

COSIDICI COURIER

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CONTENTS

NPA imbroglio in MSME sector	2
Banao, But also be a Bania	4
Appointments	6
Letter to The Editor	7
Profile of Member Corporations	8
[Haryana State Industrial & Infrastructure Development Corporation LTD.{HSIIDC}]	
Do You Know ?	11
Economic Scene	12
Questions Of Cyberquiz – 71	16
Success Story of KSIDC Assisted Unit	17
All India Institutions	18
Member Corporations ~ Their Activities	19
News From States.....	22
Micro, Small and Medium Enterprises	24
Policy Pointers	27
Answers of Cyber Quiz - 71	29
Health Care	30
Miscellany.....	32

*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.*

APRIL-JUNE, 2018

1



NPA IMBROGLIO IN MSME SECTOR

* B YERRAM RAJU

RBI statistics show that stressed assets in Indian banking have reached the alarming level of 16% of the total assets. MSMEs, however, suffering a cascading effect of their elder brothers in corporates as vendors, are at the fringe, with around 8%. The extent of 'wilful default' as defined by RBI and the contribution of 'financial illiteracy' of MSMEs cannot be established by data. Hidden or undisclosed reasons for NPAs in banks' books have been narrated in a few research studies that include CII, FICCI, ASSOCHAM, CAB, etc, but they had no institutional solutions.

Karimnagar district in Telangana has thrown up a few cases. An entrepreneur manufacturing unbranded detergent who received all accolades from the government found himself on the decks due to his market restricted only to the state government during 2008-14. Another from the same place, engaged in manufacturing and innovative recycling of batteries for automobiles with market restricted to the state public transport undertaking that actually saved no less than Rs.35 lakh per month to the entity, became an NPA and sold off his property to settle debt under the OTS. A third entrepreneur, engaged in manufacturing paints at Jeedimetla IE in Hyderabad, similarly suffered in strategically positioning himself in the market.

In yet another case, a polymer unit in Paloncha town suffered due to partnership dispute and delayed release of state-announced incentives for the last three years. There were 23 entrepreneurs invited to establish handloom and power loom units in a textile park, but they suffered because



of the promised infrastructure not materialising for years. All incentives due to them were released. Forward and backward linkages were absent and they landed themselves in the NPA saga. We notice that of the 52 NPAs or partially-closed units approaching us for resolution, 60% were on sick bed due to non-financial problems—power failure or irregular power supply, heavy commercial tax dues in arrears and strategic management issues. And 38% were due to delayed release of incentives, and 12 more units in steel and aluminium sector suffered due to high power costs and lost their competitiveness compared to other neighbouring states.

One of the large private banks indulged in behest lending to the MSMEs without due diligence and the limits were below Rs.10 lakh. They are shown in the NPA books although all of them qualify to be lent under the CGTMSE (Credit Guarantee Fund Trust for Micro and Small Enterprises). With



regard to the other units with limits below Rs.50 lakh but above Rs.10 lakh, they did not even bother to conduct the Techno Economic Viability (TEV) study expected of them for revival for the past one year.

A PSB found a unit eligible for restructuring after the TEV study but imposed onerous conditions for restarting the unit. They were sold to the ARC even while the unit requested for OTS. Another PSB sanctioned term loan but did not release working capital as the unit failed to produce the market guarantee projected at the time of sanction. Term loan unserviced as a result is on the threshold of NPA.

Excepting 10%, most of the problems of MSMEs required non-financial support—marketing strategy, product differentiation, process change, reprieve at the hands of the state government for waiver of power dues/interest, waiver or postponement of commercial tax arrears or financial literacy. Such support can hardly come

from the banks who suffer from acute staff shortage at the credit monitoring platform. There are banks that have a myriad of SME loan products but sparsely delivered.

Delayed sanctions, delayed release of sanctioned limits even for running units, and lack of time for counselling and mentoring MSMEs in particular, efforts to cushion them through collateral securities have all been the sources of NPAs in this sector. This has thrown up the need for looking at alternate institutional mechanisms.

In addition, 50 units requiring non-financial interventions, counselling, projectisation for revival were all put on resolution process, thanks to the government sponsored Telangana Industrial Health Clinic Ltd that started with a small corpus fund. It is such new institutional mechanisms that would alone help the revival of sick MSMEs as co-financing provides adequate risk mitigation to existing lenders.

■■■

** Courtesy: The Financial Express. Author is Adviser, Telangana Industrial Health Clinic Ltd. Views are personal.*

It isn't always a change of scenery needed to make life better. Sometimes it simply requires opening your eyes.



BANAO, BUT ALSO BE A BANIA

*** FRANK-JURGEN RICHTER**

As growing protectionist tendencies continue to imperil the current global economic upswing, the world is on the lookout for a new champion of world trade. Under President Donald Trump, the US has abdicated. Europe is preoccupied and, perhaps, hesitant to fill the gap. China may be keen.

However, while President Xi Jinping explores how, and to what extent, China might assume this new role, India is facing a historic opportunity to, at the very least, complement China's leadership. But 27 years after economic reforms began to open up India to trade, foreign capital and competition, rising to the moment will once more require a paradigm shift in economic policy.

Make and Trade

India's government needs to complement its emphasis on manufacturing with a commitment to growth in exports. 'Make in India' was a step in the right direction. Now, it should be wedded to a parallel 'Trade with India' programme.

With a young, entrepreneurial population of 1.25 billion, India boasts some of the best IT companies in the world, one of the globe's largest and most important consumer markets, and an estimated 7.3% GDP growth rate for 2018. At the same time, it has been an outspoken advocate of economic multilateralism, while also walking the talk. Apart from pursuing free trade agreements (FTAs) with both the US and Europe, it has long-standing FTAs with South Asian Association for Regional Cooperation (Saarc) countries and members of the Association of South East Asian Nations (Asean). India has been increasingly active in geo-economic fora, and has co-created new multilateral banks, such as the Brazil-Russia-India-China-South Africa (Brics) New Development Bank.

But for all its farsighted efforts to reform its economy, one conspicuous shortcoming continues to clip India's wings. While Prime



Minister Shri Narendra Modi's flagship 'Make in India' initiative has helped strengthen manufacturing, the country has neglected to give export performance the attention and supervision it deserves.

India's hands-off approach to managing exports has left figures to decline significantly over the last decade, resulting in a persistent current account deficit (CAD) and low aggregate demand. This weakens the rupee and limits economic growth. In absence of desperately-needed export revenues to further finance imports and growth, an economy of limitless potential will ultimately lack both the economic power and the policy record to lead the global economy.

'Make in India' and a strong manufacturing sector can, in fact, provide the basis for an export-based economy. But the aim of mass-producing competitive products will neither be sustainable nor lucrative without an inflow of export revenues into the country. Without export proceeds, consumer spending stays flat and India's entrepreneurs can't unlock the riches and reinvestment opportunities made possible through a trade surplus.

A 'Trade with India' programme focused on building export capacity, reducing tariff and



non-tariff barriers to trade, and functioning in conjunction with 'Make in India' would allow India's economy to realise its untold promise. And for inspiration to execute such a programme, India need only look to its neighbours.

India should take a more hands-on approach to developing export capacity. Created following the economic disaster of World War 2, Japan's ministry of international trade and industry (MITI) worked hand in hand with particular industries identified as critical to growth.

It subsidised these industries, passed legislation conducive to their development, connected them with foreign trade partners, and assisted them in implementing export strategies that were closely aligned with the ministry's goals for strengthening domestic manufacturing interests. It also reduced tariff rates.

MITI helped fuel Japan's miraculous ascension to a global economic superpower, and has since provided other Asian nations, from South Korea to China, with a roadmap for export-led growth. Following their lead, a 'Trade with India' government initiative could identify and oversee India's key industries, helping both large companies and small and medium enterprises (SMEs) to globalise their operations and export their products.

Through a system of administrative guidance, Gol could provide critical industries the financial

aid needed to build a company's export capacity, as well as favourable policy to underpin it. It could advise companies on export strategies aligned with the 'Make in India' programme's objectives, organise trade missions, and connect entrepreneurs with foreign trade partners. 'Trade with India' could also reduce tariff and non-tariff barriers, obligating domestic firms to cut costs and increase productivity in the face of increased foreign competition.

Ship-Shape

Increased exports would generate an inflow of revenue into India, stimulating customer spending. Export growth would resolve India's low aggregate demand dilemma, raising economic output and GDP, while lowering unemployment. All of these things would equal significant, sustainable growth. Such an initiative would require a very well-coordinated effort from the ministry of commerce and industry, not to mention a few growing pains.

But India's continued growth depends on Gol's ability to help entrepreneurs match increased manufacturing with increased exports — just as global economic stability depends on multilateral free trade, and multilateral trade depends on strong global economic leaders who can promote and fuel such cooperation. India, unlike few others, has a golden opportunity to play that role.

■■■

** Courtesy : The Economic Times. The writer is Chairman, Horasis.*

Know the true value of time; snatch, seize, and enjoy every moment of it. No idleness, no delay, no procrastination; never put off till tomorrow what you can do today.



APPOINTMENTS

- Shri T.L. Satyaprakash, IAS has been appointed as Managing Director, Haryana State Industrial & Infrastructure Development Corporation Limited {HSIIDC}, Chandigarh vice Dr. Raja Sekhar Vundru, IAS.
- Ms. Rinku Dhugga, IAS has been appointed as Chairperson & Managing Director, Delhi Financial Corporation {DFC}, New Delhi vice Smt. Renu Sharma IAS.
- Ms. Manju Rajpal, IAS has been appointed as Managing Director, Rajasthan Financial Corporation {RFC}, Jaipur vice Shri Anoop Khinchi, IAS.
- Shri Kiran Venkatesh Ballikar has been appointed as Managing Director, EDC Limited, Panaji, Goa vice Shri S.V. Vernekar.
- Shri F. Sutnga has been appointed as Managing Director, Meghalaya Industrial Development Corporation {MIDC}, Shillong vice Shri S.F. Pyngrope.
- Shri Roger R. Rai has been appointed as Managing Director, Sikkim Industrial Development & Investment Corporation Ltd. {SIDICO}, Gangtok vice Shri S.K. Pradhan.



New Helpline for Income-tax e-filing Notified

The Income Tax Department notified a new helpline number for Taxpayers who e-file their returns and conduct other tax-related businesses online.

New Helpdesk number is India toll-free **18001030025**. Direct Number : **+918046122000**

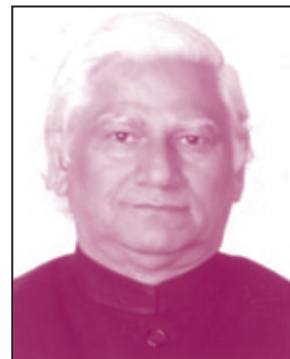


LETTER TO THE EDITOR

April 12, 2018

Dear Editor,

I am glad to learn that COSIDICI, a National Federation of all the State Level Financial Institutions (SLFIs) which are functioning in different States of the country i.e. SFCs; SIDC; and SIICs, is engaged in the promotion, development and financing of industries in the small, medium and large sectors and is also working for developing infrastructure facilities in various states. While SFCs have been concentrating on financing of small scale and medium scale industries in the States, SIDCs on the other hand have largely been responsible for creating and developing infrastructure



Shri Sudarshan Sareen

facilities like industrial estates, industrial parks, housing complexes for industrial workers as also setting up of SEZs in certain states. The SIICs are also engaged in the setting up of large industrial ventures on its own and/or in collaboration with the state government and also jointly with private entrepreneurs. It is very useful and informative magazine, especially for MSMEs and would not only help them understand the role of SFCs and SIICs but also bring about positive interactions between them.

I wish every success for the publication of the Tri-monthly Journal titled ~ 'COSIDICI Courier'.

Regards,

Sincerely,

Sd/-

(SUDARSHAN SAREEN)

National President,
All India Confederation Of
Small & Micro Inds. Associations,
10/6, Nehru Enclave (East),
Kalkaji, New Delhi-110019.

PROFILE OF MEMBER CORPORATIONS

Haryana State Industrial & Infrastructure Development Corporation LTD. {HSI IDC}

As the Indian Economy continues to grow by leaps and bounds, Haryana aptly epitomizes the growth story of India. In keeping with this spirit, Haryana State Industrial & Infrastructure Development Corporation LTD. (HSI IDC) continues to drive Haryana on the roads to infrastructure and industrial development thereby catalyzing all round economic growth in the State. Right from provision of state-of-the-art infrastructure to facilitation, HSI IDC ensures a smooth start up support to the new enterprises. Shri T.L. Satyaprakash, IAS is presently the Managing Director of Haryana State Industrial & Infrastructure Development Corporation LTD. HSI IDC is scaling new heights of achievements under the able stewardship of Shri T.L. Satyaprakash, IAS.



Shri T. L. Satyaprakash, IAS
Managing Director, HSI IDC

shape to the destiny and vision of thousands of entrepreneurs. HSI IDC has played a pivotal role in revolutionising the industrial scenario in the State by taking on the role of trusted friend and guide, providing crucial support and creating the environment where nascent projects are able to attain their fruition and become vibrant industries.

Formation

HSI IDC is a company incorporated on 08.03.1967, under the provisions of the Companies Act, 1956 with the objectives to develop industrial infrastructure in the State of Haryana under the aegis of Department of Industries and Commerce, Haryana. 100% equity of the Corporation is held by the State Government and as such the Corporation is a Government Company under section 617 of the Companies Act, 1956.

Vision

Driving all round economic development in the state by providing world class infrastructure and inspiring entrepreneurship, resilience and success through timely provision of support services and facilitations....HSI IDC provides "Total Industrial Support" for its clientele.

Being an intrinsically customer oriented organization, HSI IDC has often gone beyond the call of duty in helping to give concrete

Infrastructure Development

HSI IDC has played a key role in the progress of Haryana and has been instrumental in the evolution of Haryana from a primarily agrarian state to one of the highly industrialized states in the country. HSI IDC is the nodal agency for development of Industrial Infrastructure in the State of Haryana. After acquisition of land through the Department of Industries, Government of Haryana, the Corporation prepares a detailed plan for its development and thereafter executes various development works viz construction of roads, provision of water supply, sewage, drainage and electrical infrastructure. This is followed by provision of secondary level of facilities such as the STP/ CETP, development of plantation/ green belts, commercial and institutional sites, common parking facilities, etc.



In this process, the Corporation has developed Industrial Model Townships, Industrial Estates and Industrial Clusters (Theme Parks) at strategic locations and framed its own internal set of guidelines for their governance. These internal guidelines are referred to as the Estate Management Procedures (EMP).

Indicative details of infrastructure being created by the Corporation are as under :

Primary Level Infrastructure:

The Industrial Infrastructure Development Policy makes it incumbent upon the developing agency to provide following basic facilities within an Industrial Estate before offering physical possession of plots to the Allottee-entrepreneurs:

Motorable Roads for access to the site; Water supply system; Electrical Infrastructure comprising of the Distribution system network; Sewerage System; Drainage System

Secondary Level Infrastructure Facilities :

Sewerage Treatment/ CETP; Security/ Policing

Convenience Shopping Facilities; Idle Parking Spaces; Green cover and Parks; Solid Waste Disposal Sites.

Tertiary Level Facilities :

Communications/Telecom Services; Post Office; Banking; Provision for Institutional sites; Provision for Financial Market & Insurance; R & D Centres; Skill Development Centres; Conferencing & Entertainment; Exhibition & Display facilities; Cargo Logistics Centres/ Custom-bonded Warehousing; Petrol & Service Stations.



Social Infrastructure :

Industrial Housing; Healthcare & Medical Attendance Services; ESI Dispensary/ Hospital; Schooling (if residential facilities are provided); Organised Transport Linkages

The scale of facilities listed above are not provided by the HSI IDC in all the Industrial Estates. The provision thereof depends upon a number of factors such as the size of the Industrial Park, the plans and above all, the costs involved in what is to be provided. Some of the facilities come up during the course of growth of the Industrial Estate as and when the viability thereof is established. However, the HSI IDC commits itself to provide all such facilities as are factored in the pricing of the plots at the initial stage.

In addition to the above, the Corporation also undertakes need based provisions depending upon the size of the IMT / Estate, its planning and the costing pattern adopted. These facilities include R&D Centres, Skill Development Centres, Conferencing & Entertainment, Exhibition & Display facilities, Cargo Logistic Centres / Custom-bonded Warehousing, Petrol & Service Stations, Idle parking etc.

Life is Beautiful: First, believe in this world - that there is meaning behind everything. Everything in the world is good, is holy and beautiful.



Mega Projects

Kundli-Manesar-Palwal Expressway; Delhi Mumbai Industrial Corridor (DMIC) Project; Manesar Bawal Investment Region (MBIR); Early Bird Projects

Social Initiatives

Skill Development Initiatives:

HSI IDC has entered into a Memorandum of Understanding with IL&FS Cluster Development Initiative (IL&FS CDI) in order to up-grade the skills of the landowners and improve their employability.

Under this, the socio-economic impact assessment and aspiration study has already been undertaken for about 4,000 persons by IL&FS CDI in Rohtak and Faridabad Districts, for assessing the skill requirements of the trainees. A few batches have already completed their training in the computer skills & English speaking under a pilot initiative in Faridabad District and training program has also been initiated in Rohtak District.

Besides a number of institutes have been set up in various Industrial Model Township/Industrial Estates by HSI IDC for development of specific skill sets- Footwear Design & Development Center, IMT Rohtak; Indian Institute of Corporate Affairs, IMT Manesar, National Automotive Testing Research R&D Infrastructure Project at IMT Manesar and National Institute of Design (site being finalized).

The industrial & Investment Policy – 2011 has made provision for allotment of land/plots for establishment of technical training Institutes/skill development centers by Public/Private

sector in IMTs, being developed by HSI IDC to the extent these Institutions directly co-related to the development of skill sets for manufacturing sector. Provisions of land/plots for establishment of training institutions/skill development centers by the public/private sector in the IMT's development of skill-sets for the manufacturing sector.

Corporate Social Responsibilities :

- **Village Development Scheme :** HSI IDC has been earmarking about 1% of the total cost of the project for the development works of public benefit in the villages falling within the acquired land for its projects. The works undertaken by HSI IDC include creating/upgrading road network, water supply, street lighting, school infrastructure , medical centers /health facilities etc. The corporation has doubled the funding for the scheme from 1% to 2% of the total cost of development of the project.
- **Sports activities :** The Corporation introduced the policy to recruit the national/international players to promote the sports culture/activities. Presently the corporation has a volleyball team which has many accomplishments to credit.
- **Contributions to the CM Relief Fund.**
- **Providing training opportunities** to the management & engineering students to give them first-hand experience of the real life work environment etc.
- The Corporation is complying with all its obligations under the R&R policy of the State Government.

■■■

DO YOU KNOW !

Advantages of Organic Farming

- Organic manures produce optimal condition in the soil for high yields and good quality crops.
- They supply the entire nutrient required by the plant (NPK, secondary and micronutrients).
- They improve plant growth and physiological activities of plants.
- They improve the soil physical properties such as granulation and good tilt, good giving good aeration easy rot penetration and improved water holding capacity.
- They improve the soil chemical properties such as supply and retention of soil nutrient and promote favorable chemical reaction.
- They reduce the need for purchased inputs.
- Most of the organic manures are wastes of byproduct which accumulated load to pollution.
- Organic fertilizers are considered as complete plant food.
- Organically grown crops are believed to provide more healthy and nationally superior food for man and animals than those grown with commercial fertilizers.
- Organically grown plants are more resistant to disease and insect and hence only a few chemical sprays or other protective treatments are required.
- An increasing number of consumer are willing to pay more for organic foods.
- Organic farming helps to avoid chain reaction in the environment for chemical sprays and dusts.
- Organic farming helps to prevent environment degradation and can be used to regenerate degraded areas.
- Since the basic aim is diversification of crops, much more secure income can be obtained than if the farmers grow only one crop.. ■■■



ECONOMIC SCENE

Engineering Exports grow 17% to \$76 b

Engineering exporters' apex body (EETPC) India said India's exports grew by 17% to \$76 billion in financial year 2017-18. The engineering exports, which account for over 25% of the country's total merchandise exports, grew to \$76 billion against \$65.23 billion in FY17 on the back of robust performance of the sector. Iron and steel exports registered a 29.42% growth during FY18 to \$11.20 billion, from \$ 8.66 billion in FY17. Products of iron and steel recorded growth in exports by 14.82% to \$6.76 billion during FY18, against \$5.89 billion during FY'17.

Exports from SEZs grow 38% in May

Exports from special economic zones (SEZs) grew by 38% in May to Rs.29,236 crore, according to data from the Export Promotion Council for EoUs and SEZs (EPCES). The major sectors contributing to the growth include biotech, chemicals, pharmaceuticals, computers, electronics, non-conventional energy, plastic, rubber, trading and services.

India is 44th on competitiveness index

India has moved up to 44th position on IMD's World Competitiveness Ranking 2018, up one rank from last year. The United States continues to be the most competitive country in the world, followed by Hong Kong, Singapore, Netherlands and Switzerland.

IMD measures a country's competitiveness based on its performance on four key pillars — economy, government efficiency, business efficiency and infrastructure. The improvement in India's performance over the past year can be traced largely to an improvement in infrastructure. The country is now ranked 56th on infrastructure, up from 60th last year. Much of this increase is due to an improved performance on basic and technological infrastructure. India ranked first in investments in the telecom sector.



"The India government's efforts help run businesses efficiently in India, as the rating improved by 5.22% (2018)," noted the report. However, while the country saw an improvement in investment activity, the report points to the fall in the country's ranking on 'domestic economy' and 'international investments'. "Some of the challenges which India has to face for the year 2018 would be skilling of manpower and employment generation, streamlining the implementation of goods and services tax and balancing high growth with sustainable development goal.

Fiscal deficit 113.7% of Revised Full-Year Estimate

India's fiscal deficit for the April-January period stood at Rs.6.77 lakh crore according to government data released in March. This is 113.7% of the revised full-year estimate of Rs.5.94 lakh crore. Nearly a third of government's income tax collections has come in the last quarter of the 2017-18 fiscal, which should allow the revised fiscal deficit target of 3.5% of the gross domestic product (GDP) to be met. The government had initially budgeted a fiscal deficit of Rs.5.47 lakh crore or 3.2% of GDP.

World bank projects GDP growth at 7.3% for FY19

The World Bank kept its previous estimate of India's GDP growth in 2017-18 at 6.7 per cent and has forecast growth for 2018-19 at 7.3 per cent



and 7.5 per cent for 2019-20. However, these growth projections come with the assumption that investments will grow at 6.7 per cent in 2019-20. The investment rate, as represented by the gross fixed capital formation, stood at 7.6 per cent in 2017-18, growing from a low of 1.6 per cent in 2013-14.

Apart from a revival in investment growth, sustained acceleration in bank credit availability and a boom in exports, by making them competitive, were inevitable for growth to “converge to about 7.2 per cent in the medium term”, it said. Terming the Indian economy as “steady, stable, diversified and resilient”, World Bank’s country director for India, Shri Junaid Ahmad, stressed on the role of robust infrastructure institutions to drive the ease of doing business and accelerate trade.

The update analyses India’s growth trajectory over the past few decades and provides a long-term growth outlook, while centering the debate over a sustained 8 per cent growth in the coming decades, which will make India a ‘middle-class’ economy. India is currently a lower-middle income economy, which is defined as a country with gross national income per capita between \$1,006 and \$3,955, by the World Bank. The range of GNI per capita to be termed as an upper-middle income country is \$3,956-\$12,235. Creating infrastructure linkages — waterways, road and rail — from ports via distribution points to manufacturing hubs, and developing infrastructure institutions for urban transportation were key to the investment and trade revival.

Non-food bank credit grows 11.59%

Non-food credit grew 11.59% year-on-year (y-o-y) in the fortnight ended February 16, marginally below 11.89% in the previous fortnight. According to provisional data released by the RBI, outstanding loans to companies and individuals stood at Rs.82.06 lakh crore on February 16 against Rs.82.11 lakh crore on February 2. Non-food bank credit had recorded a 4.87% y-o-y growth in the year-ago period, when the

demonetisation exercise had just ended and bank staff were just beginning to return to normal loan-disbursement functions. The net corporate bonds outstanding, as at the end of December 2017, was Rs.26.47 lakh crore, up 16% from Rs.22.77 lakh crore at the end of December 2016, as per data released by the Securities and Exchange Board of India (Sebi). Data from RBI showed that the net outstanding on commercial papers stood at Rs.4.89 lakh crore as on February 15, 2018 up 21.6% from Rs.4.02 lakh crore as on February 15, 2017. Taken together with the outstandings on corporate bonds and CPs, the total outstanding credit in the system adds up to around Rs.113.42 lakh crore, up 12.78% from Rs.100.57 lakh crore in the comparable period last year.

Economy Grows at 7.7%

India’s economy grew at its fastest in seven quarters in the January-March period, bolstered by strong performance in construction, manufacturing and public services, pointing to a persistent revival trend. The full FY18 growth estimate was revised upward to 6.7% from 6.6% in the second advance estimate released in February. This is in line with the 6.75% growth forecast by the Economic Survey and down from 7.1% in FY17 with the slowdown being attributed to the lingering effect of demonetisation and the rollout of the goods and services tax (GST) in July last year. Gross domestic product rose a better-than-expected 7.7% in the fourth quarter, retaining India’s ranking as the world’s fastest-growing major economy. The economy grew at the highest rate since September quarter of FY’17. Growth measured in gross value added (GVA) terms rose 6.5% in FY18, slower than 7.1% in the previous fiscal. GVA growth in the fourth quarter was the fastest in seven quarters at 7.6%.

Forex reserves fall by \$2.23 bn to \$412.83bn

India’s forex reserves declined by \$2.23 billion to \$412.83 billion for the week ended May 25, 2018 on a dip in core currency assets, the RBI said. Total reserves had declined by \$2.64 billion to



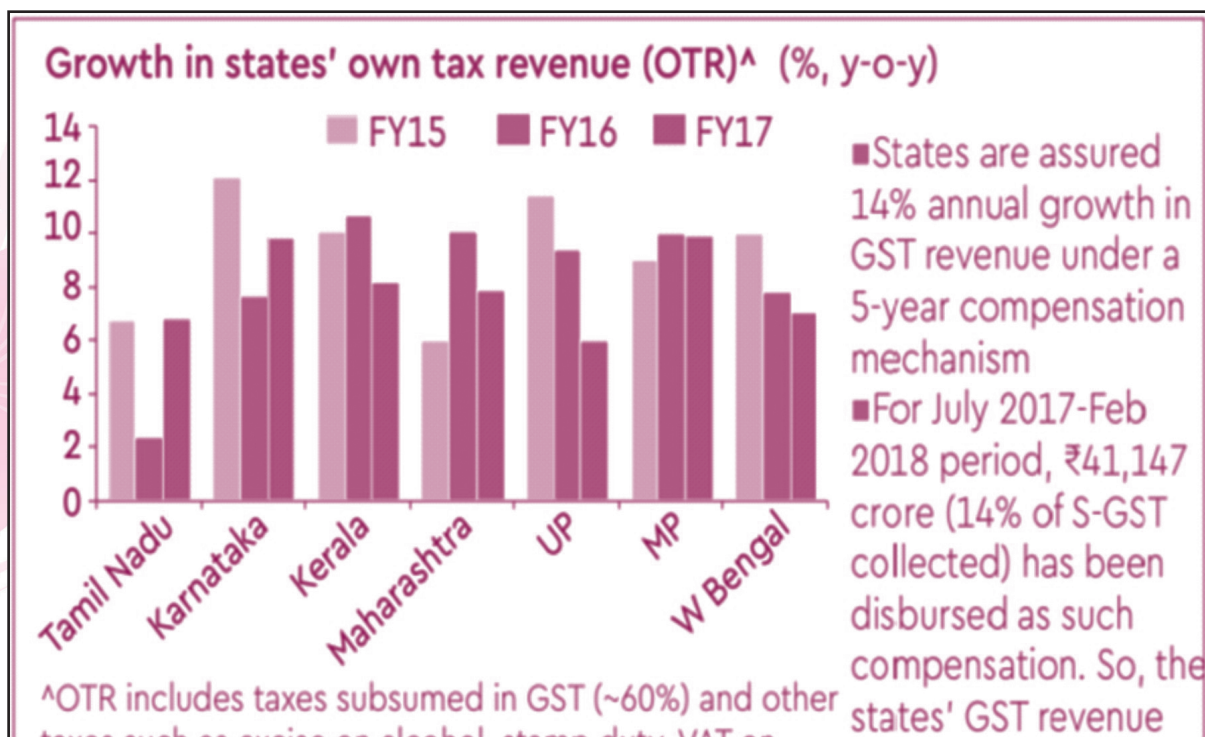
\$415.05 billion in the previous reporting week. The reserves had touched \$426.028 billion in the week to April 13, 2018. It had crossed the \$400-billion mark for the first time in the week to September 8 last year, but has since been fluctuating. The core currency assets fell by USD 2.229 billion to USD 387.597 billion for the reporting week, the apex bank said. Expressed in US dollar terms, the foreign currency assets include the effect of appreciation or depreciation of the non-US currencies such as the euro, the pound and the yen held in the reserves.

Manufacturing PMI rises in April

Growth in manufacturing picked up in April, raising hopes of quicker recovery for the sector from the slow growth recorded for March. PMI rose to 51.6 in April from March's five-month low of 51. A reading above 50 shows expansion. Overall, manufacturing conditions improved for the ninth consecutive month in April, the PMI report said. Companies also showed marginal job creation in April.

States show better revenues after GST

The constitutionally guaranteed compensation mechanism under GST ensures, in effect, a 14% annual growth in the states' revenue. A look at their past performance shows that most states had previously registered growth rates much lower than 14% from the taxes that later collapsed into GST.



The chart shows how some states' own tax revenue (OTR) — a major component of which (roughly 60% in most cases) are levies like state VAT, entry tax, octroi, purchase tax, luxury tax etc that are now subsumed in the GST — grew in the three years prior to the launch of the new comprehensive indirect tax. OTR is a good proxy for GST and the two's growth rates are comparable.

Exports decline 0.66% in March to \$29.11bn

Exports fell for the first time in four months in March due to a contraction in refinery products, gems and jewellery and textiles. Exports dipped by 0.66 per cent to \$29.11 billion in March, even as they increased by 9.78 per cent for 2017-18. Exports aggregated at \$302.84 billion in 2017-18 compared to \$275.85 billion in the previous fiscal year. Imports in March grew by 7.15 per cent to \$42.80 billion, leaving a trade deficit of \$13.69 billion according to data released by the commerce ministry on April 14, 2018. Oil imports during the month under review were valued at \$11.11 billion, 13.92 per cent higher than the previous year. During 2017-18, imports increased by 19.59 per cent to \$459.67 billion.

Direct tax collection grows 18%

Direct tax collection has grown by 18 per cent to cross Rs.10.02 trillion in the fiscal year ended on March 31, 2018, Finance Minister Shri Arun Jaitley said. He said demonetisation and Goods and Services Tax (GST) implementation have resulted into higher formalisation of economy which is evident from additional 10 million Income Tax Returns (ITRs) being filed in the previous fiscal.

Core Sector grows 6.7% in Jan as Cement, Power Production Rises

India's core sectors grew at a faster clip in January from a year ago than in the previous month, with an uptick in cement, electricity, coal, refinery products and steel industries, indicating a strong start to the last quarter of 2017-18. The combined index of the eight core industries rose 6.7% in January compared to 4.2% in December 2017, according to data released by the government in March.

The eight core sector industries have a weight of around 40% in Index of Industrial Production (IIP). Coal output grew 3% during the month, after declining 0.1% in December 2017. Cement production grew 20.7% in January while electricity output grew 8.2%. The pickup in the year-on-year growth of domestic coal production and coal imports contributed to a substantial improvement in expansion of electricity generation in January compared to that in the previous month. Fertilizers, crude oil and natural gas remained laggards and saw a contraction. Industry experts said cement output growth is expected to remain healthy in the ongoing quarter, given the low base of the last quarter of 2016-17, although growth may not sustain at such high levels. Cumulative growth in core sectors since the beginning of this fiscal was 4.3%. Crude oil production dropped 3.2% in January, and fertilizers 1.6%. ■■■

*Arriving late is a way of saying that your own time
is more valuable than the time of the person who
waited for you.*



QUESTIONS OF CYBERQUIZ ~ 71

Qn.1. Charles Babbage, who was professor of mathematics at Cambridge University, planned many computing machines but could not complete them. One such famous machine was the Analytical Engine. This machine was also otherwise known as :

- [a] Differential Analyzer; [b] Babbage's Folly; [c] Differently Engine; [d] Babbage Machine.



Qn.2. The inventor of mouse never received any royalty for his invention even though it has become an indispensable input device. Why ?

- [a] He never wanted to make any money out of his inventions; [b] Seeing the immense potential of the device, the USA Government asked him to license the production of mouse to other companies with no royalty payment; [c] The patent of his mouse expired in 1987 before the personal computer revolution started. Moreover, the later manufacturers of mouse used mechanisms different from that of the original inventor's; [d] He had not patented his invention.

Qn.3. Who invented database technology in the 1960s ?

- [a] Bob Berner; [b] Jack Berdy; [c] Charles W. Bachman; [d] Walter Brown.

Qn.4. What title is common to Linus Torvalds, Jimmy Donal Wales of Wikimedia Foundation, creator of Perl programming language Larry Wall, and the author of the Python programming language Guido van Rossum ?

- [a] Benevolent Dictator; [b] President of life; [c] Benevolent Dictator for life; [d] CEO for Life.

Qn.5. What effort is being funded by Arthur C Clarke, Paul Allen, Gordon Moore and Hewlett-Packard cofounders William Hewlett and David Packward ?

- [a] Spaceship one; [b] SETI (Search for Extraterrestrial Intelligence); [c] Internet 2 Project; [d] Commercial Tourism to Moon.

For Answer of Cyberquiz See Page No. 29



SUCCESS STORIES OF KERALA STATE INDUSTRIAL DEVELOPMENT CORPORATION LIMITED {KSIDC} ASSISTED UNIT

GEOJIT FINANCIAL SERVICES

Geojit was formed in 1987 and quickly transformed itself into one of India's leading retail financial services companies. In 2000 Geojit pioneered internet trading, integrating the first bank payment gateway for internet trading. Geojit was also the first Indian brokerage firm to establish a strong presence in the Middle East catering to the large Indian diaspora. Geojit is a Kerala State Industrial Development Corporation Ltd. {KSIDC} funded project. In 1995, KSIDC became a co-promoter of the company by acquiring a 24% stake. Today Geojit is a leading financial services company offering a gamut of sophisticated and customer friendly services.



CROWNE PLAZA

Crowne Plaza Kochi is a 5 star luxury property offering elegant and modern rooms with fantastic views of the backwaters and the city. All rooms are equipped with state-of-the-art facilities. Recreation facilities include an outdoor pool and a luxury spa. There is also a 24-hour fitness centre. The menu ranges from traditional Kerala to pan Asian and international cuisines. This KSIDC project has seen tremendous footfalls ever since inception and is a favourite destination for both corporates as well as holiday makers.



ALL INDIA INSTITUTIONS

Provided jobs to over 1.4mn in 4 years: KVIC

The Khadi and Village Industries Commission (KVIC) said in May it has established 0.19 million small and medium projects across the nation and provided job opportunities to over 1.47 million during the last four years.

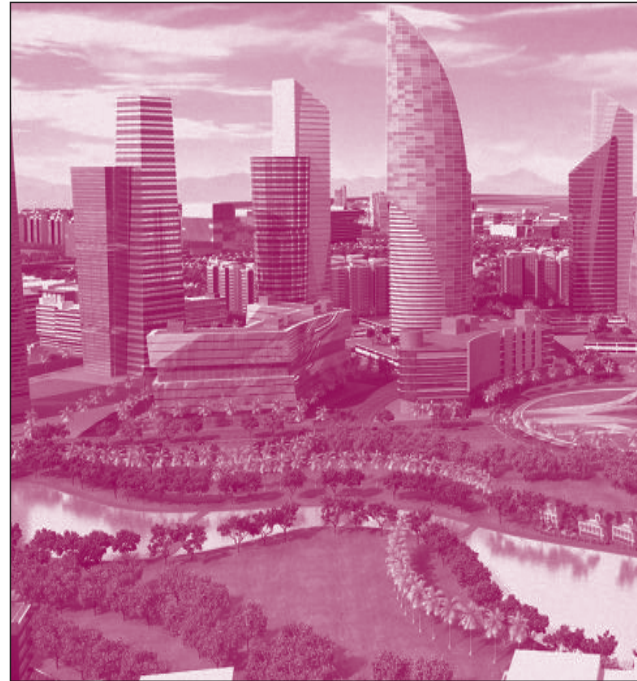
The commission said that through the Prime Minister Employment Generation Programme (PMEGP), a flagship scheme of the Government of India for which KVIC is the nodal agency, the Centre has been encouraging the village industry. In financial year 2016-17, the Khadi and village industries products saw record sales worth Rs.520 billion and in the year 2017-18, it was expected to cross the Rs.650 billion figure.

"In the last four years, i.e. from 2014-15 to 2017-18, the KVIC has successfully established 1,93,818 small and medium projects across the nation from sleepy hamlets to bigger cities providing job opportunities to 14,75,888 persons at their doorstep" KVIC chairman Shri Vinai Kumar Saxena Said.

Monetary Policy: Rate hike

The monetary policy committee (MPC) of RBI on 6th June, 2018 voted for a rate hike, citing the fear of inflation, partly flared by the recent spike in crude oil prices. Following are some of the key measures announced :-

- Bring more players into the payments system universe;



- Allow urban cooperative banks to become small finance banks;
- Temporary relief for non-GST registered MSMEs, by allowing banks to extend loan default norms beyond 180 days;
- Banks to spread Q1 mark-to-market losses on bond portfolio over four quarters;
- Banks can now have lower haircut for their bonds mortgaged for liquidity operations;
- Repo rate increased by 25 BPS to 6.25 per cent;
- Affordable housing benefit expanded for loans up to Rs.3.5 mn.

■■■



MEMBER CORPORATIONS ~ THEIR ACTIVITIES

Low-cost funding essential for growth of the MSME sector

Availability of low-cost funds is essential to the healthy growth of micro, small and medium enterprises (MSME) sector in the state. “Low-cost funding is essential for the growth of the MSMEs but financial institutions that are supposed to lend a helping hand to the sector charge high interest rates from them. The reason is that they had been piling up cost and simply transferring it to their customers. This needs to change and for that there should be a cultural change,” said Shri P M Mathew, director, Institute of Small Enterprise and Development (ISED). He felt the financial institutions should understand their customers deeply. Handholding of the MSME sector could have been done by cooperative banks in Kerala, but they had been restricting themselves mainly to the agricultural projects, said Shri Mathew, who is also MSME policy consultant to the Union government. Grameen banks also failed in it. Kerala Financial Corporation on the other hand, could help support the growth of MSME sector in the state. “Rather than falling into the style of other state-level financial corporations, KFC could create an identity of its own and prove that it could be a successful model in financially supporting the MSMEs”.

KFC adalats to settle disputes

KFC is conducting adalats to settle long pending cases of bad loans and the facility has been utilised by 473 customers in the past few weeks. One such case was that of a Rs.5 lakh loan taken by the owner of Invercauld Estate in 1966, which grew to Rs.3.20 crore non-performing assets over the last few decades. By 1981, George Varghese, a rubber dealer who had been supplying rubber to major tyre companies, and his father had bought



the estate. With the mounting debts, the estate was possessed by KFC in 1991. During the recent adalat held in Thiruvananthapuram, KFC agreed to settle the dues for a payment of Rs.1 lakh.

KFC Is Bringing Down Interest Rates And Has Started Offering Collateral-Free Loans

KFC, the official financing agency of the government of Kerala catering to the industries in the state, is offering loans with low interest rates and without any collaterals. Revamping credit policy to attract MSME sectors, restructuring of interest regime, setting up of loan processing centres at head office and zonal offices, setting up risk rating cells and cleaning up of the balance sheet through onetime settlement adalats are the major measures taken by KFC recently. “We are moving from a prime lending rate system to base rate system. Currently we have fixed our base rate at 9.5%,” said Shri Sanjeev Kaushik, chairman and managing director, KFC. As the existing prime lending rate was 14.50%, the effective rate of interest charged by KFC from its customers earlier was up to 16%. With the new interest regime, the rates will be competitive with what the banks are charging.

However, this needed some more work to be done, because, KFC had historically been lending to businesses at the rate of 16% over the last few decades. The rate was high, because the corporation had been sourcing funds from banks. And this is changing with the company raising cheaper funds from alternate sources. KFC has raised Rs.200 crore from India Infrastructure Finance Company Ltd (IIFCL), which Shri Kaushik had headed till January, as refinance at 8.47%. With this, the KFC bargained for a further cut on the existing fund costs from banks, which dropped to the range of 8.65% - 8.7% from 8.99%. Further, domestic bond issue in March raised Rs.250 crore with a rate of 8.69%.

Thus, the effective interest rate came down to the range of 11% - 12%, equipping them to directly compete with banks. KFC will also be giving 'Gold Cards' to its top 50 clients, which will entitle them further 0.5% or 1% cut on the base rate."

Shri Kaushik has also set up a new marketing department and the executives will be reaching out to the good customers of banks, offering loans. The decision-making on loan applications would also be made faster. "We have revamped our credit appraisal policy. Rather than a branch based appraisal system, we are moving to a centralised appraisal system, where any loans above Rs.50 lakh will come to the three zonal hubs for appraisal. Within 14 days, the application will be given in principle yes or no. Then, within 30-45 days, the applicant will get the final approval."

Also, KFC has started offering collateral-free loans to startups. Under purchase order refinance scheme, a startup could raise funding from KFC against purchase orders. For instance, GenRobotics, the maker of scavenger robot Bandicoot, raised Rs 1 crore through this route. Second one is the venture debt scheme, under which KFC will give up to Rs.1 crore, if the firm has existing venture capital equity.

HSI IDC proposes to develop IMT Sohna under PPP mode

HSI IDC has proposed development of Industrial Model Township (IMT) Sohna, spread across 1,292 acres of land, through the PPP (public-private partnership) mode. The proposed IMT will span around to the north of Kundli-Manesar-Palwal Expressway in Mewat region.

"The site has immense locational advantage. It is located at the intersection of NH2-48A and KMP Expressway, about 36 kms south of the Sohna Chowk, Gurugram. The state government's recent announcement, of setting up of a five-km-long elevated corridor, from Subash Chowk to Sohna Road, after Badshapur village, would further reduce the travel time to Gurugram. It forms part of the National Capital Region and is located at approximately 50 kms from the Indira Gandhi International Airport," a spokesperson of the Corporation said. HSI IDC is exploring the possibility of partnering with the world's best, in the field of development of state-of-the-art industrial infrastructure that will usher in a new era of rapid development, investment and employment opportunities in the region.

The proposed IMT is envisaged for development of this industrially backward region of Mewat, through a joint development model, wherein expertise, efficiency and financial resources of a private player, will help in setting up of a world class industrial township, thus, unveiling the untapped industrial potential of the region. The HSI IDC has already invited expression of interest (EoI) for development of the IMT. HSI IDC, the Haryana government's nodal agency for development of industrial infrastructure, has already developed six IMTs, including the ones at Manesar, Bawal, Rohtak and Mewat.



Haryana to increase FAR in HSIIDC industrial areas

Haryana Chief Minister, Shri Manohar Lal Khattar has approved the increase in Floor Area Ratio (FAR) in HSIIDC industrial areas from 150 to 200 per cent with appropriate charges. FAR is the ratio of a building's total floor area (gross floor area) to the size of the piece of land upon which it is built. Apart from this, the state government has identified 50 acres of land for a pharma park in Karnal which would be developed by the HSIIDC.

Industries and Commerce Minister of Haryana, Shri Vipul Goel said that for setting up of tool room under the mini cluster scheme, the Karnal Agri Implements Manufacturing Association has been asked to provide the list of final equipment. Services of 289 registered architects empanelled by HSIIDC can now be availed by the industrial units. The online system for filing of incentives would be made more robust. He also said for the upcoming industry in Mogul Majra in Karnal, the access roads are being developed. The State Government has decided to lease out agro malls to the industry associations at subsidised price for usage as exhibitions centres, he said.

Haryana cabinet clears HMT land buyback

HSIIDC will buy back 446 acres of land of Hindustan Machine Tools (HMT) in Pinjore. HSIIDC will

buy back useable land at the collector rate and unusable land will be acquired at 60% of the collector rate. The proceeds would be used for financial settlement of the employees, say sources. The erstwhile Punjab Government had gifted 839 acres in Pinjore for setting up HMT.

Imnatiba visits NIDC office

Advisor for Industries and Commerce and NIDC, Shri Imnatiba on April 3, 2018 visited the NIDC office in Dimapur, where a short felicitation programme was held in his honour. The Managing Director of NIDC, Shri C.M. Lotha, while welcoming the new Advisor, highlighted the Corporation's future visions and past performances. Shri Imnatiba further encouraged all rank and file of the office to approach him directly anytime for any grievances and asked for their cooperation in all official matters. Advisor for Industries and Commerce and NIDC, Shri Imnatiba on April 3, 2018 visited the NIDC office in Dimapur, where a short felicitation programme was held in his honour. The Managing Director of NIDC, Shri C.M. Lotha, while welcoming the new Advisor, highlighted the Corporation's future visions and past performances. Shri Imnatiba further encouraged all rank and file of the office to approach him directly anytime for any grievances and asked for their cooperation in all official matters.



One must know oneself. If this does not serve to discover truth, it at least serves as a rule of life, and there is nothing better.



NEWS FROM STATES

MADHYA PRADESH

Indore cleanest city, Jharkhand emerges best-performing state

Jharkhand has emerged as the best-performing State in terms of cleanliness, while Indore in Madhya Pradesh was adjudged the cleanest city in the country, according to the government cleanliness survey released in May. Maharashtra stood at the second place in the 'Swachh Survekshan 2018,' while Chhattisgarh was at the third position in 'best-performing states' according to the survey released by Housing and Urban Affairs Minister. In cities, table-topper Indore is followed by Madhya Pradesh capital Bhopal, while Union Territory of Chandigarh stands at the third place in the national-level category. Indore and Bhopal have retained their respective positions from the last year survey. But this year, the survey has covered 4,203 cities while in 2017 only 434 cities were surveyed.

State ranking was introduced in this year's survey, which was conducted between January 4 and March 10. In 2016, the survey was conducted in 73 cities having a population of 1 million or more and also the capital cities. Mysuru had bagged the award of the cleanest city.

Uttar Pradesh's Ghaziabad was adjudged the "fastest mover big city" in this survey. Ghaziabad improved its cleanliness ranking from 351 to 36 in the category of more than 1 million population. Vijayawada in Andhra Pradesh has emerged as India's 'cleanest big city' with over a million population, while Kota in Rajasthan was the best city in terms of 'citizens feedback'. Greater Mumbai in Maharashtra was the cleanest state capital, according to the survey.



MAHARASHTRA

Maharashtra gets Rs.360 billion textile investment

The Maharashtra government says its new textile policy has attracted investment commitments of Rs.360 billion, compared to Rs.200 billion assured for the neighbouring state of Gujarat, a ready alternative for manufacturers. To restore Maharashtra's place as a prime hub in this regard, eroded over recent years, the state government has decided to offer a primary capital subsidy of 25-40 per cent across the value chain. Also, area-wise and sector-specific incentives, such as 10 per cent of additional subsidy and lower electricity rates for setting up units across under-developed regions.

“The state produces 8.2 million bales (170 kg each) of cotton, of which only a fourth is consumed within the state. The remaining quantity is supplied to spinning mills in other states. By contrast, Tamil Nadu produces only 0.5 mn bales of cotton but processes around 10.5 mn bales, by procuring the fibre from other states because of cheaper electricity. The State wants the remaining three-fourth of unprocessed cotton to be processed within the state. Shri Atul Patne Secretary (Textiles) has said that for this purpose the State has offered an electricity rate lower by Rs 2-3 a unit. In addition, capital subsidy for setting up a plant and machinery, across the value chain. Maharashtra will, therefore, attract massive investment in the sector”.

Apart from the conventional textile business, the government has also offered incentives for pollution-free and eco-friendly dyeing and processing plants. Non-conventional yarn like bamboo, banana, ghaypat, ambadi, coir and maize has also been identified for incentives to make yarn. It has also offered to set up a textiles university and a Textiles Development Fund with initial corpus of Rs. 3-4 billion. Gujarat, Andhra, Telanagana and Jharkhand are among those which offer wage incentives for new textile units. These go up to Rs.5,500 a month for skilled workers. However, Garmenting units might find Gujarat a preferred destination as the policy of Maharashtra has not mentioned any such subsidy.



*People often say that this or that person
has not yet found himself. But the self is
not something one finds, it is something
one creates.*

*Diversity is about all of us, and about
us having to figure out how to walk
through this world together.*



MICRO, SMALL & MEDIUM ENTERPRISES

MSME credit to grow at 12-14% in next 5 years on NBFC boost: Icra

The credit to micro, small and medium enterprises (MSMEs) is expected to grow at 12-14% over the next five years, helped by higher lending by non banking finance companies (NBFC) to the segment, says ICRA report. As on March 2017, credit to MSMEs stood at Rs.16 trillion.

“Non-banks share in the MSME credit pie should expand to 22-23% by March 2022 compared to 16% in March 2017. Non-banks, with their niche positioning, differentiated product offering, good market knowledge and large unmet demand, would be able grow at a healthy rate vis-a-vis banks” said Shri A M Karthik vice president ICRA. There is large unmet credit demand in the MSME segment, which was estimated to be about Rs.25 trillion in FY2017. “Notwithstanding the estimated growth, the unmet credit demand quantum is likely to increase further, going forward”.

With large corporate credit expected to remain sluggish, at least over the next one-two years, the bank credit to the MSME segment is expected to be around 9-11% with public sector banks growing at 7-9% and private banks at 16-18%. Banking NPAs in the MSMEs segment stood high at about 8.4% in March 2017 while that of non-banks stood at about 3% as on that date.

The report said notwithstanding the moderate seasoning of the portfolio, non-banks have a more flexible and customised credit assessment for this segment and have steadily been moving to lower ticket loans, in view of the asset quality pressure in the large ticket loans and better yields in the smaller ticket loan categories.

Govt triples corpus to Rs.8,000 cr for MSME cos



The government has effected a major overhaul of its credit guarantee scheme to make adequate loans available to micro and small enterprises easily by more than tripling its corpus to Rs.8,000 crore and allowing non-banking financial companies (NBFCs), along with banks, to avail of official guarantees to extend credit to such units, MSME secretary Shri Arun Kumar Panda said.

The corpus of the credit guarantee fund has been raised substantially from Rs.2,500 crore at the behest of Prime Minister Shri Narendra Modi, Shri Panda said. The government has also decided to raise its guarantee level to 75% of such loans, against 50% earlier, as it intends to enable smoother credit flow to such units, keeping in mind their financial constraints and massive employment generation potential. “With higher guarantee coverage, banks will feel more comfortable to sanction loans to such enterprises”.

The NBFCs that seek guarantees to offer loans to micro and small enterprises will have to lower their interest rates to reasonable levels, as, with government backing, these become very secure loans. Also, while these loans have been collateral-free, the government now wants to allow banks to seek some collateral from the borrowers, in case they feel the absolute need for it in certain cases. However, since 85% of the loan is already secured (75% government



guarantee and 10% margin money), the need for such collateral will be very minimal and that, too, will be limited to very few cases. This move is aimed at ensuring even higher credit flow to micro and small enterprises.

“We have decided to undertake some structural changes to this crucial guarantee fund. Earlier, guarantee for credit flow of around Rs.19,000-Rs.20,000 crore a year was given under it. Now that the guarantee corpus is raised substantially, the credit flow may go beyond Rs.40,000-50,000 crore.” The Credit Guarantee Fund Trust for Micro and Small Enterprises will operationalise this scheme. The total loans extended under such guarantees so far have touched Rs.1,40,000 crore, of which the outstanding amount is around Rs.72,000-75,000 crore.

NPA norms for MSMEs revised

In a major relief to Micro, Small and Medium Enterprises (MSMEs), the RBI in June 2018 eased NPA classification norms for such units facing input credit linkages and associated issues under the Goods and Services Tax (GST). “In continuation of support and relief to MSMEs, NPA recognition for GST and non-GST MSMEs is now at 180 days for dues up to December 31, 2018,” Financial Services Secretary Shri Rajiv Kumar said.

Now 180-day NPA norms are applicable for all micro, small and medium enterprises due between September 1, 2017 and December 31, 2018 if the account was standard on August 31, 2017, adding that this dispensation covers both registered as well as unregistered MSMEs.

With regard to GST registered MSMEs, 180-day NPA norms will be brought back to 90 days only in a phased manner, starting January 1, 2019. For non-GST registered MSMEs, NPA norms would revert to 90 days from January 1, 2019.

It meets the long-standing demand of the industry, in particular the tapering of NPA norms in a phased

manner, adding these steps will encourage GST registration by MSMEs. In February, banks and non-banking finance companies (NBFCs) were allowed to temporarily classify their exposures to the GST registered MSMEs, having aggregate credit facilities from these lenders up to Rs.250 million, with respect to a 180-day past due criterion. “This was done with a view to ease the transition of MSMEs to the formalised sector post their registration under the GST,” the RBI said.

New norms on NPA provide help for small units

The micro, small and medium enterprises (MSME) sector is unsure if the new norms for their segment on stressed bank loans will help to what extent. The RBI said on June 06, 2018 it would allow all MSMEs to pay their dues to banks and non-banking financial companies (NBFCs) up to 180 days after the due date without these being classified as bad loans. Apart from providing banks some more room to reduce their official exposure to the burgeoning of non-performing assets (NPAs), this is expected to help more small businesses escape being classified as a bad loan.

Apart from providing banks some more room to reduce their official exposure to the burgeoning of non-performing assets (NPAs), this is expected to help more small businesses escape being classified as defaulters.

“Current banking norms categorises any loan to be an NPA if it has not been paid within 90days, something a lot of MSMEs in the country fall foul of given the ongoing liquidity crunch. According to industry estimates, loans to such businesses account for 16-18 per cent of total loans in the banking system and we have told that to the RBI as well” a senior MSME ministry official said.

MSMEs say they wanted a move to widen their access to credit. “Getting loans has gotten more difficult. RBI’s own data shows that over the past four quarters, credit offtake by MSMEs has



remained static or gone down by at least a quarter per cent. Even in the medium sized enterprises category, credit offtake in the past eight quarters has been going down by one-two per cent,” said Shri Debashish Bandopadhyay, director of policy at the Federation of Indian Small and Medium Enterprises. The latest move by RBI will also not quicken the pace of small business registering. For, most of these are in the informal sector and still have no proper bank account or PAN Card.

In February, the Central Bank allowed banks and NBFCs to temporarily classify their exposures to MSMEs which had registered under the Goods and Services Tax (GST). Loans of up to Rs.250 million were allowed in the bracket, subject to certain conditions. This had been done to ease the transition of MSMEs into the formal sector. RBI on June 06, 2018 acknowledged that problems over input credit linkages and associated issues had been behind the latest decision to expand the measures to all MSMEs, even those not registered under GST.

“According to our statistics, the share of bad loans among total loans provided to MSMEs stood at 7.55 per cent (of advances) in March 2016. This rose to 8.59 per cent in March, 2018. However, it should be kept in mind that despite GST and demonetisation, the rise was so minimal only because of the temporary measures provided by us in February, 2018,” said a senior RBI functionary.

Accordingly, the new 180 day NPA norms have kicked in for all MSMEs whose date for payment of bank dues is between September 1, 2017 and December 31, 2018, provided the account was not declared to be NPA as on August 31, 2017. However, the government is set to toughen the norms from January 1, 2019. From this date, RBI has said, the earlier 90- day NPA norm will be brought back, albeit in a phased manner, for MSMEs registered under GST.



Economy is the wealth of the poor and the wisdom of the rich. Punctuality is a quality the need of which is bound up with social co-operation. It has nothing to do with the relation of the soul to God, or with mystic insight, or with any of the matters with which the more elevated and spiritual moralists are concerned.



POLICY POINTERS

Rules relaxed for setting up a solar park

Any individual or company can now own and operate a solar park in India and get government subsidy for it if the entity, person or firm, has land. The government has amended the regulations on solar parks, allowing anyone to set up a mega scale solar power project. In its latest amendment to the policy, the ministry of new and renewable energy (MNRE) has introduced a subsidy of Rs.1.2 million per MW to private project developers. It has also offered a subsidy of Rs.1-2.5 million for parks being developed by state governments. If a state government or any other government agency provides land, the bidder will be selected on the basis of the lowest net present value of land and operations charges. The deadline to finish the project is 18 months. To be eligible for the subsidy, the minimum capacity of a solar park will be 100 Mw, and, if it's in a hilly area, 50 Mw.

There will be no obligation to sell a share of the power produced to the host state and the developer is free to sell power to any state or through the merchant route on trading platforms.

Government officials said this was to expedite the development of solar power in India because there was a lot of private land bank that could be utilised. It would also help meet India's target of achieving 100 Gw solar power by 2022. To meet the 100 Gw target, the Centre has identified 38 solar parks, totalling 21,194 Mw. Less than half has been awarded by the Centre through Solar Energy Corporation of India (SECI), the nodal bidding agency, and by the states. The new amendment also allows any Central public sector enterprise to set up a solar park on their land. The PSUs can either sell/lease land to a private developer or hire an EPC (engineering procurement construction) contractor to build the project if it can't develop



on its own. There is no subsidy for Central public sector enterprises.

Solar power scheme entailing Rs.1.4 L cr to be rolled out in July

Rs.1.4 lakh crore KUSUM scheme to promote the use of solar power among farmers will be implemented from July 2018, renewable energy minister Shri R K Singh said. "The KUSUM (Kisan Urja Suraksha Evam Utthaan Mahaabhiyan) will be implemented in July. Under this scheme farmers would be provided with solar water pumps." Under the scheme, the government has planned to provide 27.5 lakh solar pumps (17.50 lakh standalone + 10 Lakh Grid-connected). It will help farmers install total 10 GW of Solar Power Plants of intermediate capacity of 0.5 to 2 MW each. It also envisages 50,000 Grid-connected tube-wells/lift irrigation and drinking water projects.

Fund of funds to provide Rs.1L cr to Startups: Modi

The Prime Minister Shri Modi has said that about Rs.1,285 crore has been committed towards startups since the launch of the Rs.10,000-crore fund in January 2016. In an interaction with young entrepreneurs from across the country, including cities such as Dehradun, Guwahati



and Raipur, PM Narendra Modi said the fund of funds has helped venture capital firms in the country leverage investments of almost Rs.7,000 crore among startups. "When the fund of funds completes its fund-raising, the corpus will touch almost Rs.14,000 crore. Thus, when the fund of funds matures over time, almost Rs.1 lakh crore will be available for startup funding in India. This is a huge contribution towards venture capital investing in the Indian startup ecosystem," said the PM while addressing concerns of capital availability to grow business ideas among startups.

The prime minister highlighted several initiatives undertaken by the government over the past two years that have helped cut red tape, and also eased regulatory hurdles for startups including setting up of tinkering labs, incubation centres, providing tax incentives, support in the field of legal issues and intellectual property rights. Some of these changes have helped spur entrepreneurship beyond the key metros and tier-I cities, and helped the ecosystem mushroom across several tier-II and tier-III towns as well.

As per data shared by the PMO, about 44% of the startups registered are from tier-II and tier-III cities as the Startup India initiative has been focused on encouraging local innovations from these areas. In addition, 45% of the startups have been set up by women since 2016. We have encouraged a shift in mindset to focus beyond just tech-driven startups and that has borne fruit, so now there are startups in impact areas including agriculture, manufacturing and even social sectors.

To enable more effective revenue generation for young and pre-revenue startups, the government has linked the government eMarketplace (GEM) to the Startup India portal, thus easing the norms for public procurement so that startups can sell their products to the government easily. Eight research parks that have been established at IITs as also 19 incubation centres across IITs and IIMs which will cross 50 by the end of the year in a bid to spur innovation.



The foundation of success in life is good health: that is the substratum fortune; it is also the basis of happiness. A person cannot accumulate a fortune very well when he is sick.



ANSWERS OF CYBERQUIZ ~ 71

Ans.1[b] Babbage's Folly : The analytical engine is considered an important step in the history of computers. It could not be completed because of technological limitations, financial, political, and legal issues.

Ans.2[c] The patent of his mouse expired in 1987 before the personal computer revolution started. Moreover, the later manufacturers of mouse used mechanisms different from that of the original inventor's;

Ans.3[c] Charles W. Bachman : Bachman received Turing Award for his contribution to database technology.

Ans.4[c] Benevolent Dictator for Life : According to Wikipedia, "Benevolent Dictator for Life {BDFL} is the informal, slightly tongue-in-cheek title given to a respected individual in the open source development community who sets general directions and makes final calls in certain situations within the scope of a given project. Xxx The title is a play on the concept of a benevolent dictator and a president for life".

Ans.5[b] SETI {Search for Extraterrestrial Intelligence} : SETI is a scientific effort aimed at discovering intelligent life in other parts of the universe. It involves detection of radio signals as a sign of presence of intelligence in other parts of the universe.



The bond that links your true family is not one of blood, but of respect and joy in each other's life.



HEALTH CARE !

Transitioning from Treadmill Running to Outdoor Running

Now that spring is here, it is time to take your running outside! Nothing is better than the fresh air and a cool spring breeze. But with that comes less desirable conditions as well; wind, hot sun and other poor running conditions. It is important to make a slow transition from running inside on a treadmill to running outside on the pavement. There are many things to consider and to prepare for that will help in preventing injury.

Ease into it and your body will thank you. Don't start off at a sprinting pace; start off slow. Let your body adjust to running outside if you are used to running on a treadmill. Running on a treadmill can be easier since the belt will pull your legs as you run. Outdoor running is harder on your joints due to the uneven conditions. Run shorter distances at first to prevent shin splints and to allow your body to adjust to the new conditions. Pavement can be unpredictable, so finding a soft track or dirt trail may be a good start. Hills can also make your run more difficult even if you are used to them on the treadmill. Going downhill can be rough on your quads and knees so taking a hill slow at first is recommended. Another challenge is running in the wind. Try heading into the wind first to get the hard part out of the way. You will burn more calories and increase your endurance while you are battling the wind, so there is a benefit! Returning will be much easier! Mapping your run can also help you steer clear of the hills and ensure you don't overdo it. Taking it easy for the first few outside runs will allow your body to adjust, thus helping to prevent injury.

Finding comfortable shoes is very important in preventing blistering. Blisters are easy to get if you do not have the appropriate gear. Prevent blisters by finding a shoe/sock combination that fits you the best. You want your shoes to fit perfect; not too tight and not too loose. There should be about .5 inch between your longest toe and the tip of your shoe. Ensure you can wiggle your toes



and your heel doesn't slip. Keep your feet as dry as possible by using wicking socks. These will wick the moisture away from your feet. Or, you can sprinkle foot powder or spray antiperspirant on your bare feet to prevent blisters. If you are prone to blisters, tape that part of your foot with sport tape.

Safety is another consideration to be aware of, especially when running alone. Make sure you have some type of ID on you in the event of an accident. You never know what could happen while you are miles away from your starting point. Also, let someone know what time you are leaving and where you are going. If you mapped out your run, share it with someone. That way if you don't return around the anticipated time, someone will know where to look. Make sure you are aware of your surroundings. If you enjoy listening to music while running, ensure the volume is at a level that you can still hear what is going on around you. Don't forget about those harmful rays! Always wear sunblock because the rays can come right through the clouds and you could be left with a painful burn.



The sun is a powerful thing, especially when you are running in it. Drink plenty of water to stay hydrated but if you are working out for long periods of time, drink a sports drink to replenish your carbohydrates and electrolytes. It is recommended to drink 16-32 ounces of water before you run outside and take plenty with you. The humidity can affect you as well. Sweat cools your body but if the air is full of moisture then his method of cooling off is less efficient. Warm, humid air is worse than hot, dry air. If it is sunny, you can wear fabrics that are sunscreen treated that prevent the sun from getting through to your skin. You can also wear sunglasses to help prevent the UV rays from causing eye problems. Running in the heat can take a toll on your body, so try running during the coolest part of the day. You can also get acclimated

to the heat in a few weeks of running outside in hot temperatures if running at different times is not an option. Just ensure you give your body enough time to adapt; you don't want to overheat!

It is very important to take it slow when transitioning from indoor treadmill running to outdoor pavement running. Following these recommendations will help in preventing injury. It is time to get out and enjoy the fresh air! Happy running!

Always seek the advice of your physician or other qualified health provider with any questions you may have regarding a medical condition. Never disregard professional medical advice or delay in seeking it because of something you have read.



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Working women Improving gender parity could unlock significant economic gains for India in the next few years

Asia-Pacific's economic potential has been the talk of global fora on growth for decades now. And yet, it lags realisation substantially, not the least because of its gender parity gap. New research from McKinsey Global Institute (MGI) says if the region—the analysis considers 18 economies—were to focus on improving women's equality, it could add \$4.5 trillion to its collective annual GDP in 2015. That's a 12% increase over the business-as-usual (BAU) GDP in 2025. The report notes that while China could have the largest absolute increase—the \$2.6 trillion increase projected translates to a 13% increase over the BAU—the largest relative GDP potential is India's for the taking, an 18% increase over BAU, with \$770 bn added. MGI pegs the boost to three levers: increasing women's participation in the labour-force, increasing the number of paid hours for women and adding to their share in productivity by opening up opportunities for them in high-productivity sectors.

India particularly needs to work on many fronts where other A-PAC peers are already doing much better. MGI notes that women's labour force participation in the country has fallen—it is the second-worst amongst the 18, behind competing economies like Vietnam, Indonesia and even Bangladesh. It may be attributed to rising household incomes, but the fact remains



that continued and new participation would have meant greater economic gains. India does marginally better when it comes to political empowerment—this has a direct bearing on ensuring policy is more inclusive and even facilitative of women's economic participation—and physical security. But, in comparison with the other economies in the list, this is not much to speak of. Women missing from leadership positions in companies across A-PAC isn't "all about the glass ceiling". Asian economies, and specifically India, must tackle the pipeline that leads here, right down to the skewed tertiary enrolment levels and enrolment in tech education, and even school education.



Diversity is about all of us, and about us having to figure out how to walk through this world together.

