of exports, 'beating global trends', though there was a need to see how the Red Sea situation would pan out. The region is vital for 30 per cent of global constrained traffic and 12 per cent of global trade.

"There has been a major decline in trade deficit, but we are still facing adverse conditions. We are beating global trends and hope to do so in the fourth



quarter as well. We are waiting and watching what is happening in the Red Sea (region). There will be some negative impact, which we will take stock of next month," Shri Barthwal said. In value terms, barring August and December, monthly outbound shipments from India have remained in the \$33-34 billion range since April this year, significantly lower than those in the same period last year. India's exports during April-December this financial year have contracted 5.7 per cent year-on-year to \$317.12 billion, and imports have declined 7.9 per cent to \$505.15 billion.

ICRA Chief Economist Ms. Aditi Nayar said India's merchandise trade deficit in December was lower than the agency's estimate of \$22.7 billion, thanks to better exports than expected. "Given this, we expect the current account deficit (CAD) to be Rs \$16-18 billion in the December quarter of FY24, lower than our earlier estimate of over \$20 billion, albeit nearly twice the reading seen in the September quarter," Ms. Nayar said.

Exports of non-petroleum, non-gems & jewellery — also known as core exports — grew 5.4 per cent during the month to \$28.67 billion, while core imports declined 0.2 per cent to \$37.96 per cent.

India's merchandise exports shrank in 13 of the 30 sectors in December. Key export items that saw a decline included petroleum products (17.61 per cent), readymade garments (12.56 per cent), and organic & inorganic chemicals (11.43 per cent).



Services trade surplus was \$44.9 bn in Dec qtr

India's services trade surplus increased to \$44.9 billion in the October-December quarter (third quarter, or Q3) of 2023-24 (FY24), growing 16 per cent year-on-year, showing resilience amid strong global headwinds. This is likely to reduce the current account deficit (CAD) in Q3. According to the RBI data, services exports grew 5.2 per cent to \$87.7 billion during Q3, while services imports contracted 4.3 per cent to \$42.8 billion during the same period. India's CAD moderated to 1 per cent of gross domestic product (GDP) in the first half (April-September) of FY24 from 2.9 per cent of GDP during the same period of 2022-23 (FY23), due to a lower merchandise trade deficit and higher net services receipts.

UN report revises India's 2024 GDP growth estimate to 6.2%

The United Nations World Economic Situation and Prospects Report 2024 in January revised India's gross domestic product (GDP) growth estimate for the 2024 calendar year to 6.2 per cent, compared to 6.7 per cent earlier.

The report stated: "Economic growth in India is projected to remain strong at 6.2 per cent in 2024, following an estimated expansion of 6.3 per cent in 2023, mainly supported by resilient private consumption and strong public investment." Despite revising the growth estimates for 2024 downward by 0.5 percentage points, the report projects a rebound in 2025, with a GDP growth projection of 6.6 per cent.

Govt notifies FDI norms for space; move may bring in \$44 bn by 2033

The government in March notified the amended FDI norms in the space sector, allowing for 100 per cent overseas investment in making components for satellites, 74 per cent in satellite manufacturing and operations, and 49 per cent in launch vehicles. Anything beyond the limit will need government approval.

The sector is also expected to see investments of around \$20 billion during the period in launch vehicles, satellite manufacturing, earth observation,

communication and in-orbit economy. Till now foreign investment in the sector was allowed upto 100 per cent in the area of satellite establishment and operations through government route only. With the easing of the policy, the government hopes to attract overseas players and private companies into the segment.

Rs.26,400 cr proposed for Fame-III

The ministry of heavy industries is working on broad contours of the third phase of Faster Adoption and Manufacturing of Electric Vehicles or FAME-III. Based on discussions with stakeholders, the ministry is proposing to allocate Rs.26,400 crore for FAME-III subsidy alone with electric two wheelers getting around Rs.8,158 crore, electric buses Rs.9,600 crore and electric three-wheelers Rs.4,100 crore. Along with some other components like setting up an innovation fund and money for testing, the total allocation may cross Rs.33,000 crore.

The scheme is also planning to support e-tractors with a fund of over Rs.200 crore. Hybrid vehicles and hydrogen fuel cell vehicles might be added to the list but initially with a token allocation of Rs.100 crore. Electric four-wheelers are to be allocated around Rs.1,800 crore.

Apr-Nov fiscal deficit contained at 50.7% of FY24 Budget Estimates

Ahead of the Interim Budget, the Centre's fiscal deficit for the first eight months of the current financial year accounted for 50.7 per cent of the full-year target of Rs.17.87 trillion, much lower than 58.9 per cent during the year-ago period. In absolute terms, the fiscal deficit shrank to Rs.9.1 trillion in April-November FY2024, from Rs.9.8 trillion in April-November FY23, the data released by the Controller General of Accounts (CGA) on December 30 showed.

Govt's prudent fiscal policy to back economic growth: FinMin

India's domestic economic momentum and stability, low to moderate input cost pressures, and anticipated policy continuity are significant buffers against global inflationary pressures and supply-chain disruptions



due to geopolitical stress, the Finance Ministry (FinMin) said in its half-yearly economic review 2023-24 released in December which is as under :-

- High frequency indicators for October and November reflect robust economic activity in Q3
- Indian economy to comfortably achieve the growth rate upwards of 6.5 per cent in FY24
- Relatively stable rupee and adequate forex reserves generate optimism for India's external sector
- FDI inflows expected to resurrect in medium term on the back of strong government back support and rising growth

Need for more reforms in PLI scheme

The government's production-linked incentive (PLI) scheme is the closest India has got to an industrial policy. Several PLI programmes have been designed for a subset of sectors that the government believes is relevant for India's development and economic security. Some of these are clearly related to the green transition, such as the scheme for batteries. But there are others that are more traditional export-oriented sectors. One such is textiles, which is a well-known, labour-intensive sector that is relevant for employment growth. However, as this newspaper has reported, the growth of private investment in some of these sectors - including textiles, information technology hardware, and speciality steel has been slower than anticipated. In fact, according to a review of the schemes by an inter-ministerial panel, investment has been lagging in several sectors. It is becoming increasingly clear that, even with the subsidies provided, there are certain sectors that require policy reform at a deeper level if they are to become properly competitive.

Textiles is one such sector. Its impact on job creation and livelihoods is undeniable. Indeed, the sustained growth and poverty reduction that have been achieved in countries like Bangladesh are a consequence of productivity in this sector. The government envisaged that putting some public money into incentivising increased production in this sector in India would

lead to a takeoff. But that has not been the case. Although over Rs.10,000 crore has been set aside for this programme, which is focused on man-made fibre and garments, only a small fraction of that money has been disbursed. Indeed, there is no sign that it will re-energise the sector or cause a structural shift in employment patterns. Multiple tweaks to the programme have already been proposed and implemented—with reports earlier this month that the Union Ministry of Textiles was working on yet another revision. It is time to consider that the problem is not the exact parameters of the PLI scheme but the broader hope that it would serve as a shortcut, removing the need for deeper reform.

The reason some countries have done well on textiles and garments exports is simple: They have solid infrastructure, reliable trade policy with low tariffs on inputs, an employable workforce and investor-friendly regulations. Of these four requirements, the Indian government has worked hard on building infrastructure and to an extent, on easing regulations. However, trade policy has been noticeably unpredictable and workforce development has not happened as desired. Nor has there been judicial or administrative reform that provides business with confidence that regulations will be fairly enforced. It is not surprising, therefore, that there are few takers for the money on offer.

The government needs to stop discussing the large amounts of money set aside for the PLI schemes and engage actively with the concerns of potential investors in each of these underperforming sectors, from textiles to food processing. The PLI programmes themselves are clearly not solutions to underlying problems, and should not be considered to be open-ended offers, either. The danger is that if the government broadens eligibility, it may lead to unsustainable projects. There is only one formula for labour-intensive export growth: Creating business-friendly conditions.

Rs.41,000 crore unspent from govt's PLI fund

The Rs.1.97 trillion worth PLI scheme was launched in 2020-21 to make India a manufacturing powerhouse, improve the cost competitiveness of locally produced



goods, create employment opportunities, curb cheap imports, and boost exports.

The government intended to spend this amount on all 14 production-linked incentive (PLI) schemes. However, around Rs.41,000 crore remains unutilised till date, according to a government official. This means that 80 per cent of the total allocated amount, or Rs.1.56 trillion, will be used to pay incentives to companies eligible to claim benefits over the next few years. The unutilised amount/savings is due to undersubscription, in the case of schemes such as textile, as well as a reduction in the allocation of schemes. In some cases, beneficiaries' claims have also been rejected by government agencies as companies were unable to fulfil relevant criteria, resulting in lower-than-expected utilisation of the scheme.

Gross GST collections in April were Rs.2.1 trn

Gross goods and services tax (GST) collection (prior to refunds) recording Rs.2.1 trillion in April. This represented year-on-year (Y-o-Y) growth of 12.4 per cent.

Net GST receipts (after refunds) rose 15.5 per cent Y-o-Y to Rs.1.92 trillion in April, the finance ministry said in May.

The surge in GST collection was primarily driven by domestic activities, revenue from which increased 13.4 per cent Y-o-Y in April. Meanwhile, GST via imports rose by 8.3 per cent. However, the integrated GST (IGST) on imports saw a moderate decline of around 2 per cent, falling to Rs.37,826 crore in April, compared to Rs.38,593 crore a year ago. The cess on imports fetched 2.4 per cent higher revenue, at

Rs.1,008 crore versus Rs.984 crore a year ago. The Union government settled Rs.50,307 crore to central GST (CGST) and Rs.41,600 crore to state GST (SGST) from the IGST collected.

Direct tax collection at 80% of FY24 RE

Direct tax collections grew 20.25 per cent to Rs.15.60 trillion till February 10 of financial year '24, which is more than the 17.24 per cent of the revised estimates (RE) for the entire year. The government needs to collect Rs.3.85 trillion in almost 50 days to meet the target set in RE for the year.

Corporation tax rose 13.75 per cent till February 10, more than the target of 11.73 per cent for the entire year. Personal income tax was up 27.17 per cent till February 10. It was 22.69 per cent for the entire year. Excluding securities transaction tax (STT), personal income tax grew 26.91 per cent till February 10. The government issued refunds amounting to Rs.2.77 trillion till February. Adding refunds, direct tax collections rose 17.3 per cent at Rs.18.38 trillion till February 10.

India's services PMI was 6-mth high in Jan

An increase in new business activity due to the buoyant demand from domestic and external clients pushed growth in India's dominant services sector to a six-month high in January, as the headline Purchasing Managers' Index (PMI) figure rose to 61.8 in January from 59 in December, according to a survey by S&P Global and HSBC. "The upturn was cemented by the quickest increase in new business since July, 2023 which was due to high demand from domestic and external clients. New export sales rose at the fastest pace in three months".



To be yourself in a world that is constantly trying to make you something else is the greatest accomplishment.

Ralph Waldo Emerson



INTERIM BUDGET 2024-25



With the 'mantra' of 'Sabka Saath, Sabka Vikas, and Sabka Vishwas' and the whole of nation approach of "Sabka Prayas", the Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman presented the Interim Union Budget 2024-25 in Parliament on February 01, 2024.

The table below gives estimates and revised figures of revenue and expenditure for the last year i.e. 2023-2024 and the figures proposed for the next 2024-2025 and deficits of revenue, fiscal and primary as percentage of GDP :

S.No.	ITEM	2023-2024	2023-2024	2024-2025
		(BE)	(RE)	(BE)
1.	Receipts:			
	(a) Revenue Receipts	2632281	2699713	3001275
	(i) Tax Revenue (Net to Centre)	2330631	2323918	2601574
	(ii) Non-Tax Revenue	301650	375795	399701
	(b) Capital Receipts	1870816	1790773	1764494
	(i) Recoveries of Loans	23000	26000	29000
	(ii) Other Receipts	61000	30000	50000
	(iii) Borrowings and Other Liabilities	1786816	1734773	1685494
	Total Receipts (a) + (b)	4503097	4490486	4765768
2.	Total Expenditure	4503097	4490486	4765768
3.	Revenue Expenditure	3502136	3540239	3654657
4.	Capital Expenditure	1000961	950246	1111111
5.	Revenue Deficit	869855	840527	653383
		(2.9)	(2.8)	(2.0)
6.	Fiscal Deficit	1786816	1734773	1685494
		(5.9)	(5.8)	(5.1)
7.	Primary Deficit	706845	679346	495054
		(2.3)	(2.3)	(1.5)

The key highlights of the Budget are as follows:

- Focus on upliftment of four major castes, that is, 'Garib' (Poor), 'Mahilayen' (Women), 'Yuva' (Youth) and 'Annadata'(Farmer).

Research and Innovation for catalyzing growth, employment and development

- A corpus of Rs.1 lakh crore to be established with fifty-year interest free loan to provide long-term

financing or refinancing with long tenors and low or nil interest rates.

- A new scheme to be launched for strengthening deep-tech technologies for defence purposes and expediting 'atmanirbharta'.

Infrastructure

- Capital expenditure outlay for Infrastructure development and employment generation to be



increased by 11.1 per cent to Rs.11,11,111 crore, that will be 3.4 per cent of the GDP.

Revised Estimates (RE) 2023-24

- RE of the total receipts other than borrowings is Rs.27.56 lakh crore, of which the tax receipts are Rs.23.24 lakh crore.
- RE of the total expenditure is Rs.44.90 lakh crore.
- Revenue receipts at Rs.30.03 lakh crore are expected to be higher than the Budget Estimate, reflecting strong growth momentum and formalization in the economy.
- RE of the fiscal deficit is 5.8 per cent of GDP for 2023-24.

Budget Estimates 2024-25

- Total receipts other than borrowings and the total expenditure are estimated at Rs.30.80 and Rs.47.66 lakh crore respectively.
- Tax receipts are estimated at Rs.26.02 lakh crore.
- Scheme of fifty-year interest free loan for capital expenditure to states to be continued this year with total outlay of Rs.1.3 lakh crore.

- Fiscal deficit in 2024-25 is estimated to be 5.1 per cent of GDP

- Gross and net market borrowings through dated securities during 2024-25 are estimated at Rs.14.13 and Rs.11.75 lakh crore respectively.

Direct taxes

- Direct tax collection tripled, return filers increased to 2.4 times, in the last 10 years
- Tax benefits to Start-Ups, investments made by Sovereign wealth funds or pension funds extended to 31.03.2025
- Tax exemption on certain income of IFSC units extended by a year to 31.03.2025 from 31.03.2024

Indirect taxes

- Average monthly gross GST collection doubled to Rs 1.66 lakh crore this year
- State SGST revenue buoyancy (including compensation released to states) increased to 1.22 in post-GST period(2017-18 to 2022-23) from 0.72 in the pre-GST period (2012-13 to 2015-16)





NEWS FROM STATES



States set to raise record Rs.50,206 cr through bonds

Seventeen states and Union Territories are set to borrow Rs.50,206 crore through the auction of state government securities, marking the highest amount borrowed through state bonds in a single auction. It will be the second last auction of state government securities for the quarter ending March 2024. Market participants said the yield on the state bonds might harden by 1-3 basis points given the higher supply. At the previous state loan auction, the cut-off yield on the 10-year state government securities was set in a range of 7.36-7.41 per cent. Fourteen states and Union Territories had raised Rs.35,544 crore at the weekly state bond auction, higher than the calendar amount of Rs.32,532 crore. Market participants said insurers and pension funds were expected to be the major bidders at the auction.

PM launches projects worth Rs.17,300 cr in TN

Multiple development projects worth about Rs.17,300 crore were launched in Tamil Nadu in February, 2024 by the Hon'ble Prime Minister, Shri Narendra Modi. The Central Government is investing around Rs.1.5 trillion for roads in the state to improve trade, connectivity and the ease of living.

Maharashtra signs investment MoUs worth Rs.3.5 trillion

Maharashtra Hon'ble Chief Minister, Shri Eknath Shinde in January said the state is set to achieve a target of becoming a \$1 trillion economy. The state government secured investment MoUs worth Rs.3.53 lakh crore (\$44 billion) at the World Economic Forum Annual Meeting.

The state also received an expression of interest for an additional Rs.1 trillion investment, taking the total to Rs.4.5 trillion (nearly \$57 billion) with a potential to create about two lakh jobs across sectors, including electronics, IT, data centres, gems and jewellery, agriculture, automobile and renewable energy.



Gujarat signs deals worth \$86 bn ahead of summit

Gujarat government signed initial investment agreements worth Rs.7.17 trillion (\$86.07 billion) with 58 companies operating in sectors such as energy, oil and gas, and chemicals in January, 2024. The companies that signed the pacts included NTPC Renewable Energy Limited, which proposed an investment of \$10.80 billion to create 15 gigawatt (GW) renewable energy parks and projects to meet the agricultural sector's power needs. NTPC also proposed a further investment of \$8.40 billion for fuel cell electric vehicle mobility, hydrogen blending with natural gas, production of green chemicals such as ammonia and methanol, and 5GW hydrogen-based energy storage projects.

Karnataka signs deals worth Rs.22,000 cr with industry

Karnataka has signed MoUs worth Rs.22,000 crore with global industry leaders like Microsoft, Hitachi etc. during the World Economic Forum 2024 with a view to establish cutting-edge infrastructure, capitalising on the existing ecosystem and the attractive market dynamics in the region.

Bihar Budget

Bihar government in February tabled a Rs.2.79 lakh crore budget, asserting that the state's finances were in "good shape" with the growth rate at 10.64



per cent. The government has decided to allocate a consolidated fund of Rs.52,639.03 crore budget to implement several schemes in the education sector in the coming financial year.

UP Govt plans to develop MSME export hubs

The UP state government is set to develop local export hubs and nudge the e-commerce sector to double micro, small and medium enterprises (MSME) shipments to Rs.3 trillion in two-three years. The sector contributes 60 per cent to UP's annual industrial output and is the leading employment generator after agriculture and allied activities. The MSME department is working on a plan to promote 75

districts as potential export hubs for local industries to create jobs and contribute to the Rs.1 trillion dollar economy goal. The state will invest in the promotion and online marketing of MSMEs, especially under the One District One Product (ODOP) scheme, to compete in the global markets.

The MSME department will send officials to Tamil Nadu and Odisha to study the mechanism of raw material banks set up in these states for possible replication. However, these industries faced impediments to working capital, lack of marketing support, etc. In this regard, the UP government launched the ODOP scheme to revive traditional handicrafts and indigenous industries.



“Life is an opportunity, benefit from it.

Life is beauty, admire it.

Life is a dream, realize it.

Life is a challenge, meet it.

Life is a duty, complete it.

Life is a game, play it.

Life is a promise, fulfill it.

Life is sorrow, overcome it.

Life is a song, sing it.

Life is a struggle, accept it.

Life is a tragedy, confront it.

Life is an adventure, dare it.

Life is luck, make it.

Life is too precious, do not destroy it.

Life is life, fight for it.”

—Mother Teresa



MICRO, SMALL AND MEDIUM ENTERPRISES



Navigating the export maze for MSMEs

Micro, small, and medium enterprises (MSMEs) constitute nearly half the country's total exports, contributing approximately 33 per cent to its GDP. However, the facilitation of these exports is primarily orchestrated by significant export houses, mainly due to two key factors: scarcity of market information and deficiency in business contacts. The absence of a formal institutional structure in numerous MSMEs places them at a disadvantage in addressing information asymmetries. In contrast to larger corporations endowed with dedicated resources for advertising, market research, and distribution networks, MSMEs often need more financial capabilities due to their smaller scale.

Another prominent hurdle for MSMEs venturing into international trade is lack of awareness regarding export procedures, documentation prerequisites, and non-tariff barriers (NTBs) applicable to their products. This knowledge deficit frequently leads to delays, escalated costs, and missed opportunities.

This information void can be bridged; a critical need exists for comprehensive and easily accessible initiatives tailored to the specific requirements of MSMEs. These initiatives may encompass workshops, webinars, online resources, and dedicated support centres. Such endeavours should offer lucid explanations of export processes, meticulous guidance on documentation requirements, and exhaustive information on NTBs and their ramifications.

Digitisation holds immense potential to revolutionise MSME exports. By adopting digital technologies, they can streamline export processes, reduce costs, expand market reach, and enhance operational efficiency. E-commerce platforms, online marketplaces and digital trade facilitation tools can empower them to connect with global buyers and compete effectively in international markets. These technologies can help reach a wider audience, overcome geographical barriers, and present their products and services



in a more professional and visually appealing manner. Additionally, digital trade facilitation tools can automate Customs clearance procedures, reduce documentation requirements and streamline international payments, reducing transaction costs and enhancing the overall export experience.

India's engagement in free-trade agreements (FTAs) has opened up new avenues for MSME exports, offering preferential tariff rates, and reduced non-tariff barriers in various target markets. However, their utilisation of FTAs needs to be higher, highlighting the need for targeted outreach and capacity-building programmes. MSMEs need to be equipped with the knowledge and skills to navigate complex FTA provisions, identify potential export opportunities and effectively utilize the benefits offered by these agreements. To help them take advantage of FTAs, they can participate in workshops, seminars and training programmes that provide detailed information on the specific provisions of FTAs and the procedures for utilizing them. Moreover, government sponsored initiatives can encourage MSMEs to participate in trade fairs and exhibitions in FTA partner countries.

Creating a supportive ecosystem for MSME export requires a multi-pronged approach involving government, industry associations, and financial institutions. Government initiatives should simplify export procedures, reduce compliance costs and incentivise MSMEs to adopt technology and participate in international trade fairs and exhibitions. These incentives include tax breaks, subsidies and funding for export-related activities. Industry



associations can be crucial in providing mentorship, networking opportunities and market insights to MSMEs. They can organise trade missions, facilitate matchmaking between MSMEs and potential buyers and provide guidance on complying with international standards and regulations. Financial institutions can tailor their products and services to the specific needs of MSME exporters, offering simplified loan applications, reduced collateral requirements and export-oriented financing solutions. These tailored solutions can address the specific financing needs of MSMEs, such as working capital for production, pre-shipment finance for receivables collection.

A comprehensive approach that combines policy reforms, capacity-building initiatives and strategic collaborations is essential. Every stakeholder needs to work hand in hand to create a supportive ecosystem

for MSMEs through digitisation, education on trade agreements and empowering initiatives. Together, we can create a thriving export landscape and pave the way for India's success on the global stage.

Nine out of 10 MSMEs expect to make profits this year

Nine out of 10 micro, small and medium enterprises (MSMEs) expect to book profits during the ongoing calendar year on the back of strong consumer demand and ease of doing business. MSMEs also said they have benefited from government schemes. The report added that 60 per cent of the MSMEs met their business targets last year. Across all the sectors, six out of ten businesses anticipate the need for credit in 2024. The wholesale or trading services sector expects the highest demand for loans.



ANSWERS OF CYBERQUIZ ~ 86



- Ans.1[a] Regular backups.
- Ans.2[b] Manages the use of extended memory.
- Ans.3[b] Wear an ESD wrist strap.
- Ans.4[a] The Manager as the control mechanism.
- Ans.5[a] To build a model of the decision making problem.
- Ans.6[d] Maintenance support may be difficult to obtain for an expert system.
- Ans.7[c] There is no need for an address i.e. the data is used as an address.
- Ans.8[d] Contains a copy of the designated memory location specified by the MAR after a "read" or the new contents of the memory prior to a "write".



- Ans.9[b] Recognition of basic elements and creation of uniform symbols.
- Ans.10[a] Is a program that appears to execute a source program as if it were machine language.





ALL INDIA INSTITUTIONS



RBI seeks to lower NNPA of banks for paying dividends

The RBI in January proposed to tighten norms for dividend declaration by banks as it lowered the net non-performing asset (NPA) ratio for a lender to be eligible for paying dividends. The RBI proposed that the net NPA ratio, for the financial year for which the dividend is proposed, should be less than 6 per cent. At present, the minimum net NPA requirement is 7 per cent. Banks were also required to meet the applicable regulatory capital requirement for each of the last three financial years, including the one for which the dividend is proposed. At present, if a bank does not meet the capital adequacy norm but has a capital adequacy ratio (CAR) of at least 9 per cent for the accounting year for which it proposes to declare a dividend, it would be eligible to declare a dividend provided its net NPA ratio is less than 5 per cent. There is no such provision in the draft.

RBI's Trend & Progress Report for 2022-23

Banks' assets sound and resilient

Indian banks and non-banking financial companies (NBFCs) remained sound and resilient with banks' gross non-performing assets (GNPAs) at a decade-low, but they need to strengthen their balance sheet further, improve governance standards, and remain watchful on the rise in unsecured loans, said the RBI's "Trend & Progress Report for 2022-23". The GNPA ratio of scheduled commercial banks (SCBS) - showing a declining trend from 2018-19 fell further to 3.2 per cent at the end of September 2023.

"Lower slippages helped improve asset quality across all bank groups, with GNPA to total advances ratio of SCBS dropping to a 10-year low. Higher lending rates and lower provisioning requirements helped to improve the profitability of banks and shored up their capital positions".

The report observed the Indian banking system and NBFCs were backed by high capital ratios, improved asset quality, and robust earnings growth. However,

with the increase in deposit rates catching up with that in lending rates, the profitability of banks may moderate, the report said, though it will remain robust.



NBFCs advised to diversify their funding Resources:

The top 50 exposures, amounting to Rs 7.8 trillion, of government-registered non-banking financial companies (G-NBFCs) constitute about 40 per cent of corporate credit within the NBFC sector, indicating concentration risk, according to the Reserve Bank of India's report "Trend and Progress of Banking in India 2022-23". Notably, all the 50 are tied to the power sector, a domain fraught with inherent challenges, the report said. The report highlighted recognising the escalating systemic importance of G-NBFCs, the Prompt Corrective Action (PCA) framework had been expanded to include G-NBFCs excluding those falling within the base layer. This extension, set to take effect from October 1, 2024, is contingent upon audited financials as of March 31, 2024, or subsequent periods. The objective is to enhance the oversight of these entities, fostering a more robust regulatory environment and facilitating prompt corrective measures as deemed necessary. The interconnectedness between NBFCs and banks has gone up due to latter's increased borrowing from the former, according to the report.

As significant net borrowers from the financial system, NBFCs hold the highest exposure to banks. This is further accentuated by banks' substantial subscriptions to NBFCs' debentures and commercial papers, creating a concentrated linkage that warrants attention due to contagion risks, the report said. Public-sector banks remain the primary lenders



to NBFCs, although their market share has been decreasing, with a corresponding increase in that of private banks.

While banks maintain robust capitalisation, the evolving nature of financial markets necessitates a continuous assessment of their exposure to NBFCs, as well as the exposure of individual NBFCs to multiple banks. The report said the need for a proactive approach was underscored by the fact that, despite the well-capitalised status of banks, the concentrated linkages between banks and NBFCs might pose systemic risks. Consequently, NBFCs are urged to diversify their funding, reducing reliance on banks to mitigate contagion risks.

In the NBFC sector, the growth of unsecured loans was 28.1 per cent, which outpaced that of secured loans, which was at 11.5 per cent. Consequently, the share of secured loans in NBFC credit declined from 72.4 per cent at end-March 2022 to 69.5 per cent at end-March 2023, while the share of unsecured loans increased from 27.6 per cent to 30.5 per cent during the same period.

Further, in terms of microfinance institutions (MFIs), which serve the marginalised clientele, the consideration of borrowers' repayment capacity is paramount, the report said. With the deregulation of interest rates, certain NBFC-MFIs appear to be enjoying relatively high net interest margins. As such, there is a call for microfinance lenders to make judicious use of the flexibility afforded to them, particularly in transparent interest rate-setting processes. This ensures the benefits of deregulation align with responsible lending practices and contribute to the sustainable financial inclusion of marginalised communities. Approximately 90 per cent of bank lending to NBFCs was for entities rated "A" and above. The introduction of supervisory-based regulation has ushered in more robust regulatory oversight, considering factors such as size, activity, and risk profile. Starting November 16 this year, the central bank increased the risk weighting for loans by scheduled commercial banks to NBFCs by 25 percentage points (in addition to the risk weighting associated with the external rating) in cases where the existing risk weighting, in accordance with the external rating of NBFCs, is below 100 per cent. Looking ahead, NBFCs are encouraged to diversify

their funding sources beyond banks.

'SFBs' higher reliance on deposits from co-op banks may lead to risks'

The RBI observed a higher reliance of small finance banks on deposits from the cooperative banks, which comes at a higher rate, suggesting a high degree of interconnectedness which could lead to contagion risks. "Many SFBs have low current account and savings account (Casa) deposits and a greater reliance on bulk term deposits, often acquired at higher rates, especially from cooperative banks". "This suggests a high degree of interconnectedness of SFBs with cooperative banks, with the possibility of any shock to the latter sector spilling over to the former". RBI cautioned those SFBs that were converted from microfinance institutions as they continue to have a higher share of microloans, which are unsecured in nature. This lack of asset diversification is also often coupled with geographical concentration, implying significant concentration risk.

The consolidated balance sheet of SFBs grew at a pace faster than that of scheduled commercial banks (SCBs) during 2022-23, notwithstanding some moderation during the year. With deposit growth slowing down during the year, SFBs resorted to higher borrowings to fuel credit growth. On balance, their credit-deposit ratio remained flat at around 92 per cent, higher than that of SCBs, the report added.

Monetary Policy of RBI

The Reserve Bank of India's Monetary Policy Committee (MPC) which met in April, 2024 decided to keep the policy repo rate unchanged at 6.5% as retail inflation continues to be above its target of 4%. According to RBI, India's GDP is projected to grow at 7% in FY25, while the retail inflation is likely to be at 4.5%.

Following are the key highlights of RBI policy :

- Repo rate kept unchanged at 6.5%
- Policy stance of 'withdrawal of accommodation' maintained
- GDP growth forecast for FY25 at 7%. The quarterly projections are - Q1 at 7.1%; Q2 at 6.9%; Q3 at 7% and Q4 at 7%.



- CPI inflation forecast for FY25 at 4.5%. Here are detailed inflation forecast: Q1 at 4.9%; Q2 at 3.8%; Q3 at 4.6% and Q4 at 4.5%

Non-policy measures:

- Scheme for trading of sovereign green bonds at IFSC to be announced
- Introduction of a mobile app to access RBI's Retail Direct Scheme for participation in GSec market
- Draft circular for LCR framework for banks to be issued shortly
- Dealing in rupee interest rate derivative products for all small finance banks
- Enabling UPI for Cash Deposit Facility
- UPI access for Prepaid Payment Instruments (PPIs) through third-party applications
- Distribution of CBDCs through Non-bank Payment System Operators

RBI draft guidelines for regulating fintech sector

The Reserve Bank of India's (RBI's) draft norms for self-regulatory organisations for the financial technology sector (SRO-FT) broadly define the ideal qualities these bodies should possess, but they leave some room for flexibility within the contours. The draft framework notes, to maintain credibility, an SRO-FT should operate independently-remain free from the influence of a single member or a group of members, avoid conflicts of interest, and ensure unbiased oversight of its members. Independence would enhance an SROFT's reputation as a neutral and reliable entity, which is essential for gaining the trust of industry participants and regulators. It is important that these entities have a robust information technology infrastructure and the ability to deploy technological solutions "within a reasonable timeframe". They should also have sufficient net worth and a demonstrated capability to establish the necessary infrastructure.

An SRO-FT should be capable of motivating its members to align with regulatory priorities and

promote a culture of compliance. It should also be empowered to investigate and take disciplinary action against members for non-adherence to codes, standards and rules. This would help it shape a regulatory environment conducive to innovation while ensuring consumer protection. Though membership of an SRO-FT would be voluntary, financial technology companies (fintechs) would be encouraged to become members. The draft norms have left it to the sector to decide whether there should be one or multiple SROs for fintechs, but they seem to nudge stakeholders in the directions of the latter. The draft notes, given the diverse nature of fintechs, not restricting the number to one might dilute some industry concerns. On the other hand, having multiple SRO-FTs could undermine the representative character of self-regulation. Fintechs will have to find a consensus on this subject. Assuming that multiple SROs are set up, the guidelines leave room for different SRO-FTs to achieve the goals in different ways.

The draft also lays down guidelines on structure. The SRO should be set up as a not-for-profit company registered under Section 8 of the Companies Act, 2013. The applicant should represent the fintech sector with membership of entities across sizes, stages and activities. If representation is inadequate at the time of application, a road map for achieving this within a reasonable timeline should also be given. The RBI clearly outlines its veto powers on the fit-and-proper status of the applicant company, the board of directors and key managerial persons. It could also nominate observers on the board and inspect the books of the SRO-FT, or arrange to have the books audited. The expenses of such an inspection or audit would be borne by the SRO-FT in question. Most fintechs are not directly regulated at present.

This fast-growing industry has been a prime mover when it comes to enabling financial inclusion. However, there is a need to find ways to create incentives for SRO membership. The sector must adopt the best governance and operational practices. SROs would be expected to monitor the sector and guide growth in the right direction. This draft does well in setting up broad guidelines for the tasks they must fulfill, without imposing a straitjacket on processes.





HEALTH CARE!

Uses of Vinegar



Vinegar has long been used worldwide as a basic seasoning in the preparation and cooking of certain foods, because its sharp taste makes it so useful and versatile. Vinegar is a cooking liquid and flavoring agent with a tangy, sour taste which is generally made from grapes, grains, sugar or spirits. It gets its flavor profile from its high concentration of acetic acid, a solution obtained by fermenting alcohol or sugars. It is used to flavor dishes — often to add a brightness or a “punchy” flavor to whatever you are making — and as a preserving and pickling agent to keep foods fresh.

- Creating flavorful dressings for a wide array of salads is the most popular way to use vinegar; balsamic vinaigrette; apple cider vinegar are some of the most sought flavours for their slightly sweet and sour flavors.
- Want to create light, delicate sauces with white wine? Add a dash of white wine vinegar, which acts as an acidic but complimentary counterpoint to white wine and makes for a brilliant sauce that pairs well with lighter fish dishes.
- Quick pickling works for anything from cucumbers to red onions with apple cider vinegar.
- Whether you're looking to make a Japanese-inflected dipping sauce-for foods like handrolls, lettuce wraps, and tempura or a quick-pickled condiment like rice wine cucumbers, the light, slightly sweet rice wine vinegar is good.
- Vinegar is also be used for glazing vegetables.
- Adding a tablespoon of chilled apple cider vinegar can help one make the pie crust flaky.
- Plain apple cider can easily be made into apple cider vinegar if left to stand in an open bottle for about 5 weeks. The bottle should be kept at 70 degrees Fahrenheit.



Lowers Elevated Levels Of Triglycerides

Heart disease and stroke are known to be risk factors for high triglyceride levels in the blood. There are dietary methods for reducing these blood fats, but adding vinegar to the mix may be helpful. One or two tablespoons of vinegar each day over a period of 12 weeks can lower triglycerides, according to a Japanese study of obese males.

Improves Heart Health

Our risk for getting heart disease is correlated with a number of biological factors, and apple cider vinegar may be beneficial. Studies have shown that it reduced blood pressure, blood triglycerides, and cholesterol in animals.

Aids In Weight Loss

As a weight loss tool, apple cider vinegar is occasionally suggested. This is due to the possibility that it will make you feel full. If you want to lose weight, get rid of belly fat, and eat fewer calories, utilising apple cider vinegar could be able to assist. Although its long-term benefits on weight loss are unknown, they are probably minimal unless a person also adopts other dietary and lifestyle adjustments.





MISCELLANY

UNEASY HOMECOMING



Why startups are flipping back to India in spite of the hefty tax bill

In October 2022, the Walmart-owned fintech firm, PhonePe, said it was moving its domicile from Singapore to India. In today's lingo, it reverse-flipped.

As part of this, it had to go through three steps. First, it moved all its businesses, including insurance and wealth broking, and all subsidiaries of PhonePe Singapore to PhonePe Pvt Ltd India. Secondly, PhonePe's board approved creating a new employee stock ownership plan (ESOP) and migrating more than 3,000 PhonePe group employees.

It was the third step that stood out and stayed in memory. PhonePe's investors, led by Walmart, had to pay about Rs.8,000 crore in taxes to allow the fintech firm to shift its domicile to India.

The thing is, if a company wants to move from another country to India as a domicile, it is treated as a capital gains event for existing investors, say experts in the matter. So complex is the process, they say, that moving PhonePe's domicile to India took more than a year.

However, the woes of shifting domicile to India do not seem to be too big a deterrent. Many Indian startups domiciled abroad are considering shifting their base, or reverse-flipping, to India. These include companies engaged in areas such as fintech, e-commerce, stock broking, health care, and edtech.

Shri Bhavish Aggarwal, founder of Ola Cabs, Ola Electric, and AI startup Krutrim, recently said on social media platform X that a significant majority of funding into Indian companies had come into firms domiciled in the country. Domiciling companies outside India, he said, was driven by shortsighted investors. "Every entrepreneur who did this regretted it. At Ola Cabs, Ola Electric [and] Krutrim we were often nudged to do so. But chose not to. Any entrepreneur considering foreign domicile for an Indian business should stick to the first principles of incorporating where you and your company belong," he said.

In March last year, the government noted that many Indian startups were domiciled abroad and set up a



committee to suggest ways "to onshore the Indian innovation" to the International Financial Services Centre in the Gujarat International Finance Tec-City.

Allure of the flip

The hefty tax bill is indicative of the significant financial implications companies might face when relocating. Experts say the cost for other firms would depend on their valuation, the structure of the deal, and the legal and tax nuances involved.

"Navigating India's tax laws and regulatory environment is complex and time-consuming," says Ms. Sonam Chandwani, managing partner at the law firm, KS Legal & Associates. The transition, she says, can take anything from several months to a couple of years, depending on the size and complexity of the business. Efficient capital management during this process is crucial to minimise financial strain.

That said, it helps to be in India if you are gearing up to list on the country's stock exchanges through an initial public offering (IPO). Other factors include the rise of technology firms in India, investor confidence, a resilient economy, and supportive government policies.

"Indian startups are attracted by the prospect of capitalising on local market opportunities, better valuation prospects in the Indian stock markets, and supportive government policies," says Ms. Chandwani.

Singapore-headquartered Eruditus is evaluating if it would be feasible for the edtech startup to move its base to India, according to sources. The aim is to capitalise on the growing opportunities in the country. This, though, is very early stages and flip could go either way.



"No such decision has been made. In the future, about three to five years from now, we will have to figure out how to offer exit paths to investors," says Shri Ashwin Damera, founder and chief executive officer, Eruditus. "This may be through a secondary sale, or a larger private equity fund buying them out or through an IPO. So, in that scheme of things, we are only evaluating what a 'reverse flip' to India looks like and whether it is even feasible."

The opportunity could be huge for Eruditus. India's education and skills market is expected to grow rapidly this decade, from \$180 billion in 2020 to \$313 billion in 2030, while creating 5 million incremental jobs and impacting 429 million learners, according to data from Invest India.

Though Eruditus served 250,000 students across 80 countries in 2022-23 (FY23), its India business is growing. The country's contribution to its revenue is expected to grow significantly in the next few years. The SoftBank-backed firm's revenue jumped 75 per cent in FY23 to Rs.3,320 crore.

Flipping buzz

The buzz in startup town, much of it unconfirmed, mentions fintech firms such as Pine Labs and Razorpay to be considering the shift. Online financial services platform Groww is said to be planning a move from the United States to India. Besides local opportunities, fintech firms are making these efforts due to regulatory alignment with the RBI. In e-commerce, companies such as Udaan and Meesho are also said to be exploring similar moves. "Udaan is evaluating this as the domestic market is doing well," says a person familiar with Udaan's strategy. Udaan recently raised \$340 million in financing. The funding is being invested to help it to be public market-ready in the next 12–18 months. Online furniture brand Pepperfry, say sources, is also one of them. The aim is to list on Indian stock exchanges and to streamline its group structure. "The booming Indian stock market has provided more favourable opportunities to founders for generating a better value for their startups by listing on Indian stock exchanges," says Shri Rahul Charkha, Partner at Economic Laws Practice.

Shri Charkha says earlier, startup founders preferred setting up in an overseas jurisdiction. This was due to the business and regulatory regime, ease of doing

business, better intellectual property protection, higher valuations, and tax incentives. However, in the recent past, India has significantly improved its ease of doing business.

There is also an increase in awareness of capital markets amongst the masses in India. The gap between the shareholding of foreign institutional investors and domestic institutional investors recently reached an all-time low of 13.11 percentage points as compared to nearly 50 percentage points in 2015.

In the past, there was a perception that India was not an optimal jurisdiction for a consumer internet IPO. "However over the last five years there have been several IPOs and the path to liquidity and valuation exists," says Shri Avimukt Dar, founding partner at law firm IndusLaw. "This has led to a greater push for reverse flips."

Many of these companies were originally domiciled in India. They often have India as their single largest market with substantial operations here. "All of these factors make a return to India a logical long-term move," says Shri Dar.

Long-term growth

Shri Lloyd Mathias, an angel investor and independent director, says India has emerged as the third largest ecosystem for startups globally with more than 1,12,718 recognised firms. "These developments enhance India's appeal as an environment conducive to longterm growth".

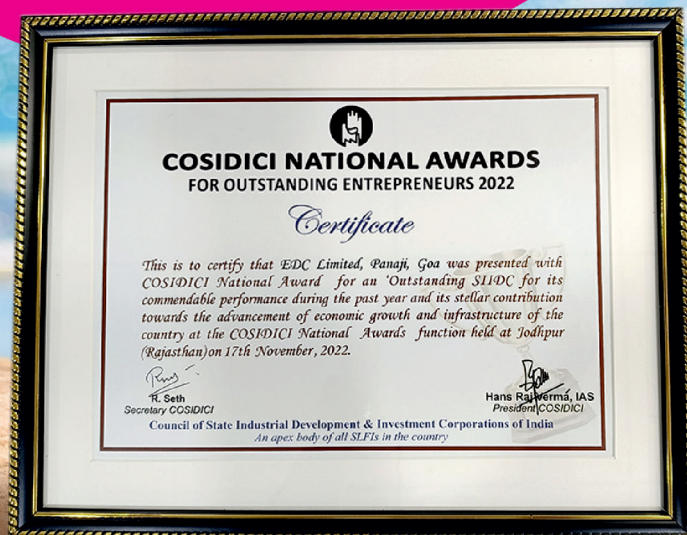
He adds that there is also the presence of a substantial pool of untapped domestic retail investors. They are eager to invest in emerging companies with growth potential. The challenge, though, is the capital gains tax liability on swap of shares of a foreign company with the shares of an Indian company. Ms. Charkha of Economic Laws Practice says an "inbound merger" could mitigate this. Shri Dar of IndusLaw is of the view that many of these companies are growth and late-stage firms. They have the financial strength to see plans with two- to three-year valuation windows. Nasscom, the apex body for the \$245 billion technology industry in India, has also suggested to the government that India-focused startups incorporated overseas should be able to list on the domestic stock exchanges within the existing externalised structures.





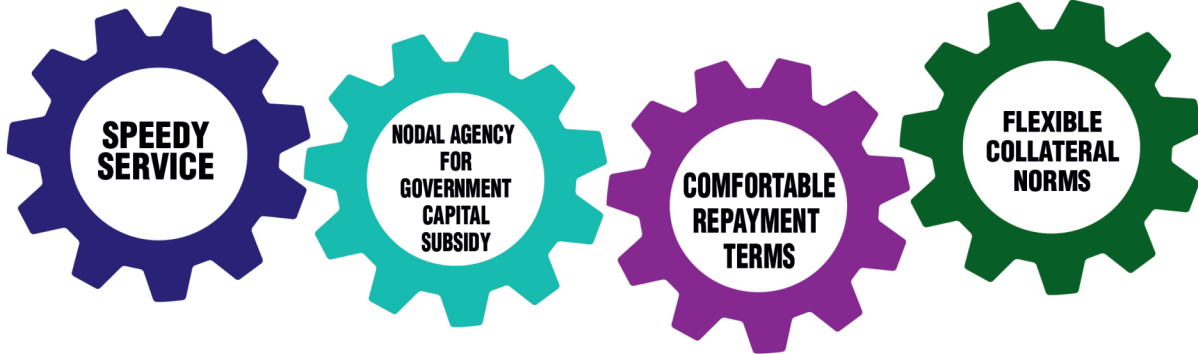
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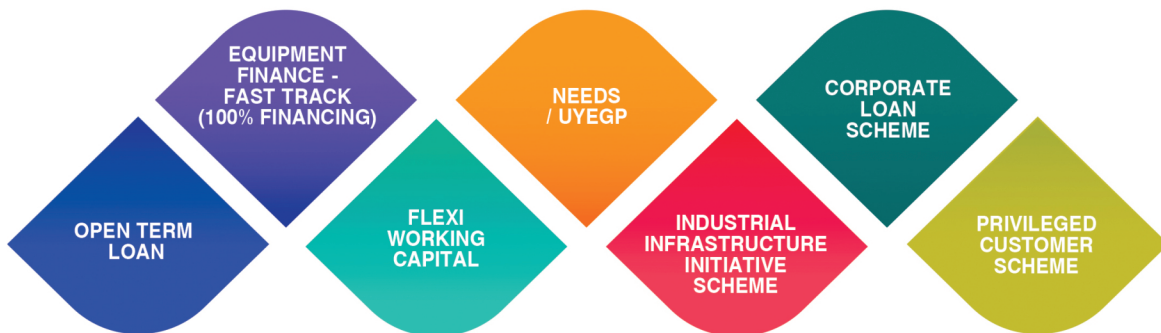




THE GROWTH CATALYST FOR TAMILNADU'S ECONOMY & NURTURER OF MSMEs



ATTRACTIVE SCHEMES



TIIC'S Lending PLUS Value Proposition



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☎ 044 - 24306100

✉ info@tiic.org

🌐 www.tiic.org