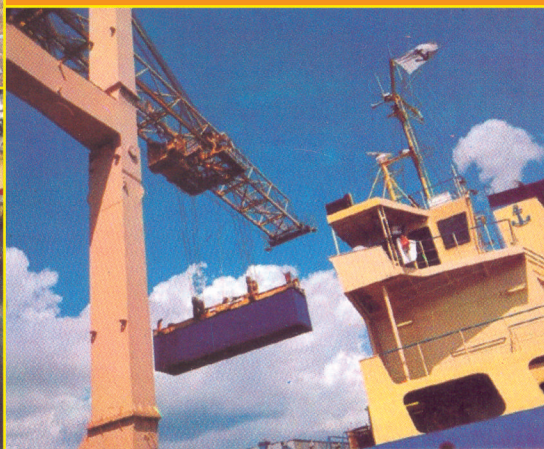
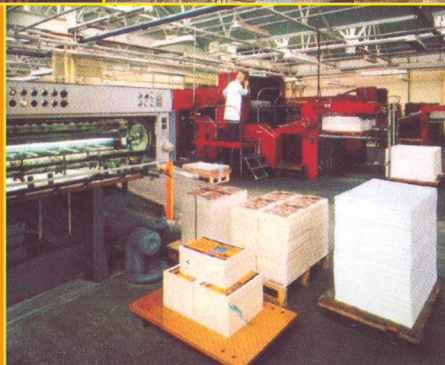
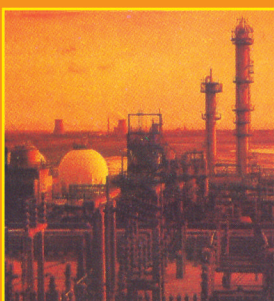




COSIDICI COURIER

Price: Rs. 35.00

January-June, 2023



ECG compliance : India Inc gets ready for a tough road ahead

The Transformational Journey of TIIC

Profile of KFC

Union Budget at a Glance : 2023-24

IIP growth recovers to 5.2% in Jan.

EDC pays Rs.2.79 cr to Government of Goa

New FTP announced

Spotlight

74 Years of
TIIC

<http://www.cosidici.com>

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.



COSIDICI COURIER

JOURNAL OF COUNCIL OF STATE INDUSTRIAL DEVELOPMENT AND INVESTMENT CORPORATIONS OF INDIA

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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.



A realistic survey of the Indian economy

* Poonam Gupta



The Economic Survey for 2022-23 has presented the customary wealth of information and data pertaining to the Indian economy. It has provided the growth projections for the current year and the next, as well as a medium-term outlook. Simultaneously, it has further articulated the rationale for those projections and outlooks.

As regards the projections for the current fiscal year, that is, 2022-23, most of the information provided in the Survey is in the public domain. Real GDP has been estimated to grow at 7 per cent; and the Reserve Bank of India has projected that inflation for the year will settle at 6.8 per cent. Taken together, these figures would yield a nominal economic growth rate of close to 14 per cent. The Survey has further highlighted high tax buoyancy, which would likely ensure meeting the budgeted fiscal deficit of 6.4 per cent of GDP for the year.

The upshot of the above figures is that despite being faced with a highly challenging external environment this year, overall, the Indian economy will emerge from it relatively unscathed. Albeit, the inflation target was breached during the year, but inflation has already been retreating both in India and globally, and it should be possible for India to remain within the band of 2-6 per cent mandated under the inflation-targeting framework for the year 2023-24.

The Survey has projected a baseline real growth rate of 6.5 per cent for the coming fiscal year, 2023-24, which could easily yield a nominal growth rate of about 11.0-11.5 per cent in 2023-24. This projected nominal growth is lower than that achieved during the current year but is quite close to the pre-pandemic levels, especially since India has managed to tame its inflation since around 2014-15.

Perhaps one of the most interesting parts of the Survey is the medium-term outlook that it has presented. The Survey takes full cognisance of the fact that India is a globally integrated economy. Holding the global environment constant, the Survey has presented two different scenarios. The first is the 'business-as-usual' scenario, wherein the economy can grow at 6.5 per cent a year in the medium term. The second scenario is contingent on continuing of the reforms and their possible expansion into a few more areas, such

as energy, wider regulatory reforms, administrative reforms, harnessing of the untapped talent of women, leveraging of the Micro, Small and Medium Enterprises (MSME) sector, and investment in education and skills. These are projected to help accelerate the growth rate to 7-8 per cent a year.



A third scenario, not explicitly mentioned in the Survey, is that India would require a healthy boost from the global economy. This resonates with the kind of support that the Indian economy received from the global economy in the early 2000s.

The question then arises as to which one of the above three scenarios will play out in the coming years. The third scenario seems only a remote possibility currently because the global environment seems unlikely to improve significantly enough in the coming years. This would pretty much leave us with the first two scenarios.

Of these, the first one seems like a given, based on the payoffs of the strengths of the domestic economy and the dividends of the past reforms. The latter include improved logistics; enhanced physical and digital infrastructure; digitisation; regulatory reforms; and healthy balance sheets of banks and companies.

Attaining the second scenario depicted in the Survey, would require a greater contribution from the manufacturing sector, more integration in the global markets, and India becoming a more attractive destination for Foreign Direct Investments (FDIs). The Survey is not adequately vocal about the fact that the manufacturing sector has still not started yielding the growth dividends despite decades of policy support. All in all, we may brace ourselves to accept the first scenario, while working relentlessly to steer the economy toward the second one.

□□□

Author : Poonam Gupta

Courtesy: Business Standard. The author is Director-General, NCAER.



ESG compliance : India Inc gets ready for a tough road ahead

India Inc faces an uphill task adhering to the evolving standards around ESG compliances. Though the new framework on environmental, social and governance (ESG) disclosures will be first applicable to the top 150 listed companies, its impact trickles down to the upstream value chain involving thousands of smaller players, ancillary companies, and third parties, according to industry players. The Securities and Exchange Board of India (Sebi) recently approved the more comprehensive but assurance-oriented Business Responsibility and Sustainability Reporting (BRSR) Core model, which comes into effect from the next financial year.

The new parameters for environment-related disclosures will require assurance on greenhouse gas emissions, water wastage, consumption and treatment, and waste management, among others. A new detailed format will require collecting ESG-related information at each sale and purchase order level, especially for manufacturing companies. Within a month of the market regulator's approval of the new framework, top listed companies have started their reviews on the new parameters and data collating practices with all partners and suppliers.

According to experts, many companies are grappling with the evolving changes on the ESG front. "Many global suppliers will follow the Corporate Sustainability Reporting Directive (CSRD), which is based on limited assurances. On the other hand, BRSR Core is based on reasonable assurances. This difference will lead to an overwhelming task of collating data for suppliers to the Indian manufacturers and OEMs".

Additionally, companies may begin the practice of giving such non-financial disclosures after each quarter instead of the year-end. Sebi has already mandated the previous framework of BRSR for the top 1,000 listed companies. The new avatar BRSR Core will be gradually extended to the top 1,000 listed entities by FY27. As the new model focuses

on India-specific parameters and targets, industry experts feel, companies may extend two different ESG ratings catering to different requirements of the investors.

"As the Sebi regulations for BRSR Core do not put an embargo on companies being ranked on global standards, there is a possibility that companies may have two different ratings — one based on Indian standards and the other for global investors.

Another significant change is being felt on the 'social' standards where assurances have been mandated regarding spending on measures towards the well-being of employees, safety-related incidents, working hours, and gross wages paid to women as a per cent of total wages, among others. "BRSR Core is more business-oriented on an action plan basis to add value through the regulations. The new disclosures are now looking for more transparency on the gender diversity claims. Further, a new section has been introduced in disclosures specific to policies for employee training and welfare, safety and a more detailed data collating is being done on the number of permanent vs contract employees, differently abled employees etc."

While the risk of green-washing has been discussed and raised by the markets regulator, industry players have highlighted the instances of pink-washing wherein some female family members have been appointed on boards as signatories but are not involved in day-to-day operations.





On the other hand, to improve social standards, many companies are charting plans to help pay salaries of contract workers and manpower at the end of the month like other employees. As a practice, many companies used to do such payouts after the first week of the month. This may have to be advanced, potentially leading to a liquidity burden on companies.

Green Blues

- BRSR Core to be effective for top 150 listed companies from FY24, glide path for top 1,000 companies till FY27

- New assurance driven norms to trickle down to the upstream value chain involving thousands of smaller players
- Top listed companies have started reviews on the new ESG parameters and data collating practices
- Gap on standards for assurance may lead to two different ESG ratings of companies targeting global investors
- Employee well-being, gross wages paid to women, working hours among the social parameters. □□□

Courtesy : Business Standard



Letter to the Editor



Micro, Small & Medium Enterprises (MSMEs) sector is an important pillar of the Indian Economy as it contributes significantly to industrial production and exports. The possibility of entrepreneurial development, decentralization of the economic activity etc. are the strengths of this Sector. It gives me immense pleasure to know that COSIDICI has historically played an important role in the upliftment of this sector. Moreover, COSIDICI's endeavours in showcasing the achievements of SLFIs is laudable as these SLFIs have been fulfilling the socio-economic obligations of the State and have played a crucial role in balanced regional development.

The COSIDICI Journal contains comprehensive information regarding various developmental schemes of Government of India. COSIDICI National Awards instituted by this Council for encouraging the "Outstanding Entrepreneurs" is an appreciable initiative. I do hope that the efforts of COSIDICI's Team would go a long way in achieving the overall objective of economic growth of the country.

I extend my best wishes for the successful publication of "COSIDICI COURIER".

Dated : 10th May, 2023



Ms. Vijay Kohli

Best Regards,

Sincerely

(Ms. Vijay Kohli)

Principal Officer (Trg.)
Delhi Productivity Council,
Plot No.2, Institutional Area,
Sector-9, Dwarka
New Delhi-110077



Appointments



- Shri Pravin Kumar, IAS has been appointed as Vice Chairman & Managing Director, Andhra Pradesh Industrial Infrastructure Corporation Ltd. {APIIC}, Vijayawada vice Dr. (Smt.) Srijana Gummalla, IAS.
- Shri Yash Garg, IAS has been appointed as Managing Director, Haryana State Industrial & Infrastructure Development Corporation Ltd. {HSIIDC}, Chandigarh vice Shri Vikas Gupta, IAS.
- Shri Rajeswar Goel, IAS has been appointed as Managing Director, Himachal Pradesh State Industrial Development Corporation Ltd. {HPSIDC}, Shimla vice Shri Rakesh Kumar Prajapati, IAS.
- Shri S. Hari Kishore, IAS has been appointed as Managing Director, Kerala State Industrial Development Corporation Ltd. {KSIDC}, Thiruvananthapuram vice Shri M.G. Rajamanickam, IAS.
- Smt. Jayashree Muralidharan, IAS has been appointed as Managing Director Tamilnadu Industrial Development Corporation Ltd. {TIDCO}, Chennai vice Shri Pankaj Kumar Bansal, IAS.
- Shri Manavendra Pratap Singh, IAS has been appointed as Managing Director, Assam Industrial Development Corporation Ltd. {AIDC}, Guwahati vice Shri Adil Khan, IAS.
- Shri Md. Sadique Alam, IAS has been appointed as Managing Director, Odisha State Financial Corporation {OSFC}, Cuttack vice Shri Prasanna Kumar Jena, IAS.
- Ms. Nandini Paliwal, IAS has been appointed as Managing Director, Andaman & Nicobar Islands Integrated Development Corporation Ltd. {ANIIDCO}, Port Blair vice Shri Abhishek Dev, IAS.
- Dr. Nitin Jawale, IAS has been appointed as Managing Director, State Industrial & Investment Corporation of Maharashtra {SICOM}, Mumbai vice Dr. Harshdeep Kamble, IAS.
- Shri Sandip J. Sagale, IAS has been appointed as Managing Director, Gujarat State Financial Corporation {GSFC}, Gandhinagar vice Dr. Rahul B. Gupta, IAS.
- Shri Mayur Maheshwari, IAS has been appointed as Chief Executive Officer, Uttar Pradesh State Industrial Development Corporation {UPSIDC}, Kanpur vice Shri Sanjay Prasad, IAS.
- Shri P.T. Rudra Goud has been appointed as Managing Director, Pondicherry Industrial Promotion Development & Investment Corporation Ltd. {PIPDIC}, Puducherry vice Shri G. Sathiyamurthy, IFS.



□□□

It is not the years in your life but the life in your years that counts.



“THE TRANSFORMATIONAL JOURNEY OF TIIC” as a **FINANCIAL AND KNOWLEDGE POWERHOUSE - MAY 2021 TO MAY 2023**



TIIC was established in 1949 as India's first State level Development Financial Institution promoted for catalysing industrial development. The Corporation had financed Greenfield projects, many of which are presently successful brands. TIIC provides financial assistance for purchase of land, machinery and construction of buildings and also for working capital assistance. The purpose could be for setting up new units /expansion /modernization /diversification of existing industries. Assistance is extended to both manufacturing and eligible service sector industries. It focuses on extension of assistance to Micro, Small, and Medium enterprises, which account for 90% of the total assistance. Further about 40% of the total assistance is availed by first generation entrepreneurs. The North Star of TIIC is the clarion call of Hon'ble CM's Vision of making Tamil Nadu a USD 1 trillion economy by 2030. TIIC is guided by its Board of Directors consisting of senior Bureaucrats, Banking Professionals and Sector representatives.



Shri Hans Raj Verma, IAS
Chairman & Managing Director

During this transformational journey TIIC operated on the following 12 strategic tracks:

1) Revival of the legacy of the Founding Chairman:

Dr.R.K.Shanmukham Chetty, TIIC's founding Chairman was the first Finance Minister of independent India. He was a towering institution builder and a champion of Tamil language and culture. He was the founding Vice Chancellor of Annamalai University, founding Chairman of “South India Mills Association (SIMA)” and The South India Textile Research Association (SITRA). He played a pivotal role in the formation of “Tamil Isai Sangam”.

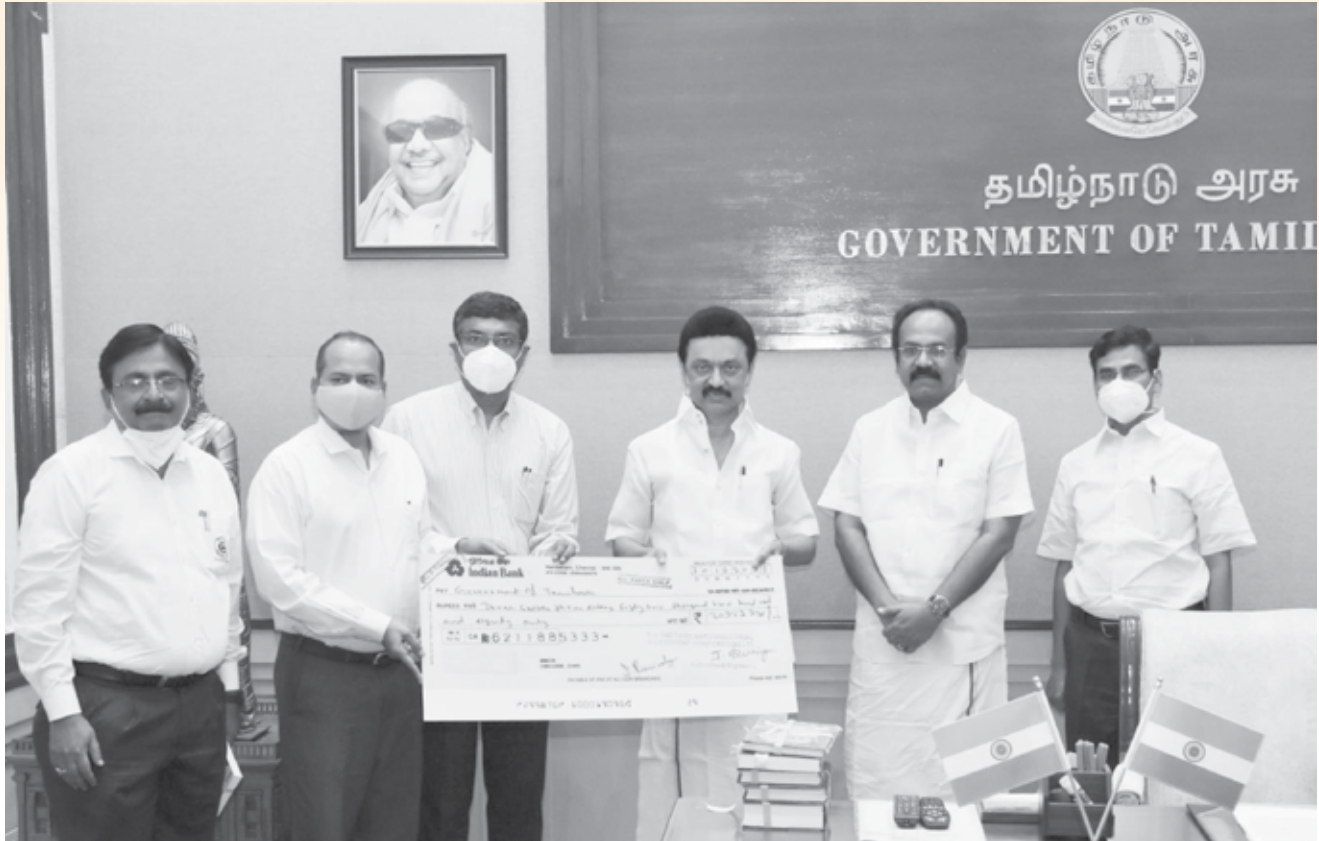


R.K. Shanmugam Chetty

His portrait is placed in head Office and all the Branch Offices in consonance with the established practice in all financial institutions. The hallmark of a great organization is the way it treats its heroes and path-breaking pioneers. We, at TIIC, collectively acknowledge and salute the selfless and dedicated service of our founding Chairman towards Tamil Nadu and the Nation. He will be the guiding star for the future generation of TIICians and keep inspiring them to “Rise beyond the Ordinary” and prove to be the rightful inheritors of his rich legacy. As a part of the revival of legacy strategy, TIIC has also started the practise of celebrating its founding day on 26th April of every year. The founding day of TIIC is celebrated in a grand manner at Head Office, Regional Offices and Branche Offices by inviting its investees, customers and local trade bodies and local VIPs. TIIC which has survived and sustained for 74 years will keep thriving and flourishing for the next 74 years and beyond...

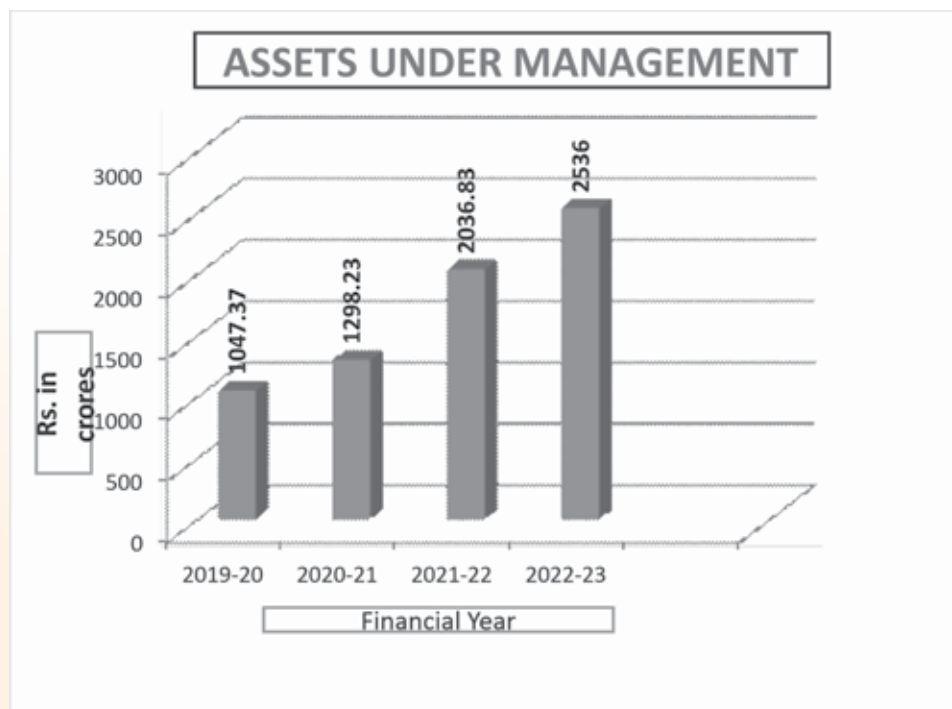
2) Financial Performance:

TIIC has scripted History, TIIC is a Rs.2500 crores plus Assets Under Management (AUM) Company with a AUM of Rs.2536 Crores as on 31.03.2023 with YoY growth of 23%, powered by per Employee Throughput of Rs.11.80 crores. TIIC has maintained its NPA at 1.80%. TIIC's target is to achieve Rs.5000 crores plus AUM in short term is less about the top line or bottom line but more about the 3R's; “Respect, Relevance and Rightful Position” in the financial landscape of Tamil Nadu and beyond.



Handing over the Dividend Cheque of Rs.3.03 crores for the FY 2021-22 to the Hon'ble Chief Minister

TIIC made a record profit of Rs.82.94 crores, paid a dividend of Rs.12.63 crores and contributed Rs.1.08 crores towards CSR funds for the FY 2021-22.





i. Upgrading of the Rating:

TIIC was stagnating in the BBB+ rating slot for the last 8 years. By proactively engaging with the rating agencies and proper showcasing of the financial strength of TIIC, the rating has improved from BBB+ to A- by India Ratings in the financial year 2021-22. This is the first time TIIC has entered the 'A' Band rating. With TIIC's commendable performance for the FY 2022-23, TIIC's rating expected to be further upgraded. This reflects the confidence of financial world in core strength of TIIC.

ii. Optimal Cost of Funds:

TIIC has availed Low Cost Funds from Banks by changing the strategy of negotiation with the Banks. TIIC's performance has enabled it to demand competitive interest rates from the scheduled commercial Banks by moving away from a "Sellers' Market Mindset" to a "Buyers' Market Mindset" in negotiations. As a consequence, today we have commercial Banks competing among themselves intensely for the Goodwill of TIIC.

As part of MoU signed with Bank of Baroda (BOB), CMD TIIC addressed its top management during the UDAAN event organized by BOB on 06th of May 2023 in Chennai on "Business Strategy, Technology and Resilience for sustainable growth".



CMD, TIIC addressing the top management during UDAAN



3) Total Cost of Ownership:

The Total Cost of Ownership (TCO) concept of TIIC emphasises on its Business Accounts delivered with the Least Cost and the Most Competitive benefits for its investees over the life cycle of the project.

TIIC's Unique Selling Proposition (USP) of being a Lending Plus Service Provider is fully cemented and the Brand TIIC is now an established name in the Financial World. TIIC's value proposition is not a mere lender, it is beyond that. It is a Growth Catalyst. It is invested in the long-term success of its valuable customers, its investees. The guiding principle of TIIC is to be the Growth Catalyst for Tamil Nadu's Economy and core objective is to position the Brand TIIC's 'Lending Plus Value Proposition' under which TIIC proactively engages with various Stakeholders in the MSME Eco System and offers its clients a boutique of Services comprising of lending, financial services, technical guidance, marketing assistance, competency building, raw material sourcing for enabling sustainable and inclusive growth in Tamil Nadu.

4) Pro-Active Engagement with Stake-holders:

TIIC has signed 18 MOUs in the last two financial years with the following stake-holders:

S.No	Stake-Holder	Date of Signing MOU	Purpose
1	Centre For Entrepreneurship Development and Incubation, National Institute of Technology, Tiruchirappalli (CEDI – NITT)	17.09.2021	For promoting the Startup ecosystem in the State by complementing the efforts of the Government of Tamil Nadu by providing adequate financial assistance to Startups in the State.
2	Tamil Nadu Small and Tiny Industries Association – Freidrich Naumann Foundation (TANSTIA –FNF)	17.09.2021	For promoting technological upgradation of MSMEs by way of adoption of Industry 4.0 to make them future-ready and globally competitive
3	Confederation of Indian Industries (CII) & Society of Indian Defence Manufacturers (SIDM)	01.11.2021	Through this partnership, in the first phase "Champion MSME Industries" in each of the five Nodes at Chennai, Trichy, Coimbatore, Salem and Hosur will be identified. They will be enabled with guidance and support for enhancing their managerial and technical capabilities to meet the demands of the Defence Sector.
4	Tamil Nadu Small Industries Development Corporation Limited (TANSIDCO)	08.12.2021	For providing interim loan under "Industrial Infrastructure Initiative Scheme (IIIS)" to MSMEs to purchase plots in SIPCOT and TANSIDCO industrial estates to set up their units.
5	Tamilnadu Industrial Cooperative Bank (TAICO)	08.12.2021	For supporting the MSMEs in the State with sufficient working capital and to effectively harness the synergies of both the Institutions TAICO Bank and TIIC in nurturing the MSME ecosystem in the State



S.No	Stake-Holder	Date of Signing MOU	Purpose
6	Project Management Associates (PMA) promoted by Dr.Sivathanu Pillai, Father of BrahMos	14.03.2022	For imparting the capacity building programme to the officers of TIIC by PMA from April 2022.
7	SRM Institute of Science and Technology, Vadapalani Campus	14.03.2022	For extending financial support to Startups/Incubatees nurtured by SRMIST.
8	National Small Industries Corporation (NSIC)	31.03.2022	For providing financial assistance to MSMEs referred by NSIC on a case-to-case base and on merits of the individual cases In turn NSIC to provide Raw material assistance to the MSME's referred by TIIC.
9	CODISSIA Defence Innovation and Atal Incubation Centre (CDIIC)	31.03.2022	For extending financial support to Startups/Incubatees nurtured by CDIIC.
10	Bharat Heavy Electricals Limited (BHEL)	31.03.2022	For promoting Defence Manufacturing in Tamil Nadu with BHEL Trichy and ancillary Units as the hub for Armed Explosive Vehicles
11	MindCafe	31.03.2022	For setting up of MindCafe @ TIIC Premises for the mental wellbeing/ resilience of employees.
12	Greater Chennai Corporation	08.03.2022	For extending working capital assistance to the contractors through Bill Discounting Scheme
13	Chennai Metropolitan Water supply and Sewage Board	09.03.2022	For extending working capital assistance to the contractors through Bill Discounting Scheme
14	Bank of Baroda	17.09.2022	To facilitate TIIC's borrowers to meet their need based working capital requirements.
15	Vellore Institute of Technology (VIT) – Sedaxis P.Ltd	22.11.2022	For providing training and technical guidance to the MSMEs in the Industry 4.0.
16	Skillicorn	26.04.2023	To promote circular economy
17	Africa India Economic Foundation (AIEF)	26.04.2023	To encourage investment in Africa by Indian Industries
18	AVNL Institute of Learning for Armoured Vehicles	26.04.2023	To facilitate training for MSME vendors on Defence Manufacturing

TIIC proactively engages with National Level trade bodies CII, ASSOCHAM, FICCI, NASSCOM and ACMA and their State Level bodies. It also engages with Tamil Nadu Chamber of Commerce, TANSTIA, SIMA, SITRA.

5) Promotion of Defence Production:

India is one of the largest arms importers in the world. Aatmanirbhar Bharat Abhiyan is expected to help India to achieve self-reliance in defence manufacturing.



TIIC is providing a platform for matching the technical prowess of MSMEs with the requirement of indigenous and domestic production requirements of the Armed Forces.

As part of the strategy TIIC and Armoured Vehicle Nigam Limited-Institute of Learning (AVNL-IOL) have signed an MoU to cooperate and collaborate in various spheres of MRO (Maintenance Repair Overhauling) activities of AFVs (Armoured Fighting Vehicles), to harvest the benefits of Governments push towards the indigenisation and self- reliance in Indian Defence for Tamil Nadu MSMEs.

SIDM (Society of Indian Defence Manufactures) under the aegis of CII (Confederation of Indian Industries) plays a proactive role in facilitating for the growth and capacity building of the Indian Industries in India. Working closely with the Government towards enabling the growth of Defence.

TIIC has signed a MoU with SIDM, through this partnership, in the first phase “Champion MSME Industries” in each of the five Nodes at Chennai, Trichy, Coimbatore, Salem and Hosur was identified. They were enabled with guidance and support for enhancing their managerial and technical capabilities to meet the demands of the Defence Sector.

TIIC in association with SIDM and Confederation of Indian Industry in association has organised seminars with the theme on “Accelerating Defence & Aerospace Industry in TN Defence Corridor” in Hosur, Salem and Coimbatore on 9th, 10th and 18th of May 2023.

In the Hosur event Lt.Gen Brar GOC, Dakshan Bharat and the top team of the Regional Technology Node (RTN) Bangalore of the Indian Army.

The core strength of Tamil Nadu MSMEs is to provide a strong, reliable and quality manufacturing vendor base to large industries such as Fabrication, Automobile, Textile, Leather, Foundry& Forging etc.,. The presence of AVNL Head Quarters, HVF (Heavy Vehicles Factory), EFA (Engine Factory Avadi), and IOL (Institute of Learning) provide a close access to Armoured Fighting Vehicle (AFV) system information and knowledge to Tamil Nadu MSMEs. TIIC’s association with AVNL will enable the positioning of Tamil Nadu as a MRO Hub for AFV and promotion of renowned Defence production in TN. The entire exercise will be powered by the technical expertise and engineering prowess of the MSMEs of Tamil Nadu.



Accelerating Defence & Aerospace Industry in TN Defence Corridor in Hosur organized by TIIC in partnership with SIDM and CII



6) Leadership Position in COSIDICI:

As a recognition of Tamil Nadu and Brand TIIC, the 56 member body unanimously elected the CMD of TIIC as the President of Council of State Industrial Development & Investment Corporations of India (COSIDICI) consecutively for the second term. To empower SFCs with low cost funds, as the President of COSIDICI, CMD, TIIC is taking initiatives to avail low cost funds from NABARD/SIDBI by using the collective negotiating power of the SFCs. It is also sharing the Best Practices among the members, inter State Industrial study tour etc.



8th COSIDICI National Award Function for Outstanding Entrepreneurs @ Jodhpur on 17th and 18th of November 2022

7) Industry Growth Conclaves:

As part of its Growth Catalyst strategy, TIIC is organizing Industry Growth Conclaves on a Regional basis in partnership with CII and other Stake-Holders. The first Industrial Growth Conclave was organized for the Western Region @ Coimbatore on 21.09.2021 with the theme “Getting Industries Future Ready”. The response of the industry was overwhelming. The 2nd @ Trichy on 18th December 2021 with the theme “Contributing to Hon’ble CM’s Vision of USD 1 Trillion Economy by 2030”.



Hon'ble Minister for Industries and CMD, TIIC interacting with the Industries during the Industry Growth Conclave @ Coimbatore



Padma Bhushan, Dr.A.Sivathanu Pillai, Father of BrahMos addressing at Industry Growth Conclave @ Trichy

TIIC in partnership with UNIDO has organized a half day industry solutions workshop on “Best practices and techniques for inclusive and sustainable industrial development in Tamil Nadu” on 31.05.2023 at Ranipet Collectorate meeting hall. UNIDO was represented by Dr.Rene Van Berkel, UNIDO representative and Head in India along with his 5 member team consisting of Mr.Debajit Das, National Project Coordinator, Ms.Shraddha Srikant, National Project Coordinator, Mr.Ivan Kral, Industrial Development Officer, Mr.N. Kumar, Mentor and Senior Counsellor, UDAY PRIDE Project and Mr.Sandeep Tandon, National Project Manager, FLCTD. They explained about UNIDO’s initiatives in various sectors such as Automotive components, Leather, Pulp and Paper, Electronics, Textiles, Engineering Industries. This workshop exposed the industries about the best practices and techniques for inclusive and sustainable industrial development in Tamil Nadu for Energy efficiency in foundry, dairy and rice milling sectors, Waste water treatment and energy efficiency for the pulp and paper sector, Technologies demonstrated for the leather sector, Lean manufacturing and productivity methods in the automotive components sector, Innovations in cleantech and renewable energy solutions.



TIIC - Guidance TN - UNIDO Workshop @ Ranipet

The objective of the workshop was to deliberate upon and disseminate opportunities for inclusive and sustainable industrial development in identified focus sectors as well as emerging sectors in Tamil Nadu. TIIC is in talks with ASSOCHAM for organizing an exclusive meeting about IR 4.0 in Tamil Nadu.



8) ESG

Environmental, Social and Corporate Governance (ESG) is a set of standards used to evaluate a company's performance in relation to these three nonfinancial metrics. Investors consider these factors to identify investment opportunities, key risks and market growth prospects. The act of investing using ESG criteria to drive competitive financial returns while reflecting a positive impact on society is known as “Sustainable investing” or “ESG investing”. TIIC has planned to expose the necessity of ESG Compliance to the MSMEs in Tamil Nadu for them to be sustainable.

The recent steps taken by European Union (EU) as a part of its climate change mitigation measures such as Carbon Border Adjustment mechanism (CBAM), Forest Degradation Act. etc. will pose challenges to the MSMEs in the quest to be part of the Global Supply Chain (GSC). CBAM is a policy tool designed to address carbon leakage and promote global climate goals. It is proposed to reduce the risk of carbon leakage, which occurs when carbon-intensive industries relocate their production to regions with less stringent climate policies, thereby undermining global efforts to reduce greenhouse gas emissions. Under Forest Degradation Act, while no country or commodity will be banned, companies will only be allowed to sell products in the EU if the supplier of the product has issued a so-called “due diligence” statement confirming that the product does not come from deforested land or has led to forest degradation, including of irreplaceable primary forests.

TIIC is interacting with Mr. Mukund Rajan, Director Ecube Investment Advisors P.Ltd on overview of ESG issues (largely India); ESG Strategy/Materiality implementation, Global interdependence & issues and regulatory developments. TIIC is in talks with FICCI – Sustainable Leadership Centre for imparting knowledge and training on ESG in Tamil Nadu. These steps of TIIC will enable its MSMEs to continue to be valuable partners in the global supply chains and position Tamil Nadu as a Hub for Green Manufacturing.

9) Industrial Revolution 4.0 (IR 4.0):

TIIC's role as a techno commercial organization will enable faster implementation of IR 4.0 among the MSMEs. TIIC's proactive engagement in IR 4.0 is guiding the MSMEs to negotiate the future confidently and facilitating the Hon'ble CM's Vision to make Tamil Nadu a USD 1 trillion economy by 2030. TIIC has signed MoU with VIT and Sedaxis, as part of which MSMEs a one day workshop was organized for the MSMEs in “Advanced Manufacturing under IR 4.0” at VIT.



MoU signed between TIIC, VIT and Sedaxis Advanced Material P.Ltd @ VIT, Kellambakkam



TIIC has positioned its value offering as a Lending Plus Value Proposition. In this guidance to the MSMEs for ESG compliance and Industry 4.0 adoption are part of the value proposition. TIIC is directly connected with around 3000 MSMEs across the length and breadth of the State. TIIC is well positioned to be the Nodal Agency in implementation of IR 4.0 across Tamil Nadu. An exclusive “ESG and IR 4.0 Cell” was inaugurated by Ms. Jayanthi, IFS, TNPCB Chairman on 16th May 2023 at its premises in Head Office. TIIC is one of the few PSUs who have its own ESG and IR 4.0 cell and is a pioneer SFC in taking the futuristic approach for on boarding the MSMEs on the platform of ESG and IR 4.0.

10) Investment in Human Capital:

TIIC is investing its Top-Dollar in its Human Resource’s capacity building, which is its most valuable resource. As part of this 11 of the Officers of TIIC have attended the “Masterclass on ESG” conducted by IOD and certified as ESG professionals. Also, 6 Officers have attended the workshop on 'Policies for Digitalization and the Fourth Industrial Revolution: Workshop for Government of Tamil Nadu' conducted by Guidance Tamil Nadu in partnership with United National Industrial Development Organization (UNIDO) and Korea International Cooperation Agency (KOICA). TIIC has trained its 40 plus employees in Project Management, certified with Level D by Indian Project Management Associates (IPMA). TIIC is planning to train its employees in the next level of PMA.

TIIC as on date is only 215 employee strong. It is harnessing the power of technology and empowered employees for achieving the growth metrics which are all above the industrial average. The resilience of TIIC’s employees is its key competitive advantage. TIIC is training its employees to successfully negotiate the VUCA world (Volatility, Uncertainty, Complexity and Ambiguity).



Dr. Thara Rangaswamy, Head of SCARF, Chennai addressing the staff on Emotional Wellbeing and Handling Stress

TIIC in the presence of Independent Director Thiru G. Santhanam, IAS (Retd.) has signed MoU to enhance the collaboration for promotion of Mental Wellness and to propagate awareness of the collaboration.



MoU signed between TIIC and MindCafe

11) IT Deployment – Project (EDGE):

The Corporation is in a mission mode on its IT deployment through Project EDGE - Enterprise Digitalization for Goal Enhancement to digitally transform the current processes by automating tasks, reducing manual intervention, and adopting Business process re-engineering to provide faster qualitative services to customers and thereby enhance customer experience and maintain valued relationships with clients. Through adoption of best practices and latest digital technologies, TIIC aims to transform the Corporation's quality of service and earn a better position in a digitally changing and a competitive marketplace.

Accordingly, loan processing is being digitalized and implemented as “Loan Origination System” Module. At present, the wholly in-house developed Loan Origination System Module has been enabled for processing loan appraisal from the stage of application to documentation. This transformation towards digitalization will be a force multiplier and will assist TIIC to leap frog over its competitors in this ultra-competitive financial landscape.

12) Umanage:

Umanage Chennai 2023, a technology and innovation event held in Chennai, was held at the Chennai Trade Center on March 23 to 25, 2023. The event was organised by the Government of Tamil Nadu and Electronics Corporation of Tamil Nadu (ELCOT). The event was marked by a speech delivered by the State Chief Minister Thiru MK Stalin, laying out his vision for Tamil Nadu's future growth. Thiru. Udhayanidhi Stalin, Hon'ble Minister of Youth Welfare and Sports Development, Government of Tamil Nadu, addressed the gathering at



the valedictory session of UMACINE 2023. CMD, TIIC addressed the session on “Accelerating Technology Growth through Robust Cyber Resilience.” He also participated in the valedictory. Participation in the event has enhanced the brand of TIIC.



Valedictory function of Umacine

The Way Forward...

TIIC gears up to celebrate its platinum jubilee celebrations April 2024 with a targeted AUM of Rs.3500 crores. TIIC will deepen and strengthen its partnerships with all its stakeholders and further strengthen its Lending Plus Value Proposition. The knowledge base of employees of TIIC in various emerging trends like ESG, IR 4.0, carbon taxation, Climate Change framework are the key differentiators of TIIC. The Loan journey to Rs.5000 crore plus AUM will not be just a Lending journey but rather a Lending Plus Value Proposition journey. TIIC Brand is firmly established in the mind of its current and potential investees and is invested in their long term sustainable success. TIIC 1.0 laid the foundation of the brick and mortar of industrial base in Tamil Nadu. TIIC 2.0 will lay the foundation of next level of industrial development in Tamil Nadu which will be powered by the emerging trends in Technology. TIIC will harness emerging trends and guide MSMEs of Tamil Nadu. With these measures, TIIC will play its mandated role of Catalysing the Tamil Nadu economy and of being a key driver of Hon'ble CM's Vision of making Tamil Nadu a USD1 Trillion economy by 2030.

This endeavour will call for a collective synergy of the efforts and synergy of deployment of resources of all stakeholders. TIIC will proactively seek and forge partnership with all the stakeholders like CII, FICCI, ASSOCHAM, SICCI, TANSTIA (along with the member constituents – CODISSIA, TIDISSIA, MADTISSIA, HOSTIA etc.), SIPCOT, SIDCO, Guidance, TNPCB, Department of Environment, TN FAME to name a few. TIIC will strive ceaselessly to position Tamil Nadu as the “Thought Leader” and “Technology Leader” at the National level and also to position Tamil Nadu as an exemplary model for Sustainable and Inclusive Development.



Profile of Member Corporations

Kerala Financial Corporation {KFC}



Kerala Financial Corporation (KFC) was incorporated under the State Financial Corporations Act of 1951. KFC is a trend setter and path breaker in the field of long term finance, playing a major role in the development and industrialisation of Kerala. Kerala Financial Corporation is scaling new heights of achievements under the able stewardship of Shri Sanjay Kaul, IAS who is currently the Chairman & Managing Director.

KFC has 16 Branch Offices with its Head Quarters at Thiruvananthapuram and Zonal Offices at Kozhikode, Ernakulam and Thiruvananthapuram.

The main objective of KFC is the rapid industrialization of the state by extending financial assistance to Micro, Small and Medium Enterprises in manufacturing and Service Sector. The SFCs Act empowers KFC to formulate suitable loan schemes for achieving the above said objectives. The Corporation can give financial assistance for setting up of new units and for the expansion / modernization / diversification of existing units in both manufacturing and service sectors. Since inception KFC has disbursed over Rs. 3000 Crores to more than 40,000 projects, spread over the length and breadth of the State.

The Corporation is the first PSU in Kerala and first SFC in India to initiate Corporate Social Responsibility activity. As part of its Corporate Social Responsibility, KFC has set up KFC-CARE (Centre for Assistance and Rehabilitation) to rehabilitate and serve the marginalized sections of the community.

The Corporation has now emerged as a financial supermarket giving the customers a wide range of products and services. The Corporation has competent tech savvy team of professional at the

core of services and endeavours to bring a sharper focus on the requirements of its customers and provide the highest levels of service. Besides giving term loans. The Corporation also provides Working Capital



Sh. Sanjay Kaul, IAS
Chairman & Managing Director

finance and Short Term Finance. Apart from schemes focused at the weaker sections of the society. Modernisation schemes for SSIs, Special schemes for Resorts, Hospitals, TV Serial Production etc are some of the innovative schemes introduced to suit changing customer requirements. KFC has also set up KFC Consultancy Division with a view to render excellent Consultancy Services to its Clients as a Total Solution provider. KFC has also has made a small beginning to nurture and develop a new managerial cadre that can dream, envision and create a new future by starting the KFC Training Division.

As a part of diversification, the Kerala Financial Corporation has set up KFC Consultancy Division with a view to render excellent Consultancy Services to its Clients - its a Total Solutions provider including training.

KFC - Consultancy Division seeks to bring together experts from the Government, industry, academic institutions, other related organisations to evolve, develop and supply quality Consultancy Services.



Kerala Financial Corporation is already dealing with the prestigious business houses in Kerala and has got excellent liaison with the Government, Academics, Management Associations and Social Organisations. It has a full fledged, furnished offices with all facilities and manned by professionals, in all districts of Kerala. It has a panel of dedicated expert consultants who have spent quality time in India and abroad and can provide the clients with expert consultancy and training programmes, made to suit their requirements.

CMEDP II.

- MSMEs - Loans up to Rs.2 crore at 5% interest.
- Loan will be up to 90% of the project cost
- Specialized training and follow-up services for the selected entrepreneurs.

Special Scheme for MSMEs located at Industrial Estates

- Up to 75% loan for setting up new units.
- Up to 90% loan for modernisation / Expansion / Diversification of existing units
- Minimal security requirement

Corporate Social Responsibility

At KFC, believes that contributing value back to the

society is its responsibility. To make a difference to the world outside, KFC has started a number of initiatives by stepping out from the traditional operational area to the vast arena of Corporate Social Responsibility.

The launching of the Corporate Social Responsibility Cell (KFC-CARE) is the first act of social responsibility commitment being undertaken by any SFC in India and any public sector undertakings in Kerala. This reflects its social commitment and concern for the society. Its aim is to make a qualitative difference in the lives of the people by creating innovative solutions and delivering extra ordinary results.

The first venture of KFC-CARE was to help the mentally challenged children of Bala Vikas, Peroorkara, Thiruvananthapuram by providing the required machinery and training for the manufacture of office files, paper carry bags etc. The products manufactured by them are purchased by the Corporation for its own use. The maiden venture of Corporate Social Responsibility Cell on the Children's Day was launched by Smt. Sreemathy Teacher, Hon'ble Minister for Health. KFC has supported 7 orphan girls for continuing their higher education after +2 through a scholarship floated by the All India Management Association. These nominees were selected by the Government of Kerala at the request of KFC. □□□

Everyone has inside them a piece of good news. The good news is you don't know how great you can be! How much you can love! What you can accomplish! And what your potential is."

— Anne Frank



DO YOU KNOW !

Uses Of Olive Oil



Olive Oil is considered one of the best edible oils with antioxidant properties and health benefits. It has high levels of monounsaturated fatty acids, which helps reduce the body's total cholesterol levels, and lower one's risk to heart disease. In addition, olive leaf and olive oil might lower blood pressure. Olives might also be useful to kill microbes, such as bacteria and fungus.

Extra Virgin Olive Oil

It is the best quality olive oil. It undergoes cold processing, which prevents the natural content from altering after exposure to high temperatures. As a result, it has a low acid content, even lower than virgin oil.

Virgin Olive Oil

It is an unrefined form of olive oil extracted using the cold-pressing technique. It has a slightly higher level of acidity content that ranges between 1 to 4 percent. Another speciality of this oil is that it is temperature resistant. In comparison to extra virgin oil, the taste is milder and is suitable for low-heat cooking. It is also ideal for salad dressing.

Pure Olive Oil

Pure Olive oil is created by mixing either extra virgin or virgin oil with the refined one. It is rich in Vitamin E and is used only for cooking, body massages, and therapies.

Refined Olive Oil

It is considered a moderate quality oil. Refined olive oil primarily comes into use for cooking only. It is appropriate for all cooking techniques, but more so when cooking at a high temperature. It has the same fat content as the above two oils.

Olive Pomace Oil

Pomace type is the lowest quality olive oil available in the market. Pomace comes from the residues and the remains left after the fruit's pressing is completed. Once the actual fruits are pressed, there still remains the residue of oil and water. This remaining oil is extracted and mixed with high-quality oils to improve its quality. But this oil is best suited for massages, and other therapies.

Promotes Heart Health

Olive oil protects against inflammation. It reduces LDL oxidation (bad cholesterol) and improves the endothelium's function, lining the blood vessels. It manages blood clotting and lowers blood pressure as well.



Reduces the Risk of Cancer

Olive oil consists of oleic acid, which is highly resistant to oxidation. As a result, it has beneficial effects on genes linked to cancer. In addition, olive oil is rich in compounds that can help fight cancer at a molecular level.

Relieves Pain and Inflammation

The leading cause of inflammation in the body is C-reactive protein. Also, this protein increases during conditions like arthritis. Olive oil has polyphenol oleocanthal that contains anti-inflammatory properties and works similar to ibuprofen.

Boosts Bone Health

Regular intake of olive oil is beneficial for bone health. It has bone-building calcium and vitamin D. Daily consumption of olive oil stimulates bone formation and prevents bone breakdown.

Reduces the Risk of CVD and Stroke

Stroke is the second most common cause of death. Olive oil is a healthy fat that reduces the risk of strokes. In addition, research suggests olive oil rich in polyphenols (responsible for preventing blood lipid oxidation) can help in reducing the risk of CVD and Stroke.

Balances Blood Sugar and Prevents Diabetes

It contains healthy fats that are crucial to managing type 2 diabetes. Therefore, olive oil's good fats help slow down the absorption of glucose into the bloodstream. Consequently, this controls the sugar levels in the blood. □□□



QUESTIONS OF CYBERQUIZ ~ 84



Q.1 This version of UNIX received user interest in it and helped them to connect to the Net. This was because this version had some extra capabilities such as networking, extra peripheral support and use of extended file names. Name this version.

[a] Xenix; [b] BSD UNIX; [c] Linux;. [d] A/UX.

Q.2 The operating systems CP/M and MP/M are from:

[a] IBM; [b] Apple Computers; [c] Digital Equipment Corporation; [d] Digital Research Inc.

Q.3 Which company developed the first graphical user interface ?

[a] Apple Computer; [b] IBM; [c] Microsoft; [d] Xerox.

Q.4 It is an annoying but common feature of output devices, including printers and monitors that make it very difficult to accurately match a color generated by one device with a color generated by one device with a color generated on another. This can be overcome by describing color in a standard way rather than modifying output devices; in other words having device



independent color systems. Which of the following is one such system ?

[a] Pantone Matching System (PMS); [b] CMYK color model; [c] CMY color model; [d] RGB color model.

Q.5 What term was taken from a 1970s science fiction novel by John Brunner entitled The Shockwave Rider ?

[a] Virus; [b] Worm; [c] Spam; [d] Search Engine.

□□□

For Answer See Page No.41

Opportunity is missed by most people because it is dressed in overalls and looks like work.



Union Budget At A Glance : 2023-2024



The Hon'ble Union Finance Minister, Ms. Nirmala Sitharaman, presented the Union Budget for 2023-24 in the Parliament on February 1, 2023. This is the first Budget in Amrit Kaal. Union budget 2023-24 presents vision for amrit kaal-blue print for an empowered and inclusive economy. The Budget adopts the following seven priorities. They complement each other and act as the 'Saptarishi' guiding us through the Amrit Kaal.

- 1) Inclusive Development
- 2) Reaching the Last Mile

- 3) Infrastructure and Investment
- 4) Unleashing the Potential
- 5) Green Growth
- 6) Youth Power
- 7) Financial Sector

The table below gives estimates and revised figures of revenue and expenditure for the last year i.e. 2022-2023 and the figures proposed for the next 2023-2024 and deficits of revenue, fiscal and primary as percentage of GDP :

S.No.	ITEM	2022-2023	2022-2023	2023-2024
		(BE)	(RE)	(BE)
1.	Receipts:			
	(a) Revenue Receipts	2204422	2348413	2632281
	(i) Tax Revenue (Net to Centre)	1934771	2086662	2330631
	(ii) Non-Tax Revenue	269651	261751	301650
	(b) Capital Receipts	1740487	1838819	1870816
	(i) Recoveries of Loans	14291	23500	23000
	(ii) Other Receipts	65000	60000	61000
	(iii) Borrowings and Other Liabilities	1661196	1755319	1786816
	Total Receipts (a) + (b)	3944909	4187232	4503097
2.	Total Expenditure	3944909	4187232	4503097
3.	Revenue Expenditure	3194663	3458959	3502136
4.	Capital Expenditure	750246	728274	1000961
5.	Revenue Deficit	990241	1110546	869855
		(3.8)	(4.1)	(2.9)
6.	Fiscal Deficit	1661196	1755319	1786816
		(6.4)	(6.4)	(5.9)
7.	Primary Deficit	720545	814668	706845
		(2.8)	(3.0)	(2.3)



The break-up of estimated receipts and expenditure both under the revenue and capital heads in terms of percentage is given as under : -

S.NO.	RECEIPTS		EXPENDITURE	
A.	Tax Receipts	58	Revenue Expenditure	50
	Excise Duties	7	Defence	8
	Customs Duties	4	Subsidies	7
	Corporation Tax	15	State Share of Taxes and Duties	18
	Income Tax	15	Finance Commission & Other Transfers	9
	Goods and Service Tax	17	Other Non-Plan Expenditure	8
B.	Non-Tax Receipts	42	Capital Expenditure	50
	Borrowing and Other Liabilities	34	Central Plan	17
			Pension	4
	Non-Debt Capital Receipts	2	Centrally Sponsored Scheme	9
	Non Tax Receipts	6	Interest	20
	TOTAL	100		100

The Finance Minister said that India's vision for the Amrit Kaal includes technology-driven and knowledge-based economy with strong public finances, and a robust financial sector and to achieve this, Jan Bhagidari through Sabka Saath Sabka Prayas is essential. She added that the economic agenda for achieving this vision focuses on three things and those are facilitating ample opportunities for citizens, especially the youth, to fulfill their aspirations, secondly, providing strong impetus to growth and job creation and finally to strengthen macro-economic stability. She added that to service these focus areas in our journey to India@100, the following four opportunities can be transformative during Amrit Kaal-

1. Economic Empowerment of Women:

Deendayal Antyodaya Yojana National Rural Livelihood Mission has achieved remarkable success by mobilizing rural women into 81 lakh Self Help Groups. These groups will be enabled to reach the next stage of economic empowerment through formation of large producer enterprises or collectives with each having several thousand members and managed professionally.

2. PM Vishwakarma Kaushal Samman (PM VIKAS): For centuries, traditional artisans and craftspeople, who work with their hands using tools, have brought renown for India and they

are generally referred to as Vishwakarma. The art and handicraft created by them represents the true spirit of Atmanirbhar Bharat. A package of assistance for them has been conceptualized and the new scheme will enable them to improve the quality, scale and reach of their products, integrating them with the MSME value chain. The components of the scheme will include not only financial support but also access to advanced skill training, knowledge of modern digital techniques and efficient green technologies, brand promotion, linkage with local and global markets, digital payments, and social security. This will greatly benefit the Scheduled Castes, Scheduled Tribes, OBCs, women and people belonging to the weaker sections.

3. Tourism: The country offers immense attraction for domestic as well as foreign tourists, as there is a large potential to be tapped in tourism. The sector holds huge opportunities for jobs and entrepreneurship for youth in particular. Promotion of tourism will be taken up on mission mode, with active participation of states, convergence of government programmes and public-private partnerships.

4. Green Growth: India is implementing many programmes for green fuel, green energy, green farming, green mobility, green buildings, and green equipment, and policies for efficient use of energy across various economic sectors.



These green growth efforts help in reducing carbon intensity of the economy and provides for largescale green job opportunities.

Inclusive Development

Agriculture and Cooperatives

- Building Digital Public Infrastructure –Building an accessible, inclusive and informative solution for Farmers
- Setting up agriculture accelerator fund for encouraging innovative start-ups in rural areas.
- Atmaribhar Bharat Horticulture clean plant program to be launched to boost production of high value horticultural crops
- Targeted funding Rs.20 lakh crore agricultural credit targeted at animal husbandry, dairy and fisheries sector.
- Making India Global Hub for millets: 'Sree Anna' support to be given to IIMR, Hyderabad for promoting research.
- Setting up of widely available storage capacity will enhance farmer's remuneration by enabling sale at appropriate times.

Financial Sector

- Setting up of National Financial Information registry to enable efficient lending, promote financial inclusion and enhance financial stability
- Setting up of a Central Data Processing Centre for faster handling of administrative work under the Companies Act
- One time new small savings scheme for a 2-year period with a deposit facility of upto Rs.2 lakh for women
- Enhanced maximum deposit limit for senior citizens savings scheme for Rs.15 lakh to Rs.30 lakh
- Reforms in the financial sector and innovative use of technology have led to financial inclusion at scale, better and faster service delivery, ease of access to credit and participation in financial markets. This Budget proposes to further these measures.

MSMEs

- Tax deductions to be available to a taxpayer's business only if payment is made to MSMEs within the time stipulated under the relevant MSME laws to promote timely payments to MSMEs.

- Small businesses having turnover of Rs.2 crore are subjected to presumptive tax based on deemed profits on turnover/gross receipts. This threshold to be increased to Rs.3 crore, provided cash receipts do not exceed 5 per cent of gross receipts.
- The revamped credit guarantee scheme for MSMEs to take effect from 1st April 2023 through infusion of Rs.9,000 crore in the corpus. Expanded corpus under a revamped scheme to enable additional collateral-free guaranteed credit of Rs.2 lakh crore. The cost of the credit to be reduced by about 1 per cent.

GIFT IFSC

To enhance business activities in GIFT IFSC, the following measures will be taken:

- Delegating powers under the SEZ Act to IFSCA to avoid dual regulation,
- Setting up a single window IT system for registration and approval from IFSCA, SEZ authorities, GSTN, RBI, SEBI and IRDAI,
- Permitting acquisition financing by IFSC Banking Units of foreign banks,
- Establishing a subsidiary of EXIM Bank for trade re-financing,
- Amending IFSCA Act for statutory provisions for arbitration, ancillary services, and avoiding dual regulation under SEZ Act, and
- Recognizing offshore derivative instruments as valid contracts.

Fiscal Management

- Fifty-year interest free loan to States
- The entire fifty-year loan to states has to be spent on capital expenditure within 2023-24. Most of this will be at the discretion of states, but a part will be conditional on states increasing their actual capital expenditure. Parts of the outlay will also be linked to, or allocated for, the following purposes:
 - Scrapping old government vehicles,
 - Urban planning reforms and actions,
 - Financing reforms in urban local bodies to make them creditworthy for municipal bonds,
 - Housing for police personnel above or as part of police stations,
 - Constructing Unity Malls,



- Children and adolescents' libraries and digital infrastructure, and
- State share of capital expenditure of central schemes.

Fiscal Deficit of States

- States will be allowed a fiscal deficit of 3.5 per cent of GSDP of which 0.5 per cent will be tied to power sector reforms.

Education and skilling

- Revamped Teachers' training via District institutes of education and training
- National Digital Library to be set up for children and adolescents
- States will be encouraged to set up physical libraries at Panchayats and ward levels.

Infrastructure and Investment

- Increased capital investment outlay by 33.4% to Rs.10 lakh crore.
- Continuation of 50 year interest free loan to State Governments to incentivize infrastructure investment.
- Highest ever Capital outlay of Rs.2.4 lakh crore for Railways
- 100 transport infrastructure projects identified for end-to-end connectivity for ports, coal, steel, fertilizer sectors.
- Creating Urban Infrastructure in Tier 2 and 3 cities via establishment of Urban Infrastructure Development Fund (UIDF)

DIRECT TAX

- Exemption limit for Personal Income Tax raised from Rs.2.5 lakh to Rs. 3 lakh. The new tax regime from AY 2024-25 to be as under :

From Assessment Year 2024-25	
Total Income (Rs.lakh)	Rate of tax
Up to 3	Nil
3 - 6	5%
6 – 9	10%
9 – 12	15%
12 – 15	20%
Above 15	30%

- Highest surcharge rate on income above Rs.5 crore to be reduced from 37% to 25% under new regime.
- Increasing tax exemption limit to Rs.25 lakh on leave encashment on retirement for non-government salaried employees.

INDIRECT TAX

Indirect Taxes have been simplified to promote higher exports; higher domestic manufacturing; more value addition in the economy; green energy and mobility:

- Import of capital goods for Li-ion battery manufacturing for greener mobility.
- Relief in customs duties on import of machinery and raw material like denatured ethyl alcohol, crude glycerine.
- Central excise duty exempted on blended compressed natural gas (CNG).
- Customs duty abolished on the import of specified capital goods and machinery required to manufacture lithium-ion cells for batteries that are used in EVs to boost the production of battery cells domestically for EVs.
- Import duty on seeds used in the manufacture of rough lab-grown diamonds abolished.
- Early disposal of settlement applications pending before the Settlement Commission under the Custom Act 1962, by fixing the upper time limit for disposal to nine months to ensure time-bound resolution

Tax benefits for Industry

- Enhanced limits for micro enterprises and professionals to avail benefits of presumptive taxation; 95% of receipts to be non-cash.
- Deduction on payments made to MSMEs to be allowed only when payment is actually made
- Extending 15% corporate tax benefits to new co-operatives, commencing manufacturing till 31st March, 2024
- Extension of the date of incorporation by one year for income tax benefits to start-ups
- Benefit of carry forward of losses on change of shareholding of start-ups from seven years of incorporation to ten years.

□□□



Economic Scene



Economic Survey

The Economic Survey was tabled on 31st January, 2023. Some of the highlights are as under :

'Recovery complete'

- Indian economy is staging a broad-based recovery across sectors, positioning to ascend to the pre-pandemic growth path in FY23. The capital expenditure of the government and crowding in the private capex led by strengthening balance sheets of companies is a growth drivers for the Indian economy in the current year
- Retail inflation was back within RBI's target range in November 2022. Direct tax collections for April-November 2022 remained buoyant
- The credit growth to the MSME sector was over 30.6 per cent on average during Jan-Nov 2022
- The Indian economy in FY23 has nearly "recouped" what was lost, "renewed" what had paused, and "re-energised" what had slowed during the pandemic and since the conflict in Europe
- Growth in the upcoming year will be supported by solid domestic demand and a pick-up in capital investment

Survey's largest chapter devoted to social sector

- Social sector expenditure — Centre and states combined — increased to Rs 21.3 trillion in FY23 (BE) from Rs 9.1 trillion in FY16. Their budgeted expenditure on health sector touched 2.1 per cent of GDP in FY23 (BE) and 2.2 per cent in FY22 (RE) against 1.6 per cent in FY21
- More than 2.2 billion Covid vaccine doses administered. The Survey highlights the findings of the 2022 UNDP report on multi-dimensional poverty index — 415 million people exited poverty in India between 2005-06 and 2019-20

- Enhanced employment generation seen in the declining urban unemployment rate and in the faster net registration in employee provident fund.



Climate action :

- India declared Net Zero Pledge to achieve Net Zero emissions goal by 2070. While the target was to achieve 40 per cent of the installed electric capacity from non-fossil fuel sources by 2030 in the initial NDC submitted in 2015, the target has already been achieved
- A mass movement LIFE (Life style for Environment) launched. National Green Hydrogen Mission to enable India to be energy-independent by 2047
- Power ministry has estimated that the average emission rate will decline by around 29 per cent by 2029-30 compared to 2014-15.

Services are the source of strength

- India's e-commerce market is projected to grow at 18 per cent annually through 2025. Prospects look bright for tourism, hotel, real estate, IT-BPM
- Downside risk, however, lies in the external exogenous factors, and bleak economic outlook in advanced economies impacting growth prospects of the services sector

Inflation challenges

- The inflation challenge in FY24 must be a lot less stiff than it has been this year. It is not wishful thinking that 2023 will show less macroeconomic volatility than its preceding financial year. Inflation risks coming from global commodity prices are likely to be lower in FY24 than in FY23.



- However, the re-emergence of Covid-19 in China can trigger supply chain disruptions. The geopolitics associated with oil can particularly affect India's imported inflation

External sector concerns

- India's external sector has been facing considerable global headwinds on geopolitical developments. There is high uncertainty associated with the forecast due to shifting monetary policy in advanced economies and the unpredictable nature of the Ukraine conflict
- Going forward, the expected easing of crude oil prices, the resilience of net services exports, and buoyant inward remittances would result in lower CAD during the remainder of FY23

Indian start-ups

Indian start-ups are exploring 'reverse flipping', or shifting their domicile back to India, with easy access to capital from private equity and venture capital, changes in rules regarding round-tripping, and the growing maturity of India's capital markets, observed the Economic Survey 2022-23.

The Survey suggested measures like simplifying multiple tax layers, resolving uncertainty due to tax litigation, especially of employee stock ownership plans, exploring the incubation and funding landscape for start-ups in emerging fields like social innovation and impact investment, and facilitating mentorship programmes through partnerships with established private entities. The Survey also pointed out several challenges start-ups face, such as funding hurdles, revenue generation struggles, lack of easy access to supportive infrastructure, and a complex regulatory tax environment. It added that many start-ups have been headquartering overseas, especially in destinations with favourable legal environments and taxation policies, technically known as 'flipping'. Flipping refers to the process of transferring the entire ownership of an Indian company to an overseas entity, accompanied by a transfer of intellectual property (IP) and all data hitherto owned by the Indian company. This effectively transforms an Indian company into a 100 per cent subsidiary of a foreign entity. "Some companies prefer to domicile in countries where they would like to access the capital market later for

better valuations and ticket size. Better protection and enforcement of IP and tax treatment of licensing revenue from IP, residential status of founders, and agile corporate structures have been the reasons for flipping in the past," it said.

These steps by the government to stem the tide will give a welcome push to making India the largest start-up ecosystem in the world." To accelerate this process, the Survey suggested measures such as simplifying taxation and procedures for capital flows, akin to countries like Singapore, the United Arab Emirates, and the Netherlands, which "incentivise companies to store IPs and create holding companies as regional headquarters". It also suggested simplifying the process for the grant of an 'interministerial board' certification for start-ups.

Services exports rise record 27% in FY 23

India's services exports increased by 26.6 per cent in 2022-23 (FY23) to \$322 billion, according to data released by the RBI in May, thus closing the gap with merchandise exports that grew only 6 per cent to \$447 billion in the same period. Services imports, grew 22.2 per cent to \$179.7 billion, leading to a services trade surplus of \$142.5 billion. With a \$267 billion merchandise trade deficit in the last financial year, cumulative trade deficit was of \$124.5 billion.

India's services exports range from information technology (IT) to services provided by doctors and nurses abroad. While the RBI doesn't release monthly disaggregated services exports data, its classification of services exports released quarterly with balance of payment data includes transport, travel, construction, insurance and pensions, financial services, telecommunications, computer and information services, and personal, cultural and recreational services, and other business services. While software exports dominate India's services exports, "other business services" exports have seen a strong ramp-up recently, accounting for 24 per cent of the total services exports in the first nine months (April-December) of FY23, from 19 per cent in FY14.

CAD may fall in Q3 as net exports ease

India's current account deficit (CAD) may reduce in the December quarter as pressure from negative net exports eased during the period to \$35.5 billion from \$50.3 billion between July and September.



India's high merchandise trade deficit cancels out the services trade surplus to generate a negative overall trade balance known as net exports. A high negative net exports becomes a drag on economic growth, apart from leading to higher current account deficit. CAD factors in remittances by Indians employed overseas, along with net exports. In the September quarter, CAD touched a nine-year high at 4.4 per cent from 2.2 per cent in the June quarter as the negative net exports shot up to \$50.3 billion from \$36.3 billion.

RBI Governor Shri Shaktikanta Das in his latest policy statement said the CAD situation remained “eminently manageable” as imports moderated in the wake of lower commodity prices, resulting in narrowing of the merchandise trade deficit. Merchandise trade deficit reduced to \$74.5 billion in the December quarter from \$81.8 per cent in the July-September period while services trade surplus rose to \$39 billion from \$31.5 billion during the same period. Shri Das said services exports rose by 24.9 per cent in the December quarter, driven by software, business and travel services. “Global software and information technology services spending is expected to remain strong in 2023. Remittance growth for India in H1 (April-September) of 2022-23 was around 26 per cent—more than twice the World Bank’s projection for the year. This is likely to remain robust owing to better growth prospects of the Gulf countries. The net balance under services and remittances are expected to remain in large surplus, partly offsetting the trade deficit,” he added.

While Ms. Rajani Sinha, chief economists at Care Ratings, is optimistic about the net services receipts and remittances, she feels slowing momentum in merchandise exports could continue to weigh on the Cad. “Given this background, we project CAD at 3.6 per cent of GDP in FY23, followed by a projected improvement to 2.2 per cent in FY24. On the financing front, foreign direct investment inflows have remained largely stable, while foreign portfolio investment inflows continued to exhibit volatility,” she added.

FY23 net direct tax collection exceeds Revised Estimate

Direct tax collection rose 17.63 per cent to Rs.16.61 trillion in FY23, exceeding the Revised Estimate (RE)

on this count slightly, the provisional data released by the finance ministry in April showed. Collection was Rs.14.12 trillion in FY22. The strong growth reflects improved business performance amid external headwinds and could help the government meet its fiscal deficit target for FY23. The Budget Estimate (BE) for direct taxes in FY23 was set at Rs.14.20 trillion, and was raised to Rs.16.5 trillion in the RE. Provisional direct tax collection (net of refunds) has exceeded the BE by Rs.2.41 trillion, or 16.97 per cent, and the RE by 0.69 per cent. Gross collection (provisional, before adjusting for refunds) in FY23 stood at Rs.19.68 trillion, showing a growth rate of 20.33 per cent over that in FY22 of Rs.16.36 trillion. In total gross collection, corporate tax accounted for over Rs.10 trillion, a growth rate of 16.91 per cent over Rs.8.58 trillion in the preceding year. Gross personal income tax collection —including securities transaction tax (STT) — grew 24.23 per cent to over Rs.9.6 trillion.

India will be \$3.7-trillion economy in '23: RBI report

India will be a \$3.7-trillion economy in 2023 the State of the Economy article in the Reserve Bank of India's January 2023 Bulletin said. Lead indicators suggest that the domestic current account deficit (CAD) is likely to reduce in 2023, while macro-economic stability has received a boost from inflation being brought back to the official tolerance band, according to the Bulletin.

Exports to EU, US grow but Asia, Africa suffer

India's merchandise exports to the European Union and the US rose 6.7 per cent to \$450.4 billion in FY23. According to disaggregated data released by the commerce department, a decline in exports to Northeast Asia, comprising China (-27.9 per cent), Hong Kong (-9.9 per cent), South Korea (-17.7 per cent), Japan (-11.5 per cent), pared India's overall exports growth.

Forex kitty rises for second week, at over 11-mnth high

India's foreign exchange reserves rose to \$595.98 billion for the week ended May 5, the RBI said. That is an increase of \$7.2 billion from the previous week, the highest increase since March 17. Reserves had



risen by \$4.5 billion in the week prior. In October 2021, the country's forex reserve had reached an all-time high of \$645 billion. The reserves have been declining as the central bank deployed the kitty to defend the rupee amid pressures caused majorly by global developments. The central bank intervenes in the spot and forwards markets to prevent runaway moves in the rupee. Changes in forex reserves also stem from valuation gains or losses.

Interstate flow of goods rose to 70% of GDP post-GST implementation

A paper, published by the Institute of Public Policy Research (IPPR), and written by Shri Bibek Debroy Chairman of Prime Ministers' Economic Advisory Council (PMEAC), along with his Officer on Special Duty Shri Devi Prasad Misra, the value of the inter-state flow of goods in India increased to about 70 per cent of GDP in FY22 from nearly 55 per cent in FY18, taking into account movements of domestic and imported goods. Signaling increasing economic integration among states after goods and services tax (GST) was introduced.

For domestically produced goods the inter-state trade flow amounted to about 35 per cent of GDP in FY22, up from 23.5 per cent in FY18. Further, internal trade appears to be growing at more than twice the pace of growth of GDP. In the four-year period, FY18 to FY21, nominal GDP grew 19.7 per cent to \$3,173 billion from \$2,651 billion, whereas the value of domestic goods transported among states increased 44 per cent, and the cumulative value of imports and movements of domestic goods increased 34 per cent. In many ways, this is indicative of the transportation efficiency gains that have accrued after the introduction of GST, as well (as) the enhanced economic integration of Indian states.

GST, introduced in India on July 1, 2017, replaced a large number of national and state-level taxes and levies, thereby not only uniting India into a common market with minimal distortion and tax arbitrages but also putting in place administrative structures that provide for a regular reporting of tax data. Using e-way bills as a measure, the paper notes goods belonging to sectors like textiles and textile articles; electrical machinery and equipment; machinery and mechanical appliances; iron, steel, and articles;

and automobiles have been at the top in terms of movement from FY19 to FY21. In terms of e-way bills, Gujarat has been the top state in inter-state trade, followed by Maharashtra, Haryana, Tamil Nadu, and Karnataka, the paper notes.

The paper also analyses the sources and destinations of goods by pairing states accordingly. This shows Maharashtra as the most important exporting partner for every state and also serves as the predominant importer of goods from almost every other state. Assam being at the other end of the colour spectrum – it ranks low in both exporting as well as importing relationships with all other states. More generally, states that are close to each other tend to trade more with each other, and states that are richer trade with each other more than with others – again underscoring the gravity effects of trade.

Besides, the analysis of distance travelled by goods, according to the e-way bill data, indicates a large percentage of e-way bills (58 per cent) travel within 200 km and may have implications for the possible location of manufacturing/trading hubs, because they could be located closer to the centres of consumption. Also, around 17 per cent of the e-way bills pertain to goods that travel more than 1,000 km, which might reflect the likelihood that these may relate to export goods from the hinterland, en route to major ports on the eastern/western seaboard.

Electronics exports grew by 50% in FY23

A surge in electronics exports, including smartphones, accounted for 31 per cent of the rise in India's merchandising exports in FY23 over the previous year, in value terms based on the Commerce Ministry's latest figures. Merchandise exports increased by \$25 billion, hitting \$447 billion in FY23 over \$422 billion in the previous year. Of this, the increase in smartphones and Apple iPhone exports alone contributed 23 per cent and 15 per cent respectively. The growing importance of electronics exports can also be reflected in the fact that it has now overtaken readymade garments (RMG) of all textiles, occupying sixth position among the top 10 merchandising exports. Electronics exports grew over 50 per cent in FY23, reaching \$23.5 billion in the current fiscal year. RMG of all textiles grew by 1.1 per cent to reach \$16.1 billion in FY23.



The growing importance of electronics has been fueled by the gigantic increase in mobile exports, thanks in large measure to the production-linked incentive scheme to encourage manufacturing in India, as well as Apple Inc's aggressive strategy to shift production for exports from China to India. Indian smartphone exports doubled to touch \$11.5 billion in FY23, accounting for half the export value of electronics exports. Smartphone exports added \$85.8 billion in the current fiscal year over the previous year and this growth accounts for 73 per cent of the overall increase in electronics exports over last year.

The government has, set up a stiff target for electronics production and exports by FY26. This entails achieving a production value of \$300 billion out of which exports would be \$120 billion. Also in mobile devices, the projection is to export between \$52-58 billion worth of phones from the country by FY26. The production value expected is to the tune of \$120 billion.

Highest direct tax buoyancy in 15 yrs in FY22, says CBDT

Direct tax buoyancy, which measures growth in the collection of personal income tax and corporation tax against the rise in GDP, increased to 2.52 in FY22, the highest in the last 15 years, according to the time series data the Central Board of Direct Taxes (CBDT) released in April 2023. Higher buoyancy reflects greater efficiency in tax collection. The CBDT highlighted the data for 22 years beginning 2000-21, and the highest buoyancy — 2.59 — was recorded in FY03 while it turned negative (-1.21) in FY20. Since both GDP and tax growth in FY21 were negative, tax buoyancy was not computed for that year. So buoyancy spiked in FY22 probably due to a low base effect.

The CBDT said direct tax collection after deducting refunds increased to Rs.16.61 trillion in FY23 (provisional figures). The ministry said gross net direct tax collection showed an impressive growth rate of over 126.73 per cent in FY22, reaching Rs.16 trillion from Rs.7 trillion in FY14. Gross direct tax collection increased 173 per cent to over Rs.19.68 trillion in 10 years to 2022-23. The growth rate was about 431.92 per cent in the previous decade. Then direct tax collection had risen from Rs 1.05 trillion in

2003-04 to Rs.5.58 trillion in 2012-13. However, the base was low in that period. The direct tax to GDP ratio has increased from 5.62 per cent in 2013-14 to 5.97 per cent in 2021-22. The cost of collection has decreased from 0.57 per cent of the total collection in FY14 to 0.53 per cent in FY22, the data showed.

GST collection was Rs1.87 trillion in April

India's goods and services tax (GST) collection in April rose 12 per cent year-on-year to Rs.1.87 trillion, the finance ministry data showed in May. This was mainly driven by a boost in year-end sales, data analytics ensuring better compliance, and sustained economic growth. The previous highest collection was Rs.1.68 trillion in April last year, while the mop-up stood at Rs.1.60 trillion in March this year. April 2023 also saw the highest ever tax collection on a single day. "On April 20, Rs.68,228 crore was paid through 9.8 lakh transactions," the ministry said in a release.

Of the gross GST collection, Central GST stood at Rs.38,440 crore, SGST at Rs.47,412 crore, IGST at Rs.89,158 crore (including Rs.34,972 crore collected on import of goods), and cess at Rs.12,025 crore, according to the data. The finance ministry said that after the settlement of interstate transactions, the Centre collected Rs.84,304 crore as Central GST, while states collected Rs.85,371 crore as SGST.

World bank commits \$1bn to India for health care infra

The World Bank and India in March signed two complementary loans of \$500 million each to support and enhance the country's healthcare infrastructure. Through this combined financing of \$1 billion (about Rs.8,200 crore), the bank will support India's flagship Pradhan Mantri-Ayushman Bharat Health Infrastructure Mission (PM-ABHIM), launched in October 2021, to improve the public healthcare infrastructure across the country.

IIP growth recovers to 5.2% in Jan

Growth in factory output, or index for industrial production, recovered to a two-month high of 5.2 per cent in January, from 4.7 per cent in December, on the back of a lower base and double-digit growth in the electricity output, the Index of Industrial Production (IIP) data released by the National Statistical Office



(NSO) in March showed. The growth in electricity output accelerated to 12.7 per cent, whereas manufacturing also recovered to 3.7 per cent. The expansion in mining output, however, decelerated to 8.8 per cent from 9.8 per cent last month.

In the first 10 months of FY23 (April-January), IIP grew 5.4 per cent against 13.7 per cent during the year-ago period. Ten of 23 manufacturing sectors in the IIP, such as tobacco, textiles, apparel, leather, wood, metals, computers, transport, furniture, and other manufacturing sectors, registered contraction during January.

Infrastructure goods and capital goods grew 8.1 per cent and 10.95 per cent, respectively. Consumer durables comprising fast-moving consumer goods (FMCG) contracted (7.5 per cent) for the second straight month, signalling the effect of higher inflation. The consumer non-durables sector, however, expanded for the second straight month since November, and recorded a 6.2 per cent growth. Despite the subdued base related to the third wave of Covid-19, some of the available high frequency indicators recorded a weaker year-on-year (YoY) performance in February 2023, relative to January 2023, such as Coal India Limited's output, rail freight traffic, ports cargo traffic, electricity generation and auto output. In contrast, vehicle registrations and finished steel consumption witnessed an improved performance in February 2023, relative to the previous month.

The IIP data showed that the economy grew 4.4 per cent in the third quarter as manufacturing output contracted for the second consecutive quarter, and consumer demand slowed. However, the estimates are still hopeful that India's gross domestic product (GDP) would grow at 7 per cent in FY23.

Fragmentation may cost Global economy up to 7% of GDP: IMF

A severe fragmentation of the global economy after

decades of increasing economic integration could reduce global economic output by up to 7%, but the losses could reach 8-12% in some countries, if technology is also decoupled, the International Monetary Fund said in a new staff report. The IMF said even limited fragmentation could shave 0.2% off of global GDP, but said more work was needed to assess the estimated costs to the international monetary system and the global financial safety net (GFSN). It noted that the global flows of goods and capital had leveled off after the global financial crisis of 2008-2009, and a surge in trade restrictions seen in subsequent years.

"The COVID-19 pandemic and Russia's invasion of Ukraine have further tested international relations and increased skepticism about the benefits of globalization," the staff report said. It said deepening trade ties had resulted in a large reduction in global poverty for years, while benefitting low-income consumers in advanced economies through lower prices.

The unraveling of trade links "would most adversely impact low-income countries and less well-off consumers in advanced economies". Restrictions on cross-border migration would deprive host economies of valuable skills while reducing remittances in migrant-sending economies. Reduced capital flows would reduce foreign direct investment, while a decline in international cooperation would pose risks to provision of vital global public goods. The IMF said existing studies suggested that the deeper the fragmentation, the deeper the costs, with technological decoupling significantly amplifying losses from trade restrictions. It noted that emerging market economies and low-income countries are likely to be most at risk as the global economy shifted to more "financial regionalization" and a fragmented global payment system. It could also weaken the ability of the global community to support countries in crisis and complicate the resolution of future sovereign debt crises.

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At first, dreams seem impossible, then improbable and eventually inevitable.



Activities of COSIDICI



Executive Committee Meeting :

The Executive Committee Meeting and Annual General Body Meeting of COSIDICI were held on "Google Meet" on March 15, 2023.

The Executive Committee discussed the way forward for the SLFIs. Shri Hans Raj Verma, IAS President COSIDICI & CMD, TIIC, Chennai offered to hold the 9th National Award Function in Coimbatore (Tamilnadu) on 15th December, 2023. As Coimbatore is a thriving industrial hub he said TIIC would plan a visit to the 'industrial estates' for the COSIDICI delegation. It would showcase the engineering powers of the MSMEs - the latest technology adopted by the better performing units in the textiles, forging, automobiles sector.

Annual General Body Meeting :

The Annual General Body meeting of COSIDICI was held on "Google Meet" on March 15, 2023. The following were elected as the Members of the Executive Committee of COSIDICI for the year 2023-24 : -

Shri Hans Raj Verma, IAS, CMD, TIIC, Chennai as the President of COSIDICI for the year 2023-24. Shri N. Gulzar, IAS, M.D., APSFC, Vijayawada; Dr. (Smt.) Ekroop Caur, IAS, M.D., KSFC, Bengaluru; Shri Sanjay Kaul, IAS, C.M.D., KFC, Thiruvananthapuram; Shri Shivprasad M. Nakate, IAS, M.D., RIICO, Jaipur; Smt. Mousumi Chattaraj Chaudhuri, IAS, M.D.,

WBFC, Kolkata; and Shri B.S. Pai Angle, M.D., EDC Ltd., Panaji Goa were elected as Vice-Presidents. Shri Karilal Valaven, IAS, C.M.D., APIDC, Hyderabad; Shri Yash Garg, IAS, M.D., HSIIDC, Chandigarh; Shri Lokesh Kumar

Jatav, IAS, M.D., MPFC, Indore; Smt. E. Sundaravalli, IAS, M.D., SIPCOT, Chennai; Shri Shakti Singh Rathore, IAS, M.D., RFC, Jaipur; Shri Rajeshwar Goel, IAS, M.D., HPSIDC, Shimla; Shri Ajay Kumar Sharma, JKAS, M.D., J&K SFC, Jammu and Shri P.T. Rudra Goud, M.D., PIPDIC, Puducherry were elected as Executive Committee Members. Besides, Shri Palash Barooah, ACS, M.D., AFC, Guwahati and Shri P. Zuvito Waths Sema, M.D., NIDC, Nagaland were co-opted as Executive Committee Members for the year 2023-24. The contents of the Annual Report of the Executive Committee meeting of COSIDICI for the year 2022-23 were noted and approved by the General body which also approved the audited statements of accounts for the year 2022-23.

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Good management consists of showing average people how to do the work of superior.



Member Corporations & Their Activities



EDC Pays Government Rs. 2.79 Crores

EDC Chairman, Shri Sadanand Shet Tanavade handed over cheque amounting to Rs.2.79 crores to Hon'ble Chief Minister, Dr. Pramod Sawant at Panaji on 10th May, 2023. This payment is towards the interest on net amount deposited towards Land Acquisition funds deposited by the various Government Departments and other agencies with EDC Ltd., for the acquisition of land for various Government projects.

During FY 2022-23 the Corporation's provisional revenue stood at around Rs.70.00 crore and provisional Profit before tax amounted to around Rs.50.00 crore. During the year 2022-23 the Corporation sanctioned loans amounting to Rs.324 crore to various sectors spread all over Goa. The recovery during the same period was Rs.202 crore and the outstanding loans stood at Rs.550 crore. The Corporation has drastically reduced the Gross NPA to less than 3% and the Net NPA was NIL and its Net worth stood at about Rs.750 crore.

The Corporation operates the Modified Interest Rebate Scheme of the Government, wherein now additional 2% p.a. Interest Rebate is extended for appointment of 20 or more Goans with maximum rebate up to 9% p.a on loans availed by the entrepreneurs from EDC Ltd. For the FY 2021-22 the Government has disbursed Interest rebate amounting to Rs.3.56 crores to 44 beneficiaries. For the FY 2022-23 over 70 units are expected to take benefit of about Rs.5.00 crore. Entrepreneurs need to avail EDC Schemes wherein effective interest rates applicable is almost upto 0.50% p.a. to 2% p.a. for regular Borrowers.



From Left to Right : Mr. Sudesh Mandrekar, GM (Law), Mr. B.S.Borkar, Jt.MD, EDC, Shri.Sadanand Shet Tanavade, Chairman, EDC, Dr. Pramod Sawant, Hon'ble Chief Minister of Goa, Mr. B.S. Pai Angle, MD, EDC and Mr. John De Sousa, DGM (Finance).

KFC raises Rs.750 crore through NCD issue

Kerala Financial Corporation (KFC) successfully raised Rs.750 crore in two tranches by issuing Non-convertible Debentures (NCDs) in April 2023. The issue has a term of 10 years and was raised through the BSE Bond, the Electronic Book Platform (EBP) of BSE. The first tranche of RS.476.50 crore was raised at a coupon rate of 8.90% on March 23, 2023 while the second tranche of Rs.273.50 crore was raised at a coupon rate of 8.63% on 28. 04. 2023. KFC was able to raise funds at a rate better than the major public sector Banks/State PSUs. The Corporation has AA Credit rating given by RBI/SEBI approved rating agencies. "The 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 Shri Sanjay Kaul, CMD of KFC.

The Kerala Government had earlier infused Rs.200 crore capital into the Corporation increasing the net worth to approximately Rs.900 crore. KFC has raised Rs.2,626.50 crore so far from bond markets since 2011 of which Rs.772.30 crore has been redeemed so far. Since 2016, the Corporation has been raising funds without Government guarantee based on the strength of its balance sheet. The funds from the present issue are to be utilized for financing the projects under the CMEDP, the flagship entrepreneurship development program of the State Government, being implemented by KFC.

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Success Stories of KSFC Assisted Units

M/s. Belgaum Oxygen Pvt. Ltd.

Shri Venkatesh K. Patil established M/s Belgaum Oxygen Pvt. Ltd. for manufacturing medical oxygen/gas with financial assistance of Rs.425 lakhs from KSFC under 5.5% interest subsidy scheme for MSMEs Sector. During COVID-19, the company supplied Medical Oxygen to all the hospitals. More than 8000 medical cylinders were supplied free of cost. It employs 22 people and had a turnover of Rs.7.58 crores in the year 2021-22. The Promoter was awarded the 'Best Service Entrepreneur' award at the 8th National Award Function held in Jodhpur in November, 2022.



M/s. Excellent Technologies

Shri Sunil Kumar C established M/s Excellent Technologies in the year 2015. He received financial assistance of Rs. 830 lakhs over the years from KSFC. The unit manufactures Machine tools accessories for automotive and Aero space sector and exports 75% of its products to Germany, Italy, UK, USA, Australia. The unit employs 40 people and achieved a turnover Rs.1200 lakhs in the year 2021-22. Shri Sunil Kumar C was conferred with the 'Best Entrepreneur' award at the 8th National Award Function held in Jodhpur in November, 2022.

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*When you know what you want, and want it badly enough,
you'll find a way to get it.*



NEWS FROM STATES



Stress on education, infra in Rs.78,800-cr Delhi budget

Delhi Finance Minister Shri Kailash Gahlot in March presented a Rs.78,800-crore budget in the Delhi Assembly for the financial year 2023-24, which majorly focuses on transport and infrastructure as part of the G-20 summit preparations. The Delhi government's budget size in 2022-23 was Rs.75,800 crore and Rs.69,000 crore in the preceding year.

The budget is dedicated to a clean, beautiful and modern Delhi with Rs.19,466 crore to be spent on upgrade of 1,400 kilometers of roads in the next 10 years. The government has allocated Rs.2,034 crore for 2023-24 for various infrastructure projects. Education continued to get the highest allocation of Rs.16,575 crore for the 2023-24 financial year. Local bodies will be given financial assistance of Rs.8,241 crore in the financial year 2023-24.

TN reduces revenue deficit to Rs.30k cr

Tamil Nadu government in March trimmed its revenue deficit from nearly Rs.62,000 crore to Rs.30,000 crore, according to the state budget for 2023-24, citing the 52 per cent reduction to government reforms.

The deficit reduction is nearly Rs.5,000 crore lower than the level of the pre-pandemic year of 2019-20. The fiscal deficit has been estimated at Rs.74,524.64 crore and the net borrowings in 2023-24 is projected at Rs.91,866.14 crore. The revenue expenditure is estimated at Rs.3.08 trillion. The total revenue receipts, including the Central transfers, are estimated to be Rs.2.7 trillion in 2023-24 compared to the Revised Estimates of Rs.2.4 trillion in 2022-23. For 2023-24, the state's tax revenue is expected to increase to more than Rs.1.5 trillion, up from around Rs.1.4 trillion during the current financial year.

Madhya Pradesh Budget focuses on women

Madhya Pradesh's Budget gives special attention to half the population — that is, women. One-third of the Budget of Rs.3.14 trillion — that is, about Rs.1.02 trillion — is for women. For instance, for the first year of 'Laadli Behna', a new scheme that will give Rs.1,000 per month to women, has been budgeted at Rs.8,000 crore. Recently, the state Cabinet had approved the scheme, under which Rs.1,000 will be deposited in the bank

accounts of every woman in the age group of 23-60 years. Out of the about 54 million voters in the state, 26 million are women. Among the 13,40,000 newly-added voters this year, more than 700,000 are women.



Under the 'Mukhyamantri Balika Scooty scheme' the government will give e-scooties to girl students, who get first class in higher secondary examinations. In other schemes related to women and girls, a provision of Rs.929 crore for Ladli Laxmi scheme and Rs.1,000 crore for interest subsidy to self-employed women has been kept in the Budget.

MP attracts Intentions of investments of Rs.15.42 trn

Madhya Pradesh Chief Minister Shri Shivraj Singh Chouhan in January, 2023 said the State had received intentions of investment (IoI) worth over Rs 15.42 trillion during the two-day Global Investors Summit (GIS). These will help create more than 2.9 million jobs in the state in the next few years. Shri Chouhan said his state would do everything possible, including appointing a dedicated officer if needed, to ensure that the commitments made during the summit were met. Industry Minister Shri Rajywardhan Singh Dattigaon said the government has not signed the traditional MoUs. There is the intention of investment. Every investor who is serious will fill in an intention form and then it will come in the process. As soon as the government gets it, it will pass it on to the department concerned. Sometimes industries seek incentive over and above the policy. Madhya Pradesh is preferring job-centric industries.

Kerala adopts water budget to tackle summer woes

Kerala adopted a water budget in April 2023 to come up with a solution to water scarcity in certain regions there. The first phase of the project would cover 94 gram panchayats and 15 block Panchayats.



The Public Water Budget was released by Chief Minister Shri Pinarayi Vijayan along with the launch of the third phase of the Ini Njan Ozhukatte (Let me flow now) project, for the rehabilitation of irrigation networks in the Western Ghats. The idea of a water budget was first mooted by the state in 2019. The current Budget was prepared based on the availability and consumption of water in the state. The budget gives data about the availability of water at a particular place and its consumption based on the population in the region. The move is intended to create awareness among people regarding the proper use of water, avoiding its wastage.

Chhattisgarh Budget to focus on education

The Chhattisgarh government has set aside Rs.19,489 crore for the school education department, the highest provision for any department in the Rs.1.21-trillion annual Budget for the fiscal year 2023–24. The allocation is about Rs.3,000 crore more than the previous year, also the highest increase for any department.

According to the Revised Estimates, the size of the state Budget for 2022-23 had increased to about Rs.1.12 trillion. The Budget Estimates for 2023-24 stand at Rs.1.21 trillion, an increase of Rs.9,000 crore. The Budget has made a provision of Rs.870 crore for opening 101 new Swami Atmanand English-medium schools, which were started in 2020-21 to provide education in English to students in government schools. The unemployment allowance of Rs.2,500 per month to educated youth was also announced.

The state had allocated 15.36 per cent of Budget (Rs.18,660 crore) for capital expenditures. The rise is less than 1 per cent compared to the provision made in the last fiscal year. The subsidy burden has also risen by 1.17 per cent to 8.17 per cent compared to the previous fiscal year.

UP tables Budget

The Uttar Pradesh government in February tabled its annual Budget 2023-24 of more than Rs.6.9 trillion, 6.5 per cent higher than the previous year's outlay with the objective of laying the foundation of the state becoming a \$1 trillion economy by 2027.

The Budget includes new schemes of Rs.32,000 crore while about Rs.7,500 crore has been allocated to the social security sector. The government has provided Rs.32,721 crore for new schemes. It has total receipts of Rs.6.83 trillion comprising revenue and capital receipts of Rs.5.70 trillion and Rs.1.12 trillion respectively. The tax revenue component of Rs.4.45

trillion incorporates Rs.2.62 trillion in state tax revenue and Rs.1.83 trillion in the state's share in central taxes. The expenditure of Rs.6.90 trillion comprises revenue and capital component of Rs.5.02 trillion and Rs.1.87 trillion respectively.

Rs.5,000 crore has been allocated for developing industrial clusters, while Rs.1,200 crore will be spent on promoting multimodal transport infrastructure. A total of Rs.3,600 crore has been given for distributing free tablet and smartphones to graduates and post graduate students in the next fiscal year.

Highlights of the Budget

- Rs.10 trillion Investment target for the next 5 years under UP Tourism Policy
- Rs.12,631 crore for various programmes under the National Rural Health Mission
- Rs.7,248 crore for old age/farmer pension scheme
- Rs.3,600 crore to provide tablets/smartphones to eligible students under Swami Vivekananda Youth Empowerment Scheme
- Rs.1,120 crore for Divyang Pension Yojana
- Rs.1,050 crore Under Chief Minister Kanya Sumangala Yojana
- 20,000 Jobs to be created in the next 5 years under UP Tourism Policy

Industry 4.0: Uttar Pradesh to get investment of over Rs.4,200 cr

The Uttar Pradesh state government has entrusted in Tata Technologies (TTL) to upgrade 150 government-run industrial training institutes (ITI) and align them to the requirements of Industry 4.0. The project costing nearly Rs.5,473 crore entails investment of about Rs.4,283 crore by TTL and Rs.1,190 crore by the state government. The agreement with TTL is focused on serving the recommendations oriented to industry 4.0. It would entail running of 11 long-term and 23 short-term training modules/curriculum. TTL would invest in the training and capacity building of both students and trainers at the ITIs. A total of nearly 35,000 candidates are expected to be trained annually by these upgraded ITIs.

The state Cabinet also approved the proposal of transferring land for setting up a textile park under the flagship PM Mega Integrated Textile Region and Apparel



scheme. The project is estimated to cost Rs.1,200 crore. The park is proposed to be set up over an area of nearly 1,162 acres in a swathe of land spread across Lucknow and Hardoi districts. A special purpose vehicle (SPV) will be established for the purpose. The SPV will have a paid up capital of Rs.10 crore, of which 51 per cent and 49 per cent would be contributed by the UP and central governments, respectively.

Excise revenue rises 13% to Rs.41,252 crore

In the financial year 2022-23, state's excise revenue increased 13 per cent to Rs.41,252 crore, which corresponds to about Rs.113 crore of excise collection a day. The excise revenue in 2022-23 is Rs.4,931 crore higher than the preceding financial year of Rs.36,321 crore, according to UP Additional Chief Secretary (excise) Shri Sanjay R Bhoosreddy.

The State's excise revenue has been growing fast owing to the proliferation in ethanol production over the past few years, apart from the weeding out of liquor smuggling and illicit liquor trade. The state's new excise policy is aimed at regulating the activities relating to manufacturing, transport, import, export, sale, and possession of intoxicants. The policy targets to attract private investment in the ethanol sector and, thereby, boost farm income, provide a market to farm produce and generate local employment.

UP is India's top sugarcane producing state, and ethanol is a by-product of sugar. The state is promoting the sector to establish a profitable value chain for sugarcane farmers, and thus help India reduce its oil import bills as ethanol is used in fuel blending. The Centre has mandated 10 per cent ethanol blending in fuel. Ethanol produced in UP is exported to depots of the oil marketing companies, both within and outside the state, for blending. Currently, there are 85 operational ethanol distilleries in the state with the annual ethanol production capacity of 2.45 billion litres (BL).

Farming linked with global carbon credit market

The Uttar Pradesh government has launched an agroforestry project to link farming with the global carbon credit market and generate additional rural income. The agroforestry carbon finance project is estimated to generate 4.5 million carbon credits. With the value of each carbon credit calculated at \$6, the income under the current project will be to the tune of Rs.230 crore. Carbon markets are trading models wherein carbon credits are sold and bought. It allows investors and companies to simultaneously trade carbon credits and

carbon offsets. This mitigates the environmental crisis, while creating new market opportunities.

Each tradable carbon credit equals a tonne of carbon dioxide or other greenhouse gases reduced or sequestered. The global carbon credit market was valued at \$760 billion in 2021 and is projected to touch \$2.68 trillion by 2028. India is a significant exporter of carbon credits. It issued 278 million credits in the voluntary carbon markets between 2010 and 2022, accounting for 17 per cent of global supply, according to analysis by S&P Global.

The Uttar Pradesh state government has joined hands with The Energy and Resource Institute (TERI) to launch 6 agroforestry-based carbon finance projects in 29 districts of Meerut, Moradabad, Saharanpur, and Lucknow divisions. Agroforestry or tree-based farming is a nature-based activity to nurture carbon-neutral growth.

Public debt estimated at Rs.7.84 trn

The RBI has been warning against the Uttar Pradesh state's rising debt burden and its public debt is estimated to touch Rs.7.84 trillion in the next fiscal year 2023-24. Although UP's debt burden has fallen to 32.1 per cent of the Gross State Domestic Product (GSDP) in 2023-24 compared to 34.2 per cent in Revised Estimates for 2022-23, in absolute terms the sovereign debt has jumped from Rs.7 trillion to Rs.7.84 trillion during the period. According to the UP Annual Budget, the nominal UP Gross State Domestic Product (GSDP) has been estimated at Rs.24.39 trillion in 2023-24. Interestingly, the estimated public debt of Rs.7.84 trillion exceeds the UP Annual Budget of Rs.6.90 trillion by Rs.94,000 crore or nearly 14 per cent. Last year, an RBI article flagged concerns over a built-up financial stress in several states — and suggested corrective steps in the five most indebted provinces.

The five most indebted states listed by RBI are Punjab, Rajasthan, Bihar, Kerala and West Bengal. Although UP does not figure among the top indebted states in India, yet the state witnessed its public debt ratio shoot past 30 per cent of the GSDP during the pandemic years owing to difficult economic conditions and muted tax collection, a phenomenon which was pan-Indian as well as global following Covid-19 exigencies.

Rajasthan State to spend more on health infrastructure

The Rajasthan government will strengthen health infrastructure in the state by spending more than



Rs.22,000 crore on it in 2023-24. This is around 7.4 per cent of the Budget outlay, which is much higher than the majority of the states in the country. The average is 6 per cent for other states taken together. The state government has opened 1,002 sub-centres in the state and 29,538 persons, including 4,498 doctors, were appointed in the past four years.

Doctors have been posted in 800 primary health centres (PHCs). The government plans to fill all posts of nurses in the next two months. A medical college and a nursing college in each district is being built.

The health insurance amount for a family had been increased to Rs.25 lakh in the Mukhyamantri Chiranjeevi Swasthya Bima Yojana, a universal health insurance scheme. The public is getting the benefit of the Chiranjeevi scheme even for treatment outside the state. The state government had made almost all kinds of medical tests and medicines free. Service at the IPD (indoor patients department) and OPD (outdoor patients department) in government hospitals is free. From April 1, 2021, to date, around Rs.3,566 crore has been spent and around 3.43 million patients have benefited from free treatment under the Chiranjeevi scheme.

Rajasthan promoting industry

The Rajasthan government, doing its investment summit, 2022 had signed memoranda of understanding (MoUs) and letters of intent (LoIs) for around Rs.11 trillion. Of the 4,192 MoUs and LoIs signed during the summit, around 2,035 MoUs have reached the implementation stage and others are in the advanced stage. More than 900,000 people are expected to get employment in the state through these. "To strengthen industrial infrastructure in the state, the government plans to spend Rs.400 crore on developing industrial areas," a senior industries department official said.

"The state government last year had announced developing industrial areas in 96 sub-divisions and work is going on at a fast pace. Meanwhile, it has been planned to set up industrial areas in the remaining 50 sub-divisions that did not have these," the official added. The state government is planning to set up an air cargo in Udaipur, besides inland container depots in Bikaner and Pachpadra-Barmer. The official said co-working space and workshops would be built at Rs.200 crore in areas belonging to Rajasthan State Industrial and Investment Corporation to provide facilities to micro, small, and medium enterprises (MSMEs).

The Government is also planning to bring the Transit Housing Scheme in partnership with the industries department to provide residential facilities to labourers. To promote handicrafts and handlooms, the state government is implementing the Rajasthan Integrated Cluster Development Scheme at Rs 25 crore in select clusters to promote leather products and embroidery. A Centre for Excellence will be set up in Jaipur for blue pottery. Similarly, there will be Grameen Haats in Alwar and Pushkar.

States' fiscal health better after Covid stress: RBI report

The fiscal health of state governments has shown improvement after a sharp deterioration induced by the pandemic in 2020-21, the RBI said in its report on State Finances. The better showing on states' fiscal front has been driven by a broad-based economic recovery and the resultant improvement in revenue collections. "States' gross fiscal deficit (GFD) is budgeted to decline from 4.1 per cent of gross domestic product (GDP) in 2020-21 to 3.4 per cent in 2022-23," according to the report.

The report, however, pointed out that CAG data indicated that state governments capital expenditure had grown at a modest rate of 7 per cent in the first six months of the current fiscal year versus 50 per cent growth showed by the Centre. Therefore, states would need to increase investment in the second half of the year and such efforts would be supported by buoyant tax and non-tax revenues, the report said.

On the debt front, the RBI's report said while state debt is budgeted to decline to 29.5 per cent of GDP in the current fiscal year from 31.1 per cent in 2020-21, the levels were still higher than 20 per cent recommended by the Fiscal Responsibility and Budget Management Review Committee of 2018. Accordingly, states should push for debt consolidation.

While the outstanding liabilities of states have moderated from their pandemic peaks, debt consolidation at the state level warrants urgent attention and a glide path needs to be set, keeping in view the need for rebuilding fiscal space to deal with future shocks. In the current fiscal year, the share of states' market borrowings in total outstanding liabilities is expected to rise. Loans from the Centre would also likely increase due to the 50-year interest-free loans being given under the scheme for special assistance to states for capital investment.

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POLICY POINTERS



IBC overhaul seeks to give adjudicating body a power boost

The ministry of corporate affairs (MCA) has proposed many changes to the Insolvency and Bankruptcy Code to bring more technology, transparency, and speediness to the corporate insolvency resolution process. The draft proposal gives more power to adjudicating authority, allows mandatory admission of insolvency applications filed by financial creditors (FCs), seeks specialised framework for real estate providing major relief to allottees, and looks at expanding the scope of pre-packaged insolvency scheme beyond MSMEs. The government has also suggested the Code may be amended to segregate the concept of the resolution plan from the manner of distribution of proceeds received from the successful resolution applicant.

In a bid to make the process fairer, a new mechanism for an equitable scheme of distribution of proceeds is proposed through which creditors will receive proceeds up to the liquidation value of the company based on the waterfall mechanism. Thereafter, all surplus will then be distributed among creditors based on the ratio of their unsatisfied claims. Any further surplus shall be distributed among shareholders and partners of the company.

Key changes proposed

- Mandatory to admit an application filed by financial creditors if default established
- Information utilities to be ramped up for establishing default
- Empower adjudicating authority to impose penalties
- Informal out-of-court resolution process for a certain asset class
- Prepackaged insolvency regime to go beyond

MSMEs

- CoC must use a challenge mechanism for competing plans.

New FTP seeks to spur rupee trade, e-com exports

The Centre in April announced the Foreign Trade Policy (FTP) 2023 without a sunset clause, with a focus on boosting e-commerce exports to at least 10 per cent of the \$2-trillion goods and services exports target by 2030. The new policy blends into the government's priority of moving from an "incentive-based regime" to a "remission and entitlement-based regime", thereby making it compliant with World Trade Organization (WTO) rules.

This FTP also focuses on making districts export hubs, ease of doing business, and a special one-time amnesty scheme for default in export obligations. "We have to meet our export targets. We will achieve \$2 trillion in exports by 2030, but we should ensure merchandise exports don't fall behind services exports," said Commerce Minister Shri Piyush Goyal.

For the first time adding a separate chapter on digital commerce in the FTP, the commerce ministry said all policy benefits would be extended to e-commerce exports. The value limit for exports through courier service has now been increased from Rs.5 lakh to Rs.10 lakh per consignment.

"Necessary enablement of IT systems in Department of Commerce, Post, CBIC (Central Board of Indirect Taxes and Customs) to be completed in six months.





To streamline e-commerce export facilitation, guidelines are being formulated in consultation with other ministries to facilitate further exports under e-commerce,” the FTP said.

Below are given some of the changes in the new Foreign Trade Policy (FTP) :

- Shift from incentives to tax remission regime
- Focus on emerging areas —e-commerce exports, developing districts as export hubs
- Reduction in user charges for MSMEs under advance authorisation, EPCG scheme
- Battery EVs, green hydrogen to be eligible for reduced export obligation under the scheme
- Dak Ghar Niryat Kendras to facilitate cross-border e-commerce and enable artisans and MSMEs to reach international markets
- Special one-time amnesty scheme for default in export obligations

New foreign trade policy set to boost domestic manufacturing

The Export Promotion Capital Goods (EPCG) scheme, which allows for the import of capital goods at zero Customs duty for export production, is being further rationalised under the new foreign trade policy, and is expected to boost domestic manufacturing. For instance, the Prime Minister Mega Integrated Textile Region and Apparel Parks (PM MITRA) scheme has been added as an additional scheme eligible for benefits under the common service provider scheme of EPCG.

The dairy sector is set to get a boost as it will be exempted from maintaining the average export obligation. Battery electric vehicles of all types, wastewater treatment and recycling, rainwater harvesting system, green hydrogen, among others, have been added to green technology products and will be eligible for reduced export obligation requirement under the EPCG scheme. An inter-

ministerial committee will be set up to examine trade-related grievances micro, small and medium enterprises (MSMEs). This will expedite decision-making with a ‘whole government approach’, according to the policy.

Four new towns—Faridabad, Mirzapur, Moradabad and Varanasi—have been designated as ‘Towns of Exports Excellence’ in addition to the existing 39 towns. This is expected to boost the exports of handlooms, handicrafts and carpets. “These towns will have priority access to export promotion funds under the market access initiative (MAI) scheme and will be able to avail common service provider (CSP) benefits for export fulfillment under the EPCG scheme,” an official statement said.

An inter-ministerial committee, comprising officials from department of revenue, department of posts, Directorate General of Foreign Trade will lay down a road map to facilitate and boost e-commerce exports, which is one of the key areas of the new foreign trade policy. Apart from that, under the policy, e-commerce as export hubs (ECEH) will be set up through private initiative or in public-private partnership (PPP) mode, in partnership with the states or the Centre.

“ECEH will function to achieve agglomeration benefits for e-commerce exporters. The ECEH may provide for storage (including cold storage facilities), packaging, labeling, certification and testing and other common facilities for the purposes of export. The ECEH shall also provide for dedicated logistics infrastructure for connecting to and leveraging the services of the nearest logistics hub(s),” according to the foreign trade policy document. E-commerce exports require paradigms tailored to leverage the huge opportunity that lies ahead of India. The development of a conducive regulatory ecosystem that is supportive of the digital economy and technology-driven exports is a positive move in the right direction. The incorporation of a dedicated e-commerce chapter in the new FTP will provide MSMEs with the ability to compete.

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ALL INDIA INSTITUTIONS



RBI tightens norms for ARCs on income recognising fee

As a step to curb asset reconstruction companies (ARCs) from breaching income recognition norms, the RBI in February said ARCs will deduct amounts from net-owned funds while calculating the Capital Adequacy Ratio. They will have to deduct these amounts from the amount available for payment of dividend as well. After implementing Indian Accounting standards, some ARCs have been recognising management fees even though the said fee had not been realised for more than 180 days.

Highlights of monetary policy of RBI

Following are the highlights of RBI's monetary policy statement announced in April:

- Benchmark lending rate unchanged at 6.50 per cent
- RBI projects 6.5% economic growth for 2023-24, better than 6.4% projected in February
- Inflation to be 5.2% in 2023-24, against 5.3% estimated in February
- Protracted geopolitical tensions and global financial market volatility pose downside risks to growth outlook
- Global economy confronted with serious financial stability challenges in wake of recent banking sector developments in advanced countries
- Regulators need to identify potential vulnerabilities and take proactive regulatory and supervisory measures
- Institutions should exercise due diligence in risk management, corporate governance practices; pay close attention to asset-liability mismatches, build up adequate capital buffers
- CAD to remain moderate in Q4:2022-23 and in the year 2023-24 at a level that is both viable, eminently manageable



ANSWERS OF CYBERQUIZ ~ 84



1[b] BSD UNIX : BSD stands for Berkeley Software Distribution. BSD UNIX was developed at the University of California at Berkeley as a freeware.

2[d] Digital Research, Inc. : CP/M stands for Control Program for Micro computers. MP/M stands for Multitasking Program for Micro computers. It was the multi-user version of CP/M.

3[d] Xerox : GUI was developed by the Xerox Corporation at their Palo Alto Research Center (PARC) in the 1970s, but it was not until the 1980s when GUIs became wide-spread and popular. By that time the CPU power and monitors necessary for an effective GUI became cheap enough to use in home computers.

4[a] Pantone Matching System (PMS) : PMS identifies colors by name or number, allowing for a specific color of ink to be used in printing. Belongs to Pantone Inc.

5[b] Worm : The book describes programs known as "tapeworms" which spread through a network for the purpose of deleting data. Researchers writing an early paper on experiments in distributed computing noted the similarities between their software and the program described by Brunner, and adopted the term. □□□





Micro, Small and Medium Enterprises



ECLGS prevented 12% of MSME loans from turning bad: SBI report

Around 12 per cent (Rs.2.2 trillion) of the outstanding MSME credit has been saved from slipping into bad loans because of the Emergency Credit Line Guarantee Scheme (ECLGS) launched by the government during the pandemic, thus saving 16.5 million jobs till November, 2022, according to estimates by the State Bank of India. “Of the 1.46 million MSME (Micro, Small and Medium Enterprises) accounts that have been saved due to the ECLGS, almost 93.8 per cent were in the micro and small category. The trading sector (Kirana shops, etc.) has benefitted the most, followed by food processing, textiles and commercial real estate”, the report by the Economic Research Department of SBI said. A similar report by SBI released in January 2022 claimed MSME loan accounts worth Rs.1.8 trillion (14 per cent) were saved from turning bad during the period till November 2021, preventing 15 million workers from turning unemployed. ECLGS was launched in May, 2020 aimed to support eligible MSMEs and business enterprises in meeting their operational liabilities and restarting their businesses. Under the scheme, 100 per cent credit guarantee is extended to the lending institutions for loans extended by them under the scheme to eligible borrowers. The admissible guarantee limit under the scheme has been increased from Rs.4.5 trillion to Rs.5 trillion.

The MSME units are becoming larger with the rise in economic activity, increasing their ability to raise capital through (non-bank) debt markets. “Beginning FY22, there is evidence of MSME units getting bigger

with several units crossing the threshold of Rs.250 crore turnover and turning mid-sized corporates by the new definition of MSME units. This reveals integration of MSME units with a larger value chain as PLI (Production Linked Incentive) activity is getting momentum,” the report noted.



Indian Tech SME revenue to reach \$40 bn FY30: NASSCOM

Small and medium-sized enterprises (SMEs) in the Indian technology sector are expected to generate revenues of \$35-40 billion by 2029-30 (FY30), a sharp uptick from \$15-20 billion in FY23, according to a report by industry body Nasscom. Digital tech SMEs — which offer cloud services, advanced analytics, and AI solutions — will account for 35-40 per cent of overall tech SME revenue by FY30, up from 21 per cent in FY23, the report said. Overall tech industry revenue is expected to double to \$500 billion by FY30. Traditional demand, the report says, will be outgrown by digital, and many legacy services will cease to exist in light of newer tech demand.

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Do not go where the path may lead, go instead where there is no path and leave a trail.



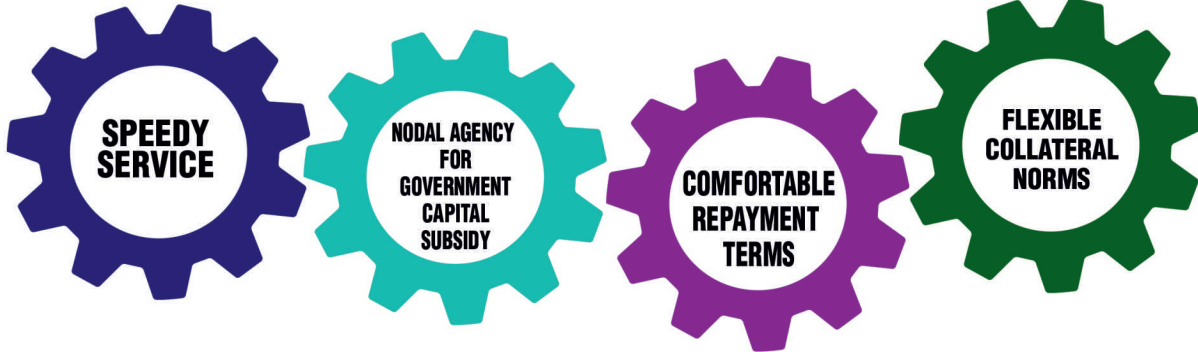
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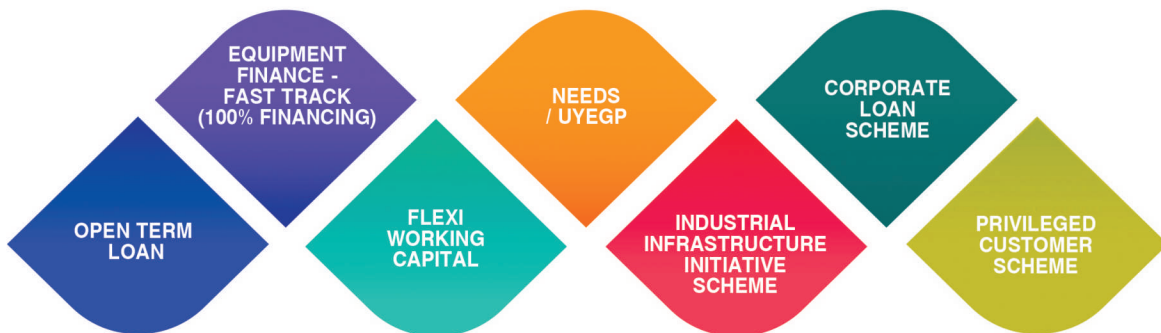




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