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*The views expressed in the journal are those of the contributors and not necessarily of
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JANUARY-FEBRUARY, 2017

1



NEED FOR DIVERSIFICATION OF ACTIVITIES OF SLFIS IN THE CURRENT ECONOMIC SCENARIO IN INDIA

By
Jackson Jose

Introduction

India's economy, measured by the Gross Domestic Product (GDP), is expected to grow over 7.6% in 2016 and 7.7% in 2017, according to a mid-year update of the UN World Economic Situation and Prospects (WESP), released in 2017. The GDP was near 7.1% in 2016-17. Interest rates are in the decline owing to under-control inflation, decrease in crude oil prices, weak credit growth and major government reforms like focus on areas like e-governance, ease of doing business, labour reforms, fuel price de-control, the 'Make in India' movement, amendment in Goods & Services Tax etc. Inflation based on consumer price index has reduced to just 3.65% only in February 2017. Inflation calculated using wholesale price index is at the historically low levels now. The economy and the industrial sector are gaining traction from the bucking weakness seen for the last several years. Operations of most of the State Level Financial Institutions (SLFIs) have reduced over the years owing to a large amount of money blocked in as NPAs and inability to attract good big projects coupled with acute competition from banks and other financial institutions. Let us look at the challenges currently faced by SLFIs and the way forward to overcome these difficulties and become strong in the coming years.

Challenges to SLFIs

SLFIs were set up by Government to act as major conduits for channelising funds to specific industries/ sectors at a time when banks and other financial institutions were hesitant to extend long term loans to non-traditional sectors/ industries. State Financial Corporations (SFCs) were set up under Financial Corporation Act 1951 to provide long term finance to small and medium scale industries while State Industrial Development Corporations (SIDCs) were setup

under the Companies Act, 1956 for promoting and developing medium and large scale industries in their respective states/ union territories.

One of the main issues plaguing the SFCs/SIDCs is their low financial resources, which make them unable to give sanctions of high value loans to industrial units. Financial support from Government to the institutions is almost nil for the last several years and hence they have to be very choosy in selecting projects to provide financial assistance. This forces them to reject projects with even minor risks now though huge risks were taken in the past for development of several industries in their respective states. Loans at maximum exposure to a single party will be very risky for SLFIs but much less risky for big banks as their loan portfolios are hundred times that of SLFIs. Commercial banks, which are now present in every nook and corner of the country, have lots of funds and cater to almost all types of industries/ projects. Industries have wide options to receive credit facilities. The competition among branches of commercial banks for new projects in their comparatively smaller area of operation is so intense that they take projects with greater risks than what SLFIs usually entertain. Moreover, due to lower financial resources, SLFIs cannot fund large scale projects that require 100+crores as financial assistance except through consortium financing.

Almost all the SFCs/SIDCs have high level of NPAs in their balance sheets accumulated from the past and hence they spend a lot of their time and resources in managing these stressed assets. But commercial banks have progressed a lot in



Mr. Jackson Jose



respect of their past NPAs. They have been selling their stressed assets to Asset Reconstruction Companies (ARCs) on a time bound basis while most SFCs/SIDCs are only in the infancy stage in cleaning up their balance sheet. At present, SLFIs do not require provisioning of NPAs but whether this retaining of long term NPAs in the balance sheet by SLFIs is beneficial or not, is still debatable.

CGTMSE scheme has been providing the facility of providing loans without any collateral security to financial institutions. Most of the SLFIs are either outside the purview of CGTMSE scheme or have exhausted the limits provided by CGTMSE now. Hence the scheme of providing loans with guarantee from the trust is also in the decline for SLFIs.

There has been a dramatic fall of over 50% in global crude oil prices in 2015 and it has not rebounded so far. India imports about 75% of its oil requirement and this reduction in fuel prices, though not conveyed fully, resulted in lower inflation levels. Retail inflation has moderated to 5-6% from double digits and the trend is towards disinflation. This could lead to a cut in interest rates. The RBI has also indicated the same with several rate cuts in 2015 & 2016 and further cuts expected this year also. Reduction in loan interest rates will result in lower cost of goods and services and therefore more consumption and this facilitates new capital investment for higher production. The reduction in interest rates by commercial banks almost in line with RBI, puts pressure on the profitability of SLFIs, as it forces them to keep lower interest rates to remain competitive in the market. This will lead to lower interest margin as most of the SLFIs rely on own funds. Moreover, cheaper funds like foreign loans are available to top rated players at 2-3% from Japan, China, Switzerland and other countries. Including hedging cost, these interest rates do not exceed 9%. SLFIs will find it increasingly difficult to generate adequate revenue from loan interest income alone and may need to diversify their activities from being a mere financial services provider to provider of multitude of services.

Apart from conventional working capital facilities, NBFCs have tied up with raw material suppliers and started giving a new type of working capital to their buyers. These NBFCs discount the bills to the supplier at the time of delivery of the material at the buyer's location. The buyer needs to remit the cost of the material to the NBFCs after around 60 days. The NBFCs offers credit without any security from the supplier or buyer. This is the new trend in loan financing where credit worthiness of the promoters/ companies is valued more than the security available. SLFIs cannot even dream about such financing solutions due to various compliance requirements.

RBI has started giving licenses to new banks, payment banks & small finance banks. The new banks have an initial capital base of more than Rs.10,000 crores whereas the average capital base of an SLFI is around Rs.1,000 crore only. The competition among financial institutions will become fierce in future. Moreover, consolidation of smaller banks into big banks to conform to capital adequacy guidelines will make these banks with huge loan book to have a dominant position among other FIs. Capital adequacy norms are currently not applicable for SLFIs, otherwise, most SLFIs have to significantly cut down their operations further.

Another constraint with SLFIs is that the procedure approval for a term loan is cumbersome and takes time as it has to follow a specific and long procedure and hierarchies. In many institutions, only the Board can approve fresh sanctions/ modification in project terms. Commercial banks have decentralized sanctioning powers with officers at various ranks have comparable sanctioning limits and different levels of compliance/ documentation requirements. This will result in faster processing and quicker access of funds to the promoters.

The way forward

Since commercial banks now cater to most of the conventional financial requirements of enterprises, SLFIs have to find new areas of financing and industrial development activities. One such area where SLFIs can act is startup financing. e.g. in a



new startup financing scheme started by an SLFI, interest free term loans will be given to innovative projects with an amount equal to 49% of the share capital money brought in by the promoters subject to a maximum of Rs.25 lakhs. The amount will be recovered as in the case of venture capital funding.

Another area where SLFIs do/ can do is development of common infrastructure for their core competence/ priority sectors (eg. Sea Food Park in Kerala) in most apt areas in their respective states. They can start incubation facilities, mentoring support and technology collaboration facilities at these parks together with allotting spaces for existing units to relocate/ start an extension to these parks. This cluster development can enhance the competitiveness of enterprises by helping them reduce business costs through technology tie-ups and provision of common facilities.

SLFIs shall create state-of-the-art modular structural factory/ smart business space at prominent and vibrant business locations. These ready to occupy business centres will offer long term lease income/ short term rental income to SLFIs. Value addition facilities that SLFIs can provide include personalized and specialized shared services like accounting and company affair services, central warehousing, conference & meeting room facilities, coffee shop, virtual helpdesk etc. SLFIs can also act as a one stop technology/ knowledge dissemination centers by engaging experienced consultants in these parks who can provide advisory, consultancy and other services.

SLFIs need to be more efficient particularly in terms of speedy processing of loan applications by decentralizing the sanctioning powers and reducing the strict hierarchy within the organization. Sub-committees of the Board may be formed at

employee level with minor sanctioning powers and with authority to approve minor changes of project parameters, which shall be ratified by their Boards later. SLFIs may do an ease of doing business study in their organisations so as to get rid of existing unwanted practices. Another activity which SLFIs can do is to act as a facilitator to industry specific Government services like Single Window Clearance in the state with nominal fees. Specific time limits have to be placed for the services on submission of all required documents.

SLFIs shall also aim to promote the industries specific to each state in all aspects like financing, marketing, technology, infrastructure etc. SLFIs can take initiative in identifying the gap in the infrastructure in their respective States and take action to connect these missing links with permission from their state governments.

Conclusion

The path forward for SLFIs is not as rosy as in the past. The competition with commercial banks and other financial institutions will increase considerably with the creation of more banking institutions and consolidation among existing ones. Moreover, new customized/ innovative financing schemes are being created by NBFCs & other FIs. SFCs/ SIDCs need to divert from their traditional financing and need to look forward for niche market financing like startup funding, infrastructure financing and equity (quasi-debt) funding and also to other non-fund based activities like single window clearance authority, knowledge sharing centres etc. SLFIs need to enhance their competitiveness and efficiency by reducing the time taken and documentation procedures in each activity. The state governments can help the SLFIs a lot by allocating more resources and infrastructure development projects.



Jackson Jose, Dy. Manager (Projects)
Kerala State Industrial Development Corporation (KSIDC)



GST: GAME CHANGER FOR INDIAN ECONOMY ?

***Ranjeet Mehta**

At the outset, the government of India must be complimented on the tremendous efforts being made on the GST front. The passage of the Constitutional Amendment Bill as well as release of the Model GST laws indicates the determination of the Government to implement GST at the earliest. One of the thrust policy initiatives of the government is the Make in India project that would enable India to become a manufacturing hub as it will create employment / job opportunities for the burgeoning youth of the country. In order to make India a manufacturing hub, it is imperative that the foreign investors/companies find it conducive to do business here. One of the major impediments to a smooth business, especially in the manufacturing sector, is the uncertain and unpredictable indirect tax regime.

The current multi-staged tax structure has charges from the State and Union governments separately, leading to cascading effect of taxes. There are taxes at different rates and at multiple points. The Centre has taxes like Income Tax, Service Tax, Central Sales Tax, Excise Duty and Security Transaction tax while at the State level it includes VAT or Sales Tax, Octroi, State Excise, Property Tax, Entry Tax and Agriculture Tax. These taxes lead to increased tax burden on the Indian products affecting the prices and sales in the domestic as well as international markets.

To address this, the Constitution Amendment Bill for Goods and Services Tax (GST) has been approved by the President of India post its passage in the Parliament (Rajya Sabha on 3 August 2016 and Lok Sabha on 8 August 2016) and ratification by more than 50 per cent of state legislatures. The Government of India is committed to replace all the indirect taxes levied on goods and services by the Centre and States and implement GST by April 2017.



To have achieved this, in a large and complex federal system of multiparty democracy, with a Centre, 29 States and 2 Union Territories of widely divergent interests via a constitutional amendment requiring broad political consensus, affecting potentially 7.5 million tax entities, and marshalling the latest technology to use and improve tax implementation capability, is perhaps breathtakingly unprecedented in modern global tax history.

Sometimes, we are insufficiently appreciative of how much the country has achieved in coming to this point with the GST. Credit should go to all stakeholders at the Centre and the States for having worked towards the GST. The time is ripe to collectively seize this historic opportunity because the GST will decisively alter the Indian economy for the better.

GST is also the most significant tax reform since independence for India which is now Asia's third largest economy. The GST subsumes India's messy plethora of indirect taxes, duties, surcharges and cesses into a single tax. It is expected to ease a cumbersome tax system, help goods move seamlessly across state borders, curb tax evasion, improve compliance, raise revenues, spur growth, stimulate investment and make investing and doing business in India easier.



With GST, it is anticipated that the tax base will be comprehensive as virtually all goods and services will be taxable with minimum exemptions. GST will be a game changing reform for the Indian economy by creating a common Indian market and reducing the cascading effect of tax on the cost of goods and services. It will impact the tax structure, tax incidence, tax computation, tax payment, compliance, credit utilization and reporting, leading to a complete overhaul of the current indirect tax system.

GST will have a far-reaching impact on almost all the aspects of the business operations in the country, for instance, pricing of products and services, supply chain optimization, IT, accounting, and tax compliance systems. That is the reason why GST Bill has been described as a reform measure of unparalleled importance in independent India.

Currently, tax rates differ from state to state. GST will bring uniformity, reduce the cascading effect of these taxes by giving input tax credit, will have a comprehensive tax base with minimum exemptions — will help industry, which will be able to reap benefits of common procedures and claim credit for taxes paid. This is expected to reduce the cost for consumers. GST will increase India's GDP by around 2 per cent as per the Finance Ministry.

Major Benefits of GST :

- The GST will decisively take the Indian economy to the next level for the better. As the Prime Minister outlined in an interview, the GST will increase the resources available for poverty alleviation and development of the country. This will happen indirectly as the tax base becomes more buoyant and as the overall resources of the Central and State governments increase. But it will also happen directly because the resources of the poorest States — for example, Uttar Pradesh, Bihar, and Madhya Pradesh — who happen to be large consumers will increase substantially.
- The Indian GST will be a leap forward in creating a much cleaner dual VAT which would minimise the disadvantages of completely independent and completely centralised systems. A common base and common rates (across goods and services) and very similar rates (across States and between Centre and States) will facilitate administration and improve compliance while also rendering manageable the collection of taxes on inter- State sales. At the same time, the exceptions — in the form of permissible additional excise taxes on special goods (petroleum and tobacco for the Centre, petroleum and alcohol for the States) —will provide the requisite fiscal autonomy to the States. Indeed, even if they are brought within the scope of the GST, the States will retain autonomy in being able to levy top-up taxes on these goods.
- The GST will facilitate 'Make in India' by bringing India on a single tax platform. The current tax structure is fragmenting Indian markets along State lines. These distortions are caused by three features of the current system: the Central Sales Tax (CST) on inter- State sales of goods; numerous intra-State taxes; and the extensive nature of countervailing duty exemptions that favours imports over domestic production. In one fell dive, the GST would rectify all these distortions: the CST would be eliminated; most of the other taxes would be subsumed into the GST; and because the GST would be applied on imports, the negative protection favouring imports and disfavouring domestic manufacturing would be eliminated.
- Another significant benefit is, the GST would improve tax governance in two ways. The first relates to the self-policing incentive inherent to a value added tax. To claim input tax credit, each dealer has an incentive to request documentation from the dealer



behind him in the value-added/tax chain. Provided the chain is not broken through wide - ranging exemptions, especially on intermediate goods, this self-policing feature can work very powerfully in the GST. The second relates to the dual monitoring structure of the GST — one by the States and one by the Centre. Critics and taxpayers have viewed the dual structure with some anxiety, fearing two sources of interface with the tax department and hence two potential sources of harassment. But dual monitoring should also be viewed as creating desirable tax competition and cooperation between State and Central authorities. Even if one set of tax authorities overlooks and/or fails to detect evasion, there is the possibility that the other overseeing authority may not.

- The scenario of multiple taxes and its cascading effect which is a burden on common man has been addressed by GST. The framework of proposal has dual GST which means it will have a federal structure. GST will basically have three kinds of taxes namely Central, State and one called integrated GST that will help to tackle inter-state transactions. Under the current GST tax reform, all forms of supply of goods and services like transfer, sale, barter, exchange and rental will have a CGST and SGST.
- Amalgamating several Central and State taxes into a single tax would help mitigate the double taxation, leading to a common national market. From the consumer's point of view, the advantage would be in terms of a reduction in the overall tax burden on goods, which is currently estimated at 25 per cent to 30 per cent.
- Reduction in prices: Manufacturers or traders would not have to include taxes as a part of their cost of production, which would lead to reduction in prices.

- Lower compliance and procedural cost: There would be reduction in the load to maintain compliance. Also keeping record of CGST, SGST and IGST separately would not be required.
- GST's successful implementation would give a strong signal to the foreign investors about India's ability to support ease of doing business.
- GST will reduce tax burden on producers and foster growth through more production. This double taxation prevents manufacturers from producing to their optimum capacity and retards growth. GST would take care of this problem by providing tax credit to the manufacturer.
- Various tax barriers such as check posts and toll plazas lead to a lot of wastage for perishable items being transported, a loss that translates into major costs through higher need of buffer stocks and warehousing costs as well. A single taxation system could eliminate this roadblock for them.
- A single taxation on producers would also translate into a lower final selling price for the consumer, therefore less burden on the common man. Also, there will be more transparency in the system as the customers would know exactly how much taxes they are being charged and on what base.
- GST provides credits for the taxes paid by producers earlier in the goods/services chain. This would encourage these producers to buy raw material from different registered dealers and would bring in more and more vendors and suppliers under the purview of taxation. GST also removes the custom duties applicable on exports. Our competitiveness in foreign markets would increase on account of lower cost of transaction.



SECTORIAL IMPACT

Real Estate Sector:

The real estate sector has strong economic multiplier effects through backward and forward linkages. Construction is the second largest employment generator in the country after agriculture and accounts for a significant proportion of the GDP. According to the Economic Survey 2015-16, the real estate sector constituted 7.4 per cent of India's GDP in 2013-14. Under the current indirect tax regime, the real estate industry has been embroiled in disputes due to ambiguity in provisions as well as multiple taxation.

Under the current law in force, various types of different taxes are involved, starting from construction of property to sale of the same to end customer :

- Service tax; Value Added Tax (VAT); - Stamp duty; Building Cess on construction, etc.; Further, there are various other taxes which are embedded in the cost of procurements (such as excise duty, CST etc.)

Hence, sale of under construction property attracts multiple taxes/duties under the current regime, leading to cascading of taxes and higher tax cost burden on house purchasers.

The proposed GST regime law aims to simplify and harmonize the indirect tax regime in the country. GST shall be levied on both goods and services which would subsume most of the indirect tax laws (except few taxes such as stamp duty) and hence is touted as a major tax reform. Transfer of (completed) properties may continue to be outside the purview of GST and be liable only to applicable stamp duties.

The GST is likely to result in transparency in the real estate sector, which will significantly reduce tax evasion through more efficient transaction-tracking methods, and improved enforcement and compliance. Since GST may be levied on a single value, the current issue of levying tax on tax (VAT

on central excise duty) is likely to be removed.

At present, developers pay various non-creditable taxes on supplies. GST may replace these multiple taxes with a single tax; credit on supplies may also be available, thus reducing costs for all players. However, if real estate output is exempted, then input GST credit could be a substantial cost for the sector, resulting in blockage of credit and higher costs to end consumers.

Health Care Sector

One of the major concerns of this industry is the current inverted duty structure that adversely affects domestic manufacturers, cost of inputs being higher than output. This discourages investment in this industry. GST may either remove the inverted duty structure or allow refund of accumulated credit. This would be a boon for this industry and can act as its growth catalyst.

The current cascading tax structure on import duty makes it expensive for the industry to import machinery. GST is likely to reduce this cost. Further, GST is expected to have a positive effect on the pharmaceutical sector. It will help the industry by simplifying the tax structure, since eight different taxes are levied in the pharmaceutical industry at the moment. A consolidation of all these into one tax would ease doing business, as well as mitigate the cascading effects of multiple taxes applied on one product.

Apart from this, GST will also result in operational efficiency by streamlining the supply chain which can alone add 2 per cent to India's pharmaceutical market size. Because GST will help pharmaceutical companies rationalize their supply chain, they will have to review their distribution networks and strategy.

Additionally, GST implementation will also envisage a seamless flow of tax credit, account for improvement in overall compliance and is also expected to create a level-playing field for pharmaceutical companies in India.



A big advantage for companies will be the reduction in transaction costs with the discontinuance of Central Sales Tax (CST). GST is expected to bring down the manufacturing cost and even a 2 per cent reduction in production or distribution cost is believed to add over 20 per cent to profits. If the rate of GST is below the current total tax rate, it will eventually help consumers by making healthcare and medicines more affordable which already is a big goal for the Indian Government.

This sector enjoys several tax exemptions and benefits. It is still not clear whether these benefits will continue under GST. Health insurance and diagnostic centres, which are mainly service-oriented, may fall under higher tax rates, thereby making such services more expensive for consumers.

Banking and Financial services Sector:

In India, most of the banking and financial services are exposed to service tax, at the rate of 14.5 per cent, while GST is expected to be 18 per cent to 20 per cent. Thus, services are likely to get costlier. GST may make things cumbersome as financial service providers may be required to adhere to compliances across multiple states instead of the current single, centralised registration compliances

Also, as GST is a destination based tax, it might be a challenge to determine the destination of certain services (at present, services are taxed at the place of rendering the service). This may lead to a difficulty in determining state GST, central GST or inter-state GST on B2B and B2C transactions.

Interest on loans, trading in securities, foreign currency and retail services are also expected to fall within the ambit of GST. Recommendations by the banking industry suggest that such services and income should not come under GST. It is still to be seen whether these recommendations will be accepted.

Overall, it appears that imposing GST on banking and financial services may become a challenge

and India, if successful, will chart a new course, which could well become a model for the rest of the world.

Travel, Tourism and Hospitality:

India's travel, tourism and hospitality industries have multiple taxes, levied by both the centre and the states. It is expected that under GST, supplies of hotels and restaurants will be subjected to a single tax.

At present, no credit is available on input services related to renovation or construction of hotels and resorts. This is expected to change under GST. R&D cess, payable on franchise fees and technical know-how, is likely to be subsumed under GST, thus simplifying compliance procedures and reducing multiple taxes. However, it is unclear whether various benefits available under the existing Foreign Trade Policy will continue under GST. If such benefits are provided, input credit may not be available, resulting in higher costs. On the whole, GST is likely to eliminate multiplicity of taxes and lack of credits. However, it may also lead to increase in tax rates.

Education Sector:

The education sector currently enjoys various tax exemptions and benefits; services provided by schools and colleges are either not taxed or are covered in the negative list. The situation is likely to continue even after the implementation of GST. In case it doesn't, the sector may be able to avail of input credit or CENVAT credit on the duty paid on purchase of inputs and services. These are likely to bring down the final cost for the industry.

Impact on Common Man

As the GST reaches its final stages, the historic legislation promises to unify the tax system for the nation and increase the GDP by 2 per cent. So, while services could get more expensive, it's a mixed bag for consumers for goods.

Goods today are typically taxed at 12.5 per cent (excise duty) plus 5-15 per cent (VAT) which is



invariably passed on to the end customer. If the standard rate of GST is capped at 18 per cent, there exists a scenario where prices of goods can significantly reduce for the customer. This is because procurement costs will also go down for a business and some of the profit can be passed on to the end of the chain. The corollary to this is the Consumer Price Index where 55 per cent items are tax-exempt, 32 per cent are at a low rate and only 12 per cent are at a standard rate.

This means that some essential items in a household (textiles, books, cooking oil, etc) are actually subject to about 5-8 per cent tax because of exemptions. If the rate hits 18 per cent, then these goods go up in pricing, wobbling the entire structure. In the service industry, the typical tax output will go up from 15 per cent to 18 per cent.

Eating out under GST regime could be cheaper, as right now you pay service tax and vat both. Under the GST regime, it would be a single tax. As the states are expected also to decide service tax rates, your phone bill could see escalation of taxes. Accordingly, services consumed by a common man such as telecom, rail, transportation, banking, air travel, etc may become expensive. Whereas small cars, FMCG products, etc may become cheaper.

Television could get cheaper, as part of the Make in India initiative, the GST is expected to be lower.

So at present for Rs.20,000 LED TV you pay around 24.5 per cent tax, shelling out Rs.24,900 eventually. Under GST if it is around let say 18 per cent, it will cost Rs.23,600, thereby bringing the cost down for the consumer.

Buying bags, shoes, electronics goods online will be getting more expensive as the e-commerce industry comes into a tax net and will have to pay tax deducted at source for every purchase from its sellers. So e-commerce companies which will see shrinking of profit margins and increase tax compliance net could slash discounts and freebies that they offer.

It can be concluded that the real success of GST lies on the impact on the common Indian consumer. The essence of GST is that all goods and services be taxed at moderate rate. "One nation, one tax" proves to be a game changer in a positive way and proves to be beneficial not only to the common man, but to the country as a whole. As and when a new law is imposed, it surely leaves its impact especially on the common man. Same applies in case of GST wherein the common man being the final consumer of goods shall be directly affected after introduction of GST. We hope GST leaves a positive impact and helps to boost up the Indian economy and convert India into a unified national market with simplified tax regime. A rising Indian economy will anyways help in the financial growth of the common man !

■■■

*The author is Director at PHD Chamber of Commerce and Industry, New Delhi.
Courtesy: Yojana.*

A man of words, and not of deeds, is like a garden full of weeds. Thinking well is wise, planning well, wiser, doing well wisest and best of all. -Persian Proverb



APPOINTMENTS

- Shri Satyabrata Sahoo, IAS has been appointed as Chairman & Managing Director, Tamil Nadu Industrial Investment Corporation Ltd. {TIIC}, Chennai vice Shri Mohd. Nasimuddin.
- Shri J. Nivas, IAS has been appointed as Vice Chairman & Managing Director, Andhra Pradesh Industrial Infrastructure Corporation {APIIC}, Hyderabad vice Shri B. Sreedhar, IAS
- Smt. Mugdha Sinha, IAS has been appointed as Managing Director, Rajasthan State Industrial Development & Investment Corporation Ltd. {RIICO}, Jaipur vice Shri Vaibhav Galriya, IAS.
- Shri Vikram Kapur, IAS has been appointed as Chairman & Managing Director, Tamil



Nadu Industrial Development Corporation Ltd. {TIDCO}, Chennai vice Shri C.V. Sankar, IAS.

- Shri P.K. Taneja, IAS has been appointed as Managing Director, Gujarat State Financial Corporation {GSFC}, Gandhinagar vice Shri Arvind Agarwal, IAS



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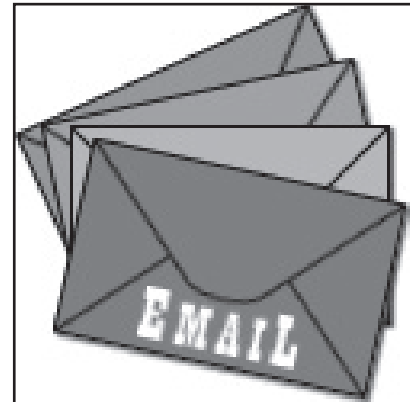


LETTER TO THE EDITOR

Dt. 23/02/2017

Dear Editor,

It is heartening to learn that in order to propagate their endeavours and initiatives, COSIDICI is publishing its bi-monthly magazine titled ~ "COSIDICI COURIER", which contains valuable information pertaining to the various development schemes of different State Corporations for the benefit of potential entrepreneurs. The format of COSIDICI COURIER, bi-monthly Journal is quite eye catching. Moreover, COSIDICI National Awards instituted by COSIDICI for encouraging the 'Outstanding Entrepreneurs' is a laudable initiative.



My hearty congratulations for bringing out the Issue in a creative manner without compromising on the content. My best wishes for the publication of the Journal ~ 'COSIDICI Courier'.

Best Regards,

Yours sincerely,

Sd/-

(Shashank A. Choudhary)

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Hope is wishing for a thing to come true. Faith is believing it will come true. Work is making it come true.-Dr. Norman Vincent Peale



PROFILE OF MEMBER CORPORATIONS

Kerala Financial Corporation (KFC)

Kerala Financial Corporation (KFC) incorporated under the State Financial Corporations Act of 1951, is a trend setter and path breaker in the field of long term finance, playing a major role in the development and industrialization of Kerala.

KFC has 16 Branch Offices with its Head Quarters at Thiruvananthapuram and Zonal Offices at Kozhikode, Ernakulam and Thiruvananthapuram. The provisions of SFCs Act 1951 as amended in 2000 control and guide the functions of Corporation. 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. SFCs Act empowers KFC to formulate suitable loan schemes for achieving the above said objectives. The Corporation gives 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.

Going Forward

KFC has now emerged as a financial supermarket giving the customers a wide range of products and services. Its focus is on the requirements of its customers and to provide the highest levels of service. Besides term loans the Corporation also provides Working Capital 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 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.

Consultancy Division

Profile

KFC aims at enhanced Customer Satisfaction through Professional Management, Team Work



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

Objectives

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 full-fledged, furnished offices with all facilities and manned by professionals, in all the districts of Kerala. A panel of dedicated expert consultants who have spent quality time in India and abroad provide the clients with expert need based consultancy and training programmes.

Mission Statement

The Mission Statement of KFC -Consultancy Division is to become an important partner in its client's growth and to assist them with a Dynamic Expert Consultancy forum tailored to their needs. Management Consultancy will be made easily available to all needy industries/ organisations in Kerala and will provide reliable, fast, effective consultancy services at minimum cost for the clients to achieve high growth, fulfilling their visions and dreams.

Core Areas of Management Consultancy that are being provided :

Industrial Solutions

Valuations of Assets; Appraisal of Project Reports; Operational Analysis of Industries; Preparation of



Project Proposals; Preparation of Rehabilitation Proposals; Winding up proposals.

Financial Solutions

Cost Analysis; Financial Management; Due diligence analysis; Comprehensive Financial Engineering; Operations Research; Analysis and Assessment of Financial Statements; Financial Restructuring; Implementation & Accounting Systems.

Marketing Solutions

Market Potential Assessment; Marketing Strategies & Designs; Communication; Strategies & designs; Marketing Audit & Appraisal; Pricing Strategy; Market Research & Product Launching.

Technology & Manufacturing

Technology Selection; Technology Audit.

Non Profit Sector Management

Supporting the formation and Management of Non-Profit Organisations; Designing and Implementing CSR Strategies.

Man Power Solutions

Search and Recruitment Advice; Placement of Consultants; Placement of Personnel; Manning Cost Preparation; Human Resource Audit.

Training Solutions :

Training for Trainers; Entrepreneur's Training; Financials for Non Finance Persons; Manpower Planning Training; Career Development Training; Organisational Development Training; Better Communication Skills Training; Motivation, Management & Launching Training; Product Positioning Training; Customer Relations Training.

KFC Care

KFC has stepped out from the traditional operational area to the vast arena of corporate social responsibility. It has realized that apart from bringing in progress, prosperity and consequent employment generation through financing the units, there is a social responsibility to take care of the marginalised sections of the society. With this vision KFC has formed KFC-Care (Kerala Financial Corporation - Centre for Assistance and Rehabilitation) a Corporate Social Responsibility Cell, under the Travancore Cochin Literary Scientific and Charitable Society Act 1955. KFC-CARE was inaugurated by Dr. T. M. Thomas Issac, the Hon'ble Finance Minister of Kerala, Thiruvananthapuram on 14th November 2007.

The first venture of KFC-CARE was to help



the mentally challenged children of Bala Vikas, Peroorkara, Thiruvananthapuram by providing them with 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 also 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 KFC's request.

Corporate Social Responsibility

At KFC, it is believed that giving value back to the society is everyone's 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.

In line with the decision of the Government of India to upgrade 1396 Industrial Training Institutes across the country, KFC has taken up the Women's ITI, Kozhikode to make it a Centre of Excellence. KFC is designated as the 'Industry Partner' for this venture and Chairman of the Institutes Management Committee, which oversees matters such as selection of trainees, arranging training for the faculty, appointment of contract / guest faculty, facilitating on the job training, development of curriculum, improving the infra-structure and other such matters it deems essential for the development of the institute. On completion of course, placement assistance will be given to successful students, in the units financed by KFC. KFC will use such accomplishments acquired by it over the past 55 years so as to utilize them for empowering the trainees and make them more employable. ■■■



DO YOU KNOW !

List of Top Search Engines In The World

Google - Google UK - Google Image Search : Google is a search engine that makes heavy use of link popularity as a primary way to rank web sites. Users across the web have in essence voted for good sites by linking to them.

Ask Jeeves - Jeeves For Kids - Ask Jeeves UK : Innovative online search service that processes plain-language queries with surprising accuracy.

Lycos - Lycos UK : Lycos has been around since the early days of the net and is still one of the most popular search engines. The service employs human editors for some of its listings, complemented by crawler-based results. The name Lycos comes from the Latin for "wolf spider."

Alta Vista - Alta Vista UK : An awesome site from Digital, it maintains a HUGE index with powerful and FAST search functions. Coverage is excellent so it is good for broad searching and for offbeat subjects but you can be overwhelmed by too many hits. The Advanced Search is useful for finding images, MP3/audio and video files, and there's the useful Babelfish Translator .

Yahoo! - Yahoo UK : Yahoo is the web's most popular search service and has a well-deserved reputation for helping people find information easily. The secret to Yahoo's success is human beings. It is the largest human-compiled guide to the web, employing 80 or more editors in an effort to categorize the web. Yahoo has at least 1 million sites listed.

MSN (Microsoft) : Microsoft's MSN service features both directory listings and search engine results. Powered by Inktomi, this is now one of the most powerful search engines.

BBC - Search The Web : The BBC's "family friendly" search engine, based on Google search technology. Results are clear, uncluttered,



relevant, and commercial free. "Our results are the ones that best match your search words - not the ones advertisers want you to see." Excellent!

GO Network : Go is the reincarnation of Infoseek, a newly designed site claiming to have enhanced capabilities, with a 50% larger search index and search results pages that are 30% faster. It offers portal features such as personalization and free e-mail.

HotBot : This search engine has a great many loyal fans. It very often comes up with the goods where other engines fail.

Open Directory : NetScape's Open Directory Project aims to build the most comprehensive human-reviewed directory of the web, by relying on a vast army of volunteer editors.

Teoma Search : Teoma, which means "expert" in Gaelic, determines the authority or quality of a site's content, by using Subject-Specific Popularity. Subject-Specific Popularity ranks a site based on the number of same-subject pages that reference it, not just general popularity.

Direct Hit : This Popularity Engine tracks the sites that people actually select from the search results list. By analyzing the activity of millions of previous Internet searchers, Direct Hit determines the most popular and relevant sites for your search request.



Dogpile : Sends a search to a customizable list of search engines, directories and specialty search sites.

Britannica Internet Guide : This site strives to list only the highest quality sites on the Net. It's now integrated into the Britannica.com website, so you get a high-quality search engine and encyclopaedia at the same time.

Go2Net : This is a metacrawler, in other words it searches several other search engines in order to obtain its results. Rapidly gaining in popularity as a web portal.

Alba36.com : A human reviewed searchable directory to over 2700 specialty and regional search engines, vortals, portals, topical guides, specialized directories and the best web sites.

Your WebScout : A popular index of the Net's best Web sites, discussion groups and archives.

Northern Light : A professional researchers' favourite, because it organises material so well by topic. Based in Canada.

BrightGate MetaSearch : Searches over 20 search engines using a parallel metasearch.

NewsBot : HotBot's news-only search service.

UKMax : UKMax allows users to search only pages within the .uk domain or perform a worldwide search. It also offers some directory

listings, regional news content, weather reports, and portal features such as portfolio tracking.

SearchUK : Lists UK-related domains.

Global Online Directory (GOD) : UK based search engine.

GoTo : GoTo is the only major search engine which sells listings. Companies can pay money to be placed higher in the search results, which GoTo feels improves relevancy.

Internet Sleuth : Allows you to search the standard search engine choices or a huge number of specialty sites, all from the same place.

Search Spaniel : This dog sniffs out several of major search engines at the same time, or you can choose to do the same with an extensive list of specialty search services, such as for entertainment or employment information.

BOTBOT.com : BOTBOT parallel search engine and Web Directory - Get multiple results using advanced parallel search technology. Search the Web, News, MP3, Images, Audio, Video and more. Comes up with some good results.

UK Index : Lists sites based in the UK or that are UK-relevant.

HuskySearch : The author of MetaCrawler continues research into information retrieval with this University of Washington-based metacrawler.

■■■

Some temptations come to the industrious, but all temptations attack the idle.-Spurgeon

*Learning is not attained by chance. It must be sought for with ardor and attended to with diligence.-
Abigail Adams*



ECONOMIC SCENE

Economy grew 7.2% in H1

The finance ministry said that the Indian economy grew 7.2% in the first half of the current fiscal, retaining its position as one of the fastest growing major economies in the world. The Ministry, in its year-end review, said that inflation has remained in “comfort zone” during the year with retail and wholesale inflation averaging 5.2% and 2.7%, respectively, in the April-October period. “The stress given to fiscal consolidation through expenditure rationalisation and revenue raising efforts and the focus on administrative measures for cooperative financial governance and also steps towards containing inflation have contributed significantly to macro-economic stability”. The growth rates for agriculture and allied sectors, industry and services sectors during the six-month period are estimated at 2.5%, 5.6%, and 9.2%, respectively.

FDI Grows 27% in April-Oct

Foreign direct investment grew 27% in the first seven months of the fiscal to \$27.82 billion, from \$21.87 billion a year ago. Manufacturing accounted for 41.5% of the total equity inflows into the country during April-October, according to the Department of Industrial Policy and Promotion's year-end review. The government had made a fervent pitch abroad for ‘Make in India’ to make India a manufacturing hub of the world and generate largescale employment. Services, telecom, trading, computer hardware and software and automobiles were among the major sectors that attracted FDI during this period.

In 2015-16, India had received \$55.6 billion through FDI, up 23% over the previous year. The government has been pushing for enhancing ease of doing business and a favourable patent regime to make India an attractive investment destination. DIPP in its review said that trademarks filing have



increased 10% and trademark examination surged 250% during this fiscal till November from a year ago. The allocation for National Industrial Corridor Development & Implementation Trust has been increased to Rs.17,550 crore till March 2022.

World bank projects India's GDP growth at 7% in FY17

The World Bank has projected India's economy to grow at seven per cent in the current financial year, even after taking into account the impact of demonetisation. It stated the impact of demonetisation was for the short term.

India's economy grew at 7.6 per cent in 2015-16 and the World Bank expected the country to return to this growth rate by 2017-18. That way, it slightly cut growth projections for the next financial year by 0.1 percentage points from the 7.7 per cent forecast earlier. However, it raised growth forecasts by 0.1 percentage points for 2018-19 at 7.8 per cent, which it said the country would maintain in 2019-20.

“India's slight growth slowdown (in 2016-17) from the preceding fiscal year reflects the short-term impact of the unexpected exchange of most of the bank notes in circulation. Ongoing weakness in private investment also weighed on activity,” the



multi-lateral agency said in the report, titled 'South Asia Weak Investment in Uncertain Times'.

Forex reserves rise by \$625 m

Forex reserves rose by \$625.5 million to \$360.3 billion in the week ended December 30, the RBI data released in January showed. Foreign exchange reserves had touched a record high of \$371.99 billion at the end of September last year, but have been steadily declining since then.

Forex dealers said the rise was primarily due to depreciating foreign currency assets recouping some of their losses over the previous fortnight. Some of these assets are held by the Reserve Bank of India in the form of sovereign bonds of other countries. Foreign currency assets declined by \$612.4 million, almost as much as the total decline in reserves.

Mumbai zone surpasses service tax collection target at Rs.58,676 crore

The Mumbai zone of service tax department has exceeded revenue collection on y-o-y basis as on December 31 in the current fiscal over the corresponding period of FY16, and has surpassed the target given to it by the Government for the nine-month period. Revenue collection from the zone (April-December) stood at Rs.58,676 crore as on December 31, up Rs.11,331 crore, or 23.9%, from the year-ago's collection of Rs.47,345 crore, according to Service Tax Department data. Moreover, the zone has surpassed the government-set target for the period by Rs.4,725 crore, or 8.8 per cent, for the reporting period. The government had given a revenue collection target to the Zone until December end at Rs.53,952 crore. The zone collected revenue of Rs.58,676 crore during the period. For the current fiscal, the Mumbai zone has been given a revenue collection target of Rs.76,300 crore. Last fiscal, it was Rs.68,714 crore. Thus, the actual increase of target for the Zone over last fiscal's revenue collection is Rs.7,586 crore, an increase of 11%, the data showed. The zone has done well in

service tax collection during December too. Last month, it collected revenue of Rs.7,614 crore, up Rs.969 crore from the year-ago's Rs.6,645 crore, the data said.

Indirect Tax Collections increase by 16.9% in Jan

India's tax collections continued to grow at a healthy rate in January, suggesting that the government is on track to achieve its revised tax target for the current fiscal. The government's net indirect tax collections grew 16.9% year on year in January, with customs, central excise and service tax collections growing 10.1%, 26.3% and 9.4%, respectively, a finance ministry statement said in February.

Net indirect tax collections in the first 10 months of this fiscal stood at Rs.7.03 lakh crore, which is 23.9% more than the net collections a year earlier. The government has targeted gross tax revenues of Rs.17.03 lakh crore for 2016-17. Direct tax collections for the current fiscal up to January have grown 10.8% year on year at Rs.5.82 lakh crore. Corporate income tax grew by 11.7%, while personal income tax by 21.0%. However, after adjusting for refunds, the net growth in corporate income tax collections in the first 10 months of the fiscal is 2.9% while net personal income tax collections have grown 23.1%. Refunds amounting to Rs.1.41 lakh crore have been issued during April 2016-January 2017, which is 41% higher than the refunds issued during the corresponding period last year.

Economic Survey proposes setting up of PARA

To address the twin balance sheet (TBS) problem –overleveraged companies and NPA-encumbered public sector banks – finance ministry's economists in January floated an idea to redeploy the central bank's capital, say about Rs.4 lakh crore, as well as the one-off gains from demonetisation to set up a public sector asset reconstruction company and to recapitalise PSBs.



Taking forward the idea, which was first advocated by the ministry's economists in FY16 Economic Survey, their Survey for FY17 said: "Perhaps it is time to consider a different approach – a centralised Public Sector Asset Rehabilitation Agency (PARA) that could take charge of the largest, most difficult cases, and make politically tough decisions to reduce debt."

For some time, India has been trying to solve its TBS using a decentralised approach, under which banks have been put in charge of the restructuring decisions. But decisive resolutions of the loans, concentrated in the large companies, have eluded successive attempts at reform. The problem has consequently continued to fester: NPAs keep growing, while credit and investment keep falling. The gross NPAs of the PSBs have shot up from Rs.2.77 lakh crore in September 2015 to Rs.5.59 lakh crore at end-June 2016 after RBI's asset quality review guidelines made provisioning mandatory for certain assets. Weak debt servicing capacity of many large corporates pushed the stressed assets (gross NPA and restructured loans) of public sector banks rose which from Rs.7.46 lakh crore (14.62% of gross advances) as on March 2016 to Rs.7.83 lakh crore (15.74%) as on June 2016. As a consequence, lending growth to corporates, seen critical to revive private investment, has turned negative in the last two years.

Private asset reconstruction companies (ARCs) haven't proved any more successful than banks in resolving bad debts. But international experience shows that a professionally-run central agency with government backing – while not without its own difficulties – can overcome the difficulties that have impeded progress, the Survey said, advocating for a PARA. Acknowledging that

capital requirement would be huge to fund a PARA, it suggested that: "The RBI would (in effect) transfer some of the government securities it is currently holding to PSBs and PARA. As a result, the RBI's capital would decrease, while that of the banks and PARA would increase. There would be no implications for monetary policy, since no new money would be created." Citing international precedents such as US Federal Reserve, the Survey noted that the central bank can transfer Rs.4 lakh crore out of its capital (FY16 RBI balance sheet shows Rs.8.8 lakh crore in internal reserves and unrealised gains due to periodic revaluation of gold and foreign currency assets). Its analysis showed that RBI is one of the heavily capitalised central banks in the world.

Eight core industries grow 5.6% in Dec

Eight core industries registered a growth of 5.6% in December 2016 on the back of healthy output recorded by refinery products and steel. The growth rate of eight infrastructure sectors — coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity — was 2.9% in December 2015. It stood at 4.9 per cent in November 2016. The core sectors, which contribute 38% to the total industrial production, expanded 5 per cent in April — December 2016 compared to 2.6% growth in the same period last financial year, according to data released by the commerce and industry ministry on January 31, 2017. Refinery products and steel production jumped 6.4% and 14.9%, respectively during the month under review. However, crude oil, fertiliser, natural gas and cement output reported contraction. Coal output declined by 4.4% in December 2016 from 5.3% in the same month previous year. Similarly, electricity generation too dipped by 6% as compared to 8.8% in December 2015.



If we were supposed to talk more than we listen, we would have two mouths and one ear.-Mark Twain



QUESTIONS OF CYBERQUIZ ~ 64

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



For Answer See Page No. 25



UNION BUDGET AT A GLANCE : 2016-17

The Hon'ble Union Finance Minister, Shri Arun Jaitley, presented the Union Budget for 2017-18 in the Parliament on 1st February, 2017. He reported India's economy has moved on a high growth path. The country's Current Account Deficit declined from about 1% of GDP last year to 0.3% of GDP in the first half of 2016-17. FDI grew 36% in H1 2016-17 over H1 2015-16, despite 5% reduction in global FDI inflows. Foreign exchange reserves have reached 361 billion US Dollars as on 20th January, 2017 and CPI-based inflation declined from 6% in July 2016 to 3.4% in December, 2016. The Government continued on path of fiscal consolidation, without compromising on public investment. The Indian economy has been robust to mild shocks with IMF forecasting India to be one of the fastest growing major economies in 2017.

He further informed that certain transformational reforms like Passage of the Constitution Amendment Bill for GST, Demonetisation of high denomination bank notes, Enactment of the Insolvency and Bankruptcy Code; amendment to the RBI Act for inflation targeting; enactment of the Aadhar bill for disbursement of financial subsidies and benefits have been undertaken by the government.

Also the Budget 2017-18 contains 3 major reforms. First, presentation of Budget advanced to 1st February to enable the Ministries to operationalise all activities from the commencement of the financial year. Second, merger of Railways Budget with General Budget to bring Railways to the centre stage of Government's Fiscal Policy and Third, removal of plan and non-plan classification of expenditure to facilitate a holistic view of allocations for sectors and ministries.

The Honourable Prime Minister on 31st Dec, 2016 had made some announcement which focused on housing for the poor; relief to farmers; credit support to MSMEs; encouragement to digital transactions; assistance to pregnant women and senior citizens; and priority to dalits, tribals, backward classes and women under the Mudra Yojana. These are expected to address key concerns of the economy.

The table below gives estimates and revised figures of revenue and expenditure for the last year i.e. 2016-2017 and the figures proposed for the next 2017-2018 and deficits of revenue, fiscal and primary as percentage of GDP :

S.No.	ITEM	2016-2017 (BE)	2016-2017 (RE)	2017-2018 (BE)
1.	Receipts:			
	(a) Revenue Receipts	1377022	1423562	1515771
	(i) Tax Revenue (Net to Centre)	1054101	1088792	1227014
	(ii) Non-Tax Revenue	322921	334770	288757
	(b) Capital Receipts	601038	590845	630964
	(i) Recoveries of Loans	10634	11071	11932
	(ii) Other Receipts	56500	45500	72500
	(iii) Borrowings and Other Liabilities	533904	534274	546532
	Total Receipts (a) + (b)	1978060	2014407	2146735
2.	Total Expenditure	1978060	2014407	2146735
3.	Revenue Expenditure	1731037	1734560	1836934
4.	Capital Expenditure	247023	279847	309801



5.	Revenue Deficit	354015	310998	321163
		(2.3)	(2.1)	(1.9)
6.	Fiscal Deficit	533904	534274	546532
		(3.5)	(3.5)	(3.2)
7.	Primary Deficit	41234	51205	23454
		(0.3)	(0.3)	(0.1)

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	68	Revenue Expenditure	61
	Excise Duties	14	Defence	9
	Customs Duties	9	Subsidies	10
	Corporate Tax	19	State Share of Taxes and Duties	24
	Income Tax	16	Finance Commission & Other Transfers	5
	Service Tax and Other Taxes	10	Other Non-Plan Expenditure	13
B.	Non-Tax Receipts	32	Capital Expenditure	39
	Borrowing and Other Liabilities	19	Central Plan	11
	Non-Debt Capital Receipts	3	Centrally Sponsored Scheme	10
	Non Tax Revenue	10	Interest	18
	TOTAL	100		100

Highlights of the budget :-

The Agenda for 2017-18 is “Transform, Energise and Clean India” – TEC India which seeks to Transform the quality of governance and quality of life of the people; Energise various sections of society, especially the youth and the vulnerable, and enable them to unleash their true potential; and Clean the country from the evils of corruption, black money and non-transparent political funding.

The budget aims to double the income of farmers in 5 years and provide employment & basic infrastructure in rural India. Its focus is to energise youth through education, skills and jobs. It also seeks to strengthen the systems of social security, health care and affordable housing. Special emphasis would be on building Infrastructure for efficiency, productivity and quality of life.

YOUTH

- Skill Acquisition and Knowledge Awareness for Livelihood Promotion programme

(SANKALP) to be launched at a cost of Rs.4000 crores. SANKALP to market relevant training to 3.5 crore youth.

- Next phase of Skill Strengthening for Industrial Value Enhancement (STRIVE) to be launched in 2017-18 at a cost of Rs.2,200 crores
- A scheme for creating employment in the leather and footwear industries along the lines in Textiles Sector to be launched

INFRASTRUCTURE

- Budget allocation for highways increased from Rs.57,976 crores in BE 2016-17 to Rs.64,900 crores in 2017-18.
- 2,000 kms of coastal connectivity roads identified for construction and development.

FINANCIAL SECTOR

- Foreign Investment Promotion Board to be



abolished in 2017-18 and further liberalisation of FDI policy under consideration.

- Government to put in place a revised mechanism and procedure to ensure time bound listing of identified CPSEs on stock exchanges. The shares of Railway PSEs like IRCTC, IRFC and IRCON to be listed in stock exchanges.
- Proposal to create an integrated public sector 'oil major' which will be able to match the performance of international and domestic private sector oil and gas companies
- In line with the 'Indradhanush' roadmap, Rs.10,000 crores for recapitalisation of Banks provided in 2017-18
- Lending target under Pradhan Mantri Mudra Yojana to be set at Rs.2.44 lakh crores. Priority to Dalits, Tribals, Backward Classes and Women.

DIGITAL ECONOMY

- 125 lakh people have adopted the BHIM app so far. The Government will launch two new schemes to promote the usage of BHIM; these are, Referral Bonus Scheme for individuals and a Cashback Scheme for merchants.
- Aadhar Pay, a merchant version of Aadhar Enabled Payment System, to be launched.
- A Mission will be set up with a target of 2,500 crore digital transactions for 2017-18 through UPI, USSD, Aadhar Pay, IMPS and debit cards.

MEASURES FOR STIMULATING GROWTH

- Concessional withholding rate of 5% charged on interest earned by foreign entities in external commercial borrowings or in bonds and Government securities extended to 30.6.2020.
- For the purpose of carry forward of losses in respect of start-ups, the condition of

continuous holding of 51% of voting rights has been relaxed subject to the condition that the holding of the original promoter/promoters continues. Also the profit (linked deduction) exemption available to the start-ups for 3 years out of 5 years is changed to 3 years out of 7 years

- MAT credit is allowed to be carried forward up to a period of 15 years instead of 10 years at present

Micro, Small And Medium Enterprises

- In order to make MSME companies more viable, income tax for companies with annual turnover upto Rs.50 crore is reduced to 25% from 30%.
- Allowable provision for Non-Performing Asset of Banks increased from 7.5% to 8.5%. Interest taxable on actual receipt instead of accrual basis in respect of NPA accounts of all non-scheduled cooperative banks also to be treated at par with scheduled banks
- Basic customs duty on LNG reduced from 5% to 2.5%

PROMOTING DIGITAL ECONOMY

- Under scheme of presumptive income for small and medium tax payers whose turnover is upto Rs.2 crores, the present, 8% of their turnover which is counted as presumptive income is reduced to 6% in respect of turnover which is by non-cash means
- No transaction above Rs.3 lakh would be permitted in cash subject to certain exceptions

PRUDENT FISCAL MANAGEMENT

- Allocation for Capital expenditure increased by 25.4% over the previous year.
- Total resources to be transferred to the States and the Union Territories with Legislatures is Rs.4.11 lakh crores, against Rs.3.60 lakh crores in BE 2016-17.



- Net market borrowing of Government restricted to Rs.3.48 lakh crores after buyback in 2017-18, lower than Rs.4.25 lakh crores of the previous year.

Mahila Shakti Kendra to be set-up at village level

- Mahila Shakti Kendra to be set-up at village level with an allocation of Rs.500 crores in 14 lakh ICDS Anganwadi Centres. Financial assistance to pregnant women: Rs.6,000 each will be transferred directly to the bank accounts of pregnant women who undergo institutional delivery and vaccinate their children.
- For the welfare of Women and Children under various schemes across all the Ministries allocation increased up from Rs. 1,56,528 crores in BE 2016-17 to Rs. 1,84,632 crores in 2017-18.

Budget Enhancement for Sports

- Budget for sports has been enhanced by 40 per cent since last year.

North Eastern Region in Union Budget 2017-18

- Budget allocation for Ministry of Development of North Eastern Region Ministry (BE 2017-18) increased by 6.2 per cent at Rs.2,682.45 crore against RE of Rs.2,524.42 crore in 2016-17.
- The outlay for NEC has been fixed at Rs.925 crore against the last year's allocation of Rs.800.00 crore (15.63 per cent increase).

PERSONAL INCOME-TAX

- Existing rate of taxation for individual assesses between income of Rs.2.5 lakhs to Rs.5 lakhs reduced to 5% from the present rate of 10%
- Surcharge of 10% of tax payable on categories of individuals whose annual taxable income is between Rs.50 lakhs and Rs. 1 crore
- Simple one-page form to be filed as Income

Tax Return for the category of individuals having taxable income upto Rs.5 lakhs other than business income

GOODS AND SERVICES TAX

- Preparation of IT system for GST is on schedule.
- Extensive reach-out efforts to trade and industry for GST will start from 1st April, 2017 to make them aware of the new taxation system.

RAPID (Revenue, Accountability, Probity, Information and Digitisation)

- Maximise efforts for e-assessment in the coming year.
- Enforcing greater accountability of officers of Tax Department for specific act of commission and omission.

DIRECT TAX

- To provide relief to the small tax payers, tax rate of the slab between Rs.2.5 Lakh to Rs.5 Lakh decreased to 5% from existing rate of 10%. Tax relief of Rs.12,500 for taxpayers having taxable income of Rs.5 lakhs or more.
- Rebate reduced to Rs.2,500 from Rs.5,000 and now applicable to taxpayers having taxable income of up to Rs.3.5 lakh.
- Imposed Surcharge of 10% for taxpayers having income between Rs.50 Lakh to Rs.1 Crore.
- Immovable property to be considered as long term capital asset, if held for more than 24 months.
- Partial withdrawal to the extent of 25% of the contributions to National Pension System (NPS) exempted.
- The following changes made to ensure timely compliance both from taxpayers and the tax officers: Late fee introduced if tax return is not filed within the prescribed due date. Rs.5,000 fee if the tax return



is filed before December of the relevant assessment year and Rs.10,000 in all other cases. In case of income below Rs.5 lakhs, the fee limited to Rs.1,000.

INDIRECT TAX

Custom Duty Reduced on :

- Liquified Natural Gas from BCD@ 5% to 2.5% now
- Machinery required for generation of renewable energy from 10% to 5%
- Parts for use in production of LED lights, lamps etc limited to 5% from current level of 10%
- Nil Duty on Solar tempered glass for use in manufacture of solar cells/panels/modules from 5% as applicable presently, CVD reduced to 6% from current level of 12.5%

Exemption from Customs Duty for :

- Miniaturized POS card reader for m-POS (mobile phones and tablet computer not included)
- Micro ATM as per standards version 1.5.1
- Finger Print Reader / Scanner, and
- Iris Scanner
- Parts and Components for manufacture of above.

Excise Duty increased on :

- Cigars, Cigarettes and other tobacco substitutes. This levy has been increased from Rs.3755 per thousand to Rs.4006 per thousand.
- For Paper Rolled Biris this levy has been increased to Rs.78 per thousand from Rs.21 per thousand presently.

■■■

ANSWERS OF CYBERQUIZ ~ 64

- 1[a] Regular backups.
- 2[b] Manages the use of extended memory.
- 3[b] Wear an ESD wrist strap.
- 4[a] The Manager as the control mechanism.
- 5[a] To build a model of the decision making problem.
- 6[d] Maintenance support may be difficult to obtain for an expert system.
- 7[c] There is no need for an address i.e. the data is used as an address.
- 8[d] Contains a copy of the designated memory location specified by the MAR after a "read" or the new contents of the memory prior to a "write".
- 9[b] Recognition of basic elements and creation of uniform symbols.
- 10[a] Is a program that appears to execute a source program as if it were machine language.



ACTIVITIES OF COSIDICI

COSIDICI National Award function 2017 was held on February 10, 2017 at “Hotel Sayaji”, Indore, Madhya Pradesh to recognise outstanding and meritorious performance of entrepreneurs involved in development of industry. COSIDICI National Award were given to 45 “Outstanding Entrepreneurs” the details of which are as under : -



MPFC in collaboration with COSIDICI presents National Awards Function – 2017

for

“Outstanding Entrepreneurs” Funded By State Level Financial Institutions

(On February 10, 2017 At 07:30 p.m. Hotel Sayaji, Indore)

AFC; Guwahati M/s Maibong Eco Resort



Shri Nripen Nath



- M/s Maibong Eco Resort was set up in Pobitora, Assam by Shri Nripen Nath, a young entrepreneur near Pobitora Wild Life Sanctuary, which is famous for the great Indian One –Horned Rhinoceros and home to more than 2000 migratory birds and various reptiles. A large number of local and foreign tourists from across the globe come to visit the sanctuary. Due to its efficient and good services the Resort has earned a good reputation and enjoys a good occupancy rate. The unit is regular in its repayment schedule.

APSFC, Hyderabad Bharathi Consumer Care Products Pvt. Ltd.



Smt. Parimala Manikvel



M/s Bharathi Consumer Care Products Pvt. Ltd., was established in the year 2009 by Smt. Parimala Manikvel and Sri Arunachalam Manickavel with financial assistance from APSFC, Hyderabad to manufacture detergent cakes. The Company is regular in its repayment schedule and has a good track record. The products are being sold under the Brand names “XXX”, “SAREGAMA” and “DIAMOND” (Blue Diamond, Green Diamond & Pink Diamond) with XXX brand being the most popular one.



DFC; New Delhi M/s Punjab Machine Tools



Shri Jagdeep Singh

M/s Punjab Machine Tools was established in the year 1980 at New Delhi by Shri Jagdeep Singh with financial assistance from Delhi Financial Corporation (DFC), New Delhi. The unit manufactures electrical parts viz electrical lamination and stamping; DOL starter parts; electrical motor starter parts; sheet metal components etc. The unit has advanced production technology and optimally uses the finest grade raw material as well as adherence to quality parameters to ensure their conformity with the international standards.

Advanced equipment and cutting-edge technology help the unit in completing bulk and urgent orders of its clients within the promised time schedule of delivery. Backed by a widespread warehousing facility, the unit is able to store the finished products in safe environmental conditions. This facility is well connected with transport facilities enabling it to deliver the ordered consignment in the minimum possible time.

The products are packed with sturdy and rust and dust proof packaging material ensuring their safety during transportation. Due to client-centric approach, flexible mode of payment and cost effective prices, the unit has established strong base of clients across the nation.

EDC Ltd., Goa M/s Chodankar Nursing Home



Dr. Ravindra G. Chodankar



Chodankar Nursing Home, a 60 bedded Hospital located at Porvorim was promoted by Dr. Ravindra G. Chodankar in 1984 with financial assistance from EDC Ltd. Goa. The hospital is ISO certified and has advanced Operation Theatre with sophisticated equipment of international standards. The hospital also has an associate concern "Goa Scan Centre" (started in 2003) which provides Diagnostic facilities.

The hospital extends routine and super specialty treatment in all the branches of medicine and has a well developed ICU / NICU managed by a team of dedicated doctors. The hospital has a well developed support infrastructure like Pharmacy, superstore and hotels around the area for the relatives coming from distant places and other states. Its canteen provides all the necessary requirements to patients and their relatives.

The Scan Centre is equipped with CT Scanner; MRI machine and Doppler machine. Dr. Chodankar had availed loan assistance of Rs.100.00 lakh from EDC Ltd. for the hospital which has been repaid. Additional loan assistance of Rs. 264.00 lakh was availed from EDC Ltd. in 2014 for setting up the Scan Centre. Both the hospital and the Scan Centre enjoy a good reputation and are growing rapidly.

EDC Ltd., Goa M/s Cyratron Techmation & Oilex Systems Pvt. Ltd. (CTOS)



Mr. Cyril Pereira



M/s Cyratron Techmation & Oilex Systems Pvt. Ltd. (CTOS) is an Indo-German Joint Venture with eh-Electronics GmbH Hanover – Germany. The company was promoted by Mr. Cyril Pereira in the oil exploration sector in the year 1986 with financial assistance from EDC Ltd., Goa. It initially started providing Mud Logging services to ONGC by undertaking operations in the NRBC region in Jammu for their very deep and highly complex exploratory wells. The company has about 30 years experience in the field of Mud Logging and has produced about 800 wells incorporating all the latest real time online technologies adhering to DNV safety norms compliance.

The state-of-art 5,000m² facilities at Goa encompass Manufacturing (Mechanical & Electronics), Corporate Offices, R & D Centre and Software Development Center employing around 50 Instrumentation, Electronics, Mechanical, Petroleum Engineers, Geologists and Software Professionals. The company has a strong base in the development of embedded software for any kind of application. It is an established manufacturer of Process Control Systems, Instrumentation accessories for the Process Industry and Mud Logging / Hydrocarbon analysis, Rig Instrumentation for Oil Exploration and provides services to the European Union and US. Some of its clients in the country are Gujarat State Petroleum Corporation Ltd., ONGC Mumbai, Adani Welspun Exploration Ltd., Jubilant Oil & Gas Pvt Ltd.

EDC Ltd., Goa Gulf Goans Hotels Company Pvt. Ltd.



Directors of Gulf Goans
Hotels Company Pvt. Ltd



M/s Gulf Goans Hotels Company Pvt. Limited was established in the year 1979 by Shri Antonio A. Correia with financial assistance from EDC Ltd., Goa. Hotel Goan Heritage is located in Calangute on the beach front. This 3 star hotel has 66 deluxe and 9 suite rooms, swimming pool, wellness centre and facilities for conferences and weddings. The hotel is spread over an area of about 12,000 m² and employs around 145 persons. Due to maintaining the highest standards in the hospitality industry the hotel has achieved an average occupancy rate of over 70 % and is patronised by both national and international tourists.

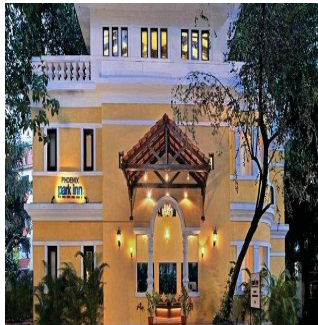
The company posted a turnover of Rs.804.59 lakh in 2016 and has won many awards for hospitality viz. Silver – Customers Choice Award 2014/15 from Apollo Travel Group; Holiday Award from Holiday IQ in 2016 and Certificate of Excellence for 2012 & 2013 from Trip advisor. The management has again approached EDC to finance their expansion plans wherein the hotel room capacity will be increased by 35 rooms and the facility upgraded to 5 star.



EDC Ltd., Goa M/s Phoenix Park Inn Resort



Dr. Prafulla R. Hede



Shri Samit Hede

M/s Phoenix Park Inn Resort located in Candolim, along the coastal belt of North Goa was setup by Dr. Prafulla R. Hede and Shri Samit Hede in the year 2003 with financial assistance from EDC Limited, Goa. It initially had 58 rooms. Subsequently rooms were added in phases along with other facilities and restaurants. The expansion/renovation plans have also been financed by EDC Limited and the present room inventory is 128 rooms. The Resort has neo-colonial style setting and was built under technical collaboration of Carlson Rezidor Hotels (A premier International Brand) and managed by Sarovar Hotels & Resorts. It has achieved high occupancy rate with an overall average year round occupancy of about 85%.

KFC, Thiruvananthapuram M/s Era Doors



Shri Rejeesh Puchali



Shri Rejeesh Puchali set up M/s Era Doors to manufacture Panel Doors with financial assistance from Kerala Financial Corporation (KFC) Thiruvananthapuram. The unit is prompt in its repayment schedule. The quality of the product has been much appreciated. Shri Puchali is relentless in his pursuit of improving the quality of the Panel Doors. As a result the unit has been awarded ISO 9001-2008 certification.

KFC, Thiruvananthapuram M/s Black Diamond Rock products

M/s Black Diamond Rock Products was founded by Shri George V. Mangaly in the year 2013 in Ernakulam district with financial assistance from Kerala Financial Corporation (KFC) Thiruvananthapuram with the vision of providing superior quality manufactured sand, produced in compliance with the highest standards of sustainable manufacturing. Due to fast growing construction industry, the demand for sand has increased tremendously, causing deficiency of suitable river sand in most parts of the world. An alternative solution to the depleting river sand is manufactured sand (M- sand) procured from the crushed remains of quarry stone. The state of the art Black Diamond Facility can manufacture up to 200 tonnes of rock products per hour. Manufactured sand is not only a viable alternative to natural sand, but is superior in many ways. River sand is not graded properly and has excessive silt and organic impurities like coal, bones, shells and mica. These can be detrimental to durability of steel and concrete, whereas manufactured sand is properly washed sand to reduce any impurities, which in turn strengthens the cement's properties in concreting. Also, Mortars with M-sand exhibit better workability and water retention characteristics.



KSFC; Bangalore M/s Bharthi Associates



Smt. Amoolya V



Smt. Amoolya V established M/s Bharthi Associates in Hassan (Karnataka) in the year 1994 with financial assistance from Karnataka State Financial Corporation (KSFC) Bangalore. The unit is engaged in Vegetable Processing and is one of the major producer of pickled gherkins in India. It is a major exporter to USA, France, Germany, Holland, Australia, Russia. Their products are Gherkins processed in Barrels, pickled gherkins in glass bars, Gherkins in Tins; Baby Corn in Jars, Tins, Barrels; Cherry Tomato in Jars, Tins. Its turnover is Rs.35.67 crore. The unit is equipped with State of the art infrastructure and is certified by the Dutch National Board of Exports HACCP. It has received certificates from International Food Safety Standards & British Retail Consortium.

M/s Bharthi Associates has been conferred with the Best District Exporter Award since the past 10 years by Vishweshwaraiah Trade Promotion Centre, Government of Karnataka.

KSFC; Bangalore M/s Coorg Cliffs Resorts India (P) Ltd.



Shri T.T. John



- M/s. Coorg Cliffs Resort India (P) Ltd., was established by Shri T.T. John in Madikeri, Karnataka in the year 2013 with financial assistance from Karnataka State Financial Corporation (KSFC), Bangalore. Madikeri being the most popular tourist location in the District caters to both the corporate sector as well as individuals.

KSFC; Bangalore M/s Deccan Hydraulics Pvt. Ltd.



Shri B G Ramakrishnappa



Shri B G Ramakrishnappa, established M/s Deccan Hydraulics Pvt. Ltd., Kolar District Karnataka with financial assistance from Karnataka State Financial Corporation (KSFC) in the year 1992. The unit is a pioneer in manufacture of Hydraulic Equipment like Hydraulic Cylinders, Checkvalves, CNG Carburetors, Fuel Tanks, Hydraulic tanks, Tubular Structures etc. The firm had taken 17 loans aggregating to Rs.13.62 crore from KSFC over the years. It has been prompt and regular in repayment. The unit has achieved a turnover of Rs.33.71 crore. Some of its clients include Valvo, TATA Motors, Daimler, Ashok Leyland, Asia motor Works, BEML, KIPT etc. The firm exports hydraulic Equipments to USA, France, Italy, Sweden.

M/s. Deccan Hydraulics an Engineering unit is a pioneer in manufacturing Hydraulic equipment. For its outstanding performance the unit has been conferred with State Level Export Award for 2006-07, 2007-08 & 2008-09. It has also received the National Export Award-as Star Performer Award - 2013-14.

KSFC; Bangalore M/s Dharani Pipes Pvt. Ltd.



Shri Basavaraj S Dambal



- Shri Basavaraj S Dambal established M/s Dharani Pipes Pvt. Ltd. in Koppal, Karnataka in the year 1991. The Unit is engaged in manufacture of PVC Rigid Pipes & Allied Pipes. The unit availed of a loan aggregating Rs.3.67 crore from Karnataka State Financial Corporation (KSFC) Bangalore. The Company supplies to local and surrounding districts and has excellent network of marketing due to which it has already achieved a turnover of Rs.12.21 crore.



KSFC; Bangalore M/s Karnataka Engineering Works



Shri Mohammad
Ilyas Savanur



Shri Mohammad Ilyas Savanur established M/s Karnataka Engineering Works in Hubli, Karnataka in the year 2016 with financial assistance from Karnataka State Financial Corporation (KSFC). The unit is engaged in manufacture of Bodybar building & Engineering Works. The unit has availed of an aggregate loan of Rs.1.6 crore and has already achieved a turnover of Rs.6 crore due to the good quality of the products. Some of its clients include Mohan Travels, Kolhapur; Koduskar Motors, Kolhapur; and Astavinayak, Pune.

KSFC; Bangalore M/s Madhuban Industries



Smt. Swarooparani S Happalad



- Smt. Swarooparani S Happalad set up M/s Madhuban Industries at Dharwad, Karnataka in the year 2012 with financial assistance from Karnataka State Financial Corporation (KSFC) Bangalore. The Promoter started her career in seed processing industry and later set up a Solar Plant. Its main client is M/s.Hubli Electricity Supply Ltd., Hubli.

KSFC; Bangalore M/s Phoenix Products



Shri Sameer S. Kanabargi



M/s Phoenix Products was established in the year 1992 with financial assistance from Karnataka State Financial Corporation (KSFC) Bangalore. The unit is engaged in manufacture of Non Farm Rural Equipments & Biomass Based Energy efficient devices (Water Heaters, Charcoal Cooker, Three Pan Cook Stoves, Dosa Tava, Biomass Driers, Gasifiers etc. which are commercially viable.

The promoter Shri Sameer S. Kanabargi, believes in making biomass energy as a primary fuel source to replace fossil fuels as well as increase the use of local resources of renewable energy efficiently. Biomass fuels provide a sustainable renewable energy source; are energy efficient; their cost is less and they reduce pollution. The unit has introduced many innovative features in its products which are easy to maintain even at rural levels. Some of their associates are Technology Informatics & Design Endeavour - (TIDE) Bangalore; Indian Institute of Science - (IISC) Bangalore; The Energy and Resources Institute - (TERI); TOOL - Netherlands etc.

The unit has received award as "BEST TINY INDUSTRY" from Directorate of Industries & Commerce. The unit has a well defined quality control policy and procures the best raw materials, testing them at every stage of production, maintaining international quality standards, and delivering the products to the clients on-time. The unit also provides technical assistance for after sales service.

KSFC; Bangalore M/s Sea Shell Plastics



Shri Subramanya



- Shri Subramanya established M/s Sea Shell Plastics in the year 1997 with financial assistance from Karnataka State Financial Corporation (KSFC) Bangalore. The unit is a specialised manufacturer of Blow & Injection Moulded Plastic Components & Packaging Containers, Closures, Measuring Cups, Applicators etc. The unit took loans aggregating Rs.2.02 crore from KSFC. Its clients include M/s Himalaya Drug Co., Bangalore; M/s Bal Pharma Pvt.Ltd., Bangalore; M/s Mysore Paints & Varnish Pvt. Ltd., Bangalore; M/s.Natural Remedies Pvt. Ltd., Bangalore; Karnataka Soaps & Detergent Ltd. Bangalore. The unit is exporting its products to the Gulf Country viz to BLCSC, Dubai. The turnover of the company is Rs.11 crore now.



KSFC; Bangalore M/s Sri G. Balraj



Shri G. Balraj



- Shri G. Balraj started a proprietary concern under his own name in 1980 in Mangalore, Karnataka. The concern is engaged in the activities of Road Construction. Over the years Sri G. Balraj took loans aggregating Rs.4 crore from Karnataka State Financial Corporation (KSFC) Bangalore. Over time he has established himself as one of the leading Class-I contractor in Dakshina Kannada. His major contribution is building of Roads and Industrial Layouts. He has built roads for National Highway Department, Public Works Department, Zilla Panchayath & Mangalore City Corporation and has achieved a turnover of Rs.17.22 crore.

KSFC; Bangalore M/s Sri Venkateshwar Engineering Works



Shri C. Venkatesh Naik



- Shri C. Venkatesh Naik, established M/s Sri Venkateshwar Engineering Works in Davangere District, Karnataka in the year 2015. The firm is engaged in manufacture of Agricultural implements & General Fabrication Works. He took financial assistance of Rs.1.30 crore from Karnataka State Financial Corporation (KSFC) Bangalore under interest subsidy scheme of GoK for SC/ST entrepreneurs. The products of the unit enjoy a good reputation in the market. The unit has already achieved a turnover of Rs.2.44 crore.

MPFC; Indore M/s Aaron Hotels Private



Smt. Uma Devi Jadhav

- Smt. Uma Devi Jadhav with her husband Shri Dhananjay Deorao Jadhav, in February 2009 incorporated M/s Aaron Hotels Private to carry out the business of Hotels and Restaurants. The promoters belong to a royal family. They have a well maintained heritage ancestral building at Gwalior "DEO BAGH" which they decided to convert into a heritage hotel. The building is around 100 years old and has heritage construction of Baradari and Dalaan. The company renovated the property with financial assistance from Madhya Pradesh Financial Corporation (MPFC). The property has 16 rooms with all the amenities. An agreement was entered into with M/s Neemrana Hotels Pvt. Ltd. to market and operate the hotel.
- The "Deo Bagh" was classified as a "Heritage Classic Hotel" in the year 2016. Any new construction has been done to match the design of the old. This is one of the only two hotels in the Madhya Pradesh in heritage category. It is surrounded by orchards and is a verdant paradise in the middle of the city. In her interview with "HI BLITZ" Smt. Uma Devi said that "Civilisation is not just about creating new high rise buildings. It is equally about the way a particular society or people treat their ageing population and how they preserve their old buildings, traditions and heritage. We saw no other way to preserve this family heritage than to convert it into a lovely hotel. If we had not committed to this, the place would have got sold".

MPFC; INDORE M/s Camping Retreats of India Pvt. Ltd.



Shri Gajendra Singh Rathore



- M/s Camping Retreats of India Pvt. Ltd. was promoted by Shri Gajendra Singh Rathore and Shri Surendra Singh Shekhawat in the year 2007 with financial assistance from MPFC. It runs Tiger Balloon Safaris and is authorized by DGCA (Directorate General of Civil Aviation) to carry out the activity of Hot Air Ballooning on a commercial basis.
- The Company has successfully completed more than 5 years of commercial operations with more than 5,000 highly satisfied passengers who have carried back memories of a lifetime. The company's primary base of operations is at Pench, Madhya Pradesh. However, it has been licensed to fly all over India. Its fleet of balloons have been approved and registered with the DGCA. Maintenance and operations of these are all done in-house.
- M/s Camping Retreats of India Pvt. Ltd. has organized many Festivals for State Tourism Departments viz yearly Jal Mahostav festival at Hanwantya, Madhya Pradesh; Bhoj Festival, Bhopal, Madhya Pradesh; Rann Utsav, Gujarat; Taj Balloon Festival, Agra; Tamil Nadu International Balloon Festival, Pollachi; Hot Air Ballooning in Goa.



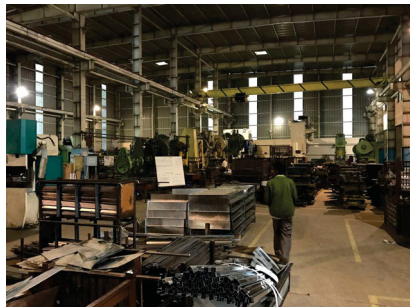
MPFC; Indore M/s CP Industries



Shri Chironji Lal Shivhare

- Shri Chironji Lal Shivhare aged 66 years is a successful industrialist. He started his career at the age of 10 by devoting time to the family business of Wheat Trade & at the age of 20 became an owner of two shops engaged in Wheat Trade activity. In 1971 he started an Oil Mill at Micro Level at Hazira, Gwalior. From 1974 to 1988 he worked as commission agent for grains (Mustard, Wheat etc.). In 1988 he started Oil Trade Business after getting adequate experience in Mustard & Oil Trade.
- In the year 1990 he purchased a sick unit of MPFC situated in Industrial Area, Maharajpura, Gwalior and established an oil mill there. The unit was started with 1 Expeller. The products of the market got good response. For further expansion Madhya Pradesh Financial Corporation provided financial assistance. The loans were paid in time. The unit flourished & now 15 heavy duty oil expellers & 210 Kohlus. The unit has been awarded with ISI Mark. It has got a regular order from Adani Group for manufacturing the product under their brand name. The present turnover of the unit is approx. Rs.100.00 Crore.
- Shri Chironji Lal Shivhare is involved in many philanthropic activities like distribution of free food to approx. 200 persons daily. He has also started an Old Age Home. In 2013 he got the 'Entrepreneurs Excellence Award' from Gwalior Management Association, Gwalior.

MPFC; Indore M/s Galaxy Components Pvt. Ltd. M/s Sadashiv Engineers P.Ltd



- M/s Galaxy Components (P) Ltd Company was established by Shri Sudhanshu Sharma a first generation entrepreneur in the year 1991 to manufacture of Sheet Metal, Fabricated & Machined items etc. for the various Auto mobile units in and around Pithampur with financial assistance from Madhya Pradesh Financial Corporation.
- Its clients include M/s VE Commercial Vehicles; Tafe Tractors & Motors Ltd.; Mahindra & Mahindra etc. The company has developed various auto components for VECV for their New vehicles and has won the ancillary awards from M/s Volvo Eicher Comm Vehicles Ltd & Tafe Tractors Ltd.
- Due to demand for the unit's products Mr. Sharma set up another unit viz. M/s Sadashiv Engineers P. Ltd in the year 2001 with financial assistance of MPFC which also supplies components to VECV Bus Plant as well as to Force Motors Ltd. Both the units are ISO/TS 16949 and ISO 14001 certified and generating profit continuously. The turnover for the year 2015-16 was at Rs.26.92 crore for Galaxy Components & Rs.11.56 crore for Sadashiv Engineers P. Ltd.

MPFC; Indore M/s Kanchan Precisions Pvt. Ltd.



Shri Rajesh Rath



- M/s Kanchan Precisions Pvt. Ltd., a Private Limited Company was incorporated in the year 1992 by Shri Rajesh Rath to manufacture automobile components with financial assistance from Madhya Pradesh Financial Corporation (MPFC). The unit is located Pithampur.
- The company is doing job-work of machining for major automobile companies viz. M/s Avtec Ltd.; M/s Man Force Trucks Ltd. & M/s Mahindra 2 Wheelers Ltd.
- This job requires high precision and accuracy in its dimensions and specifications. Presently, the company has 58 CNC Lathe machines and 21 VMC machines alongwith other equipment. Due to high demand, Shri Rath set up another machine tool shop viz Shri Sai Enterprises in Pithampur. The company is regular in its repayment schedule. The company has been awarded with Udyog Ratna from Central Government.

MPFC; Indore M/s Krishna Belts Pvt Ltd



Shri Deepak Himmatramka,



- Shri Deepak Himmatramka, established M/s Krishna Belts Pvt. Ltd. at Saunsar, Chindwara in the year 2008-09 with financial assistance of Rs. 750.00 lacs from the Madhya Pradesh Financial Corporation. The company is engaged in manufacture of conveyor belts of different dimensions. The belts are used in various large scale industries, public and private companies which are mostly engaged in mining, production of power, cement, fertilizers. The unit started its commercial production in the first half of 2009 and is running successfully. Within two years, it started exporting its products to Ghana, Australia and UK. The domestic buyers include M/s Bhilai Steel Plant, M/s Lafarge India Pvt. Ltd., M/s JSW Ispat Ltd., M/s ACB India Ltd. and M/s Ultratech Cement Ltd., etc.
- The products enjoy a very good reputation. For expansion more loan amounting to Rs.9050.00 lacs was taken from MPFC. The unit is regular in its repayment to the Corporation.



MPFC; Indore M/s Manish Traders



Shri Manish Agrawal



- Shri Manish Agrawal a first generation entrepreneur established M/s Manish Traders in the year 2000 to manufacture exercise and other note books. He established a comprehensive market in and around Mahakaushal region. With financial assistance under Small Loan Scheme in the year 2009 from Madhya Pradesh Financial Corporation he set up a printing business which has progressed tremendously. Later he expanded with further assistance from MPFC. The installed capacity has grown from 450 MT per annum to 1650 MT per annum. He prints Examination Answer Sheets for universities; Calenders printing & binding; Binding of School Books for govt. of MP; Binding of Railway Time Table for West Central Railway; Note Books and Graphs books.
- The turnover of the unit has increased from Rs. 26.20 lacs in the year 2008 to Rs.3.36 crore in the year 2015-2016. Direct employment has been provided to 30 persons.

MPFC; Indore M/s Meenesh Irrigation India Pvt. Ltd.



- M/s Meenesh Irrigation India Private Limited was established by Shri Hari Singh Meena and his younger brother Shri M.K. Meena in the year 2012 with financial assistance from Madhya Pradesh Financial Corporation. This company traded in HDPE, PVC, LLDPE pipes, drip lines and Agriculture Inputs with sprinkler and new generation irrigation system.
- In the year 2016 Meenesh Irrigation started manufacturing and marketing the best quality and highly advanced irrigation equipment, pipes and fittings with its own brand name OSHNIC which has received ISI Certification.
- Shri Hari Singh Meena works hard to provide the highly innovative and best quality products to farmers as he always says "per drop more crops". The turnover of the Company increased from Rs.2.14 crore in 2014-15 to Rs.5.23 crore in 2015-16. His future plans are to have a Pan India presence for his products.

MPFC; Indore M/s Krasoma Biochem Pvt. Ltd.

- M/s Krasoma Biochem Private Limited was established in the year 2006 at Pithampur by Shri Kamal Shyamsukha & Shri Ravi Shyamsukha to manufacture water treatment chemicals with financial assistance from Madhya Pradesh Financial Corporation.
- The unit utilises the Waste generated by Iron and Steel Industry and converting it to an environment friendly product. The recycled product is sold globally. The Company has set up another facility at Howrah. During the last 5 years its turnover has increased from Rs.13.70 Crore in the year 2011 to Rs.126.54 Crore in the year 2016. The company also has plants in Central and Eastern India to manufacture Ferric Chloride solution—an import substitute.
- The company has received The Environmental Award (Paryavaran Puruskar) for the year 2012-2013 from MP State Pollution control Board. It has also been awarded ISO 9001:2008 and ISO 14001:2004 certification. It is the only Company in India authorised by Central Pollution Control Board for manufacture of Ferric Chloride solution. The unit is regular in its repayment schedule.

MPFC; Indore M/s Prem Textiles (International) Pvt. Ltd.

- M/S Prem Textiles (International) Pvt. Ltd. Company-a textile processing unit was incorporated in the year 2006 by Shri Subhash Jain with financial assistance from MPFC. PTIPL is 100% export oriented organisation running its manufacturing activity mainly at Indore and nearby Barwaha close to the proximity of cotton belt. It exports to Germany, Australia, USA, Italy, Sweden, Hongkong, Switzerland, Poland and also to worldwide companies like Disney, Wal-Mart.
- The company is a composite textiles organisation in which entire manufacturing activities i.e. from cotton to yarn, sizing of yarn, dyeing, bleaching, printing and processing, cutting stitching and export of made up articles are done in house. It has 100 projectile looms and machines with latest technology.
- The unit is environment friendly and has reduced its consumption of coal. With the help of modern technology adopted by the plant, treatment of effluent water is carried out.

MPFC; Indore M/s Shripaper Product Indore Pvt. Ltd.



- M/s Shripaper Product Indore Pvt. Ltd. was incorporated by Shri Bhagwandas Patel and his partners in the year 2010 to manufacture Kraft Paper by recycle of waste with financial assistance of Rs. 10.00 crores from the Madhya Pradesh Financial Corporation. The project was implemented well on time and started its commercial production in the month of February 2013 with the installed capacity of 50TPD. It utilized 60% of its installed capacity in the first year of its operations. The company from the initial year of operation has posted profit and has achieved a turnover of Rs. 50.46 crore in the FY 2015-16. The product enjoys a good reputation in the market. The unit has recently expanded its capacity and doubled it to 36000 MT.



MPFC; Indore M/s Simran Industries



Shri Dheeraj Goel



- Shri Dheeraj Goel, a first generation Entrepreneur set up M/s Simran Industries in the year 2014 with Partner Mr. Suresh Goel and Partner Mr. Dheeraj Goel with financial assistance from Madhya Pradesh Financial Corporation (MPFC). It manufactures Decorative Laminates and has had a good response from the market which is spread across the country.
- M/s Simran Industries has become a name to be reckoned with for quality as well as timely delivery. It manufactures about 1,00,000 sheets/month and has achieved a turnover of around Rs.15cr in 2 years.

MPFC; Indore M/s Zazen Industries



- Shri Prateek Jain a young first Generation entrepreneur established M/s Zazen Industries in 2012 for manufacture of Bottles/Jars at Rajgarh with financial assistance from Madhya Pradesh Financial Corporation.
- The business grew steadily and he took an additional loan from MPFC in 2014. He then started a trading business for trade of household products like buckets, pipes, mugs, etc. By March 2016, the turnover of Zazen Industries was Rs. 65.00 lacs.
- Now, Zazen Industries has 4 wholesale dealers and 110 buyers. The Unit also sells its products to other different states such as Chhattisgarh, U.P, Maharashtra, Kerala, Rajasthan.

PIPDIC, Pondicherry M/s Chemin Controls & Instrumentation P. Ltd.



Shri Rangaraj Ragu

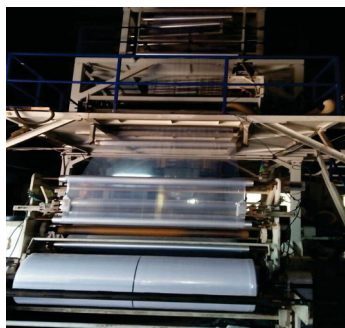


- Shri R. Ragu is the Executive Director of M/s Chemin Controls & Instrumentation Pvt. Ltd., an organization offering expert services in the field of Control & Instrumentation which has been established on land developed by PIPDIC, Pondicherry. He joined Chemin C & I in the year 2002. Currently the company has a turnover of Rs.30 crores and target for the year 2016-2017 is Rs.80 crores. With a vision to reach Rs.100 crores turnover within the next five years, Shri Ragu has started two new Divisions in the company: 1) Chemin Solar & Infrastructure division focusing mainly on pre-engineered, pre-fabricated and dismantable houses, Site Offices, Kiosks, Laboratories etc. with or without solar power; and 2) Automation division which has tied up with Yokogawa for their products as channel partner and with Rockwell automation as their system integrator. The unit is also exporting its products and services. Shri Ragu is passionate about creating and developing his unit as environment friendly.
- Chemin C & I is an ISO 9001:2008, EMS 14001:2004 & OHSAS 18001:2007 certified company and is a recipient of many awards. Its CSR activities include manufacture of pre-engineered and pre-fabricated toilet blocks and their installation in about 60 Schools in Bihar State as a support to NTPC's CSR activities; development of a Green Belt Area in the Industrial Estate; Rain water harvesting implemented in 4 locations in the country.

PIPDIC, Pondicherry M/s Muthu Food Films



Shri V. Pethaperumal



- M/s Muthu Food Films was established by Shri V. Pethaperumal in Pondicherry with financial assistance from Pondicherry Industrial Promotion Development & Inv. Corp. Ltd. (PIPDIC) and is one of their good borrowers for the past 18 years. The unit manufactures Polythene Films which are used for packaging food products such as Milk, Oil, Spices, finds application in agriculture as mulch film and greenhouse films. It is also widely used to manufacture Tarpaulins for Trucks and for Human Shelters.
- Shri Pethaperumal is also actively involved in social work. He supports mass movements to create awareness amongst Women & Youth; support of environment friendly programs/Industries; promotion of Self-Help Groups (SHGs) for women; and support of entrepreneurship development programs to generate employment in private sector and small and medium enterprises (SMEs).



PIPDIC, Pondicherry M/s Vcare Pharcos



Mrs. E Carolin Praba



- A first generation woman entrepreneur, Mrs. E Carolin Praba is the Founder & Chairman of VCARE group and is the first Trichologist of South India. She established the unit with financial assistance from PIPDIC on land also developed by PIPDIC. Subsequently the company is being given merit loans for further development and diversification. She has done her Certification in Trichology from International association of Trichologists, Australia and became the 6th successful trichologist of India & 1st Woman Trichologist of India. She started Praba's V Care Health Clinic Pvt. Ltd. in the year 2004, first in Chennai for providing treatment for major hair related problems.
- The group has established a state of art manufacturing facility "VCARE PHARCOS" at Pondicherry in the year 2008. In 2009 she established V Care Herbal Concepts Pvt Ltd, the marketing & Distribution division of Vcare Products like Vcare Shampoo Hair Color, Vcare Shikakai paste, Vcare Herbal Hair oil, Vcare gold soap etc.
- Mrs. Praba has co-authored two international presentations on "Asian Hair Disorders" & "Hyper pigmentation" presented at 11th Asian Societies of Cosmetic Scientists Conference at Bali, Indonesia. VCare has focused on the Training and development of its employees' skills, knowledge and attitudes with a view to enhance organisational effectiveness. VCare has been conferred with ISO 9001: 2015, GMP (Good Manufacturing practice) and ISO 9001: 22716 certifications.
- The company has been conferred with "International Quality Summit Award" by Business Initiatives Directions, Spain. The Star Group conferred "Women Entrepreneur Achievers Award" on her. CSR activities include Ms. Reddy's establishment of charitable trust called "Vcare Health & Education Trust" and an Old Age home at Pattur, Tamilnadu & Educational Trust in the name of Vcare Health Education Propagation & Development Trust.

RFC; Jaipur M/s C&I Callibrations Pvt. Ltd.



Shri Ashok Patni



- Shri Ashok Patni established a small scale unit M/s C&I Callibrations Pvt. Ltd. at Kota in the year 1999 with Micro Investment and Finance from Rajasthan Financial Corporation. The unit was set up for Testing and Calibration of instruments of "Electro-Technical, Mechanical, Fluid Flow, Thermal Fields." M/s C&I Callibrations Pvt. Ltd. got approval from NABL (National Physical Laboratory), New Delhi for accreditation in the year 2000 and is accredited with as NABL ISO/IEC : 17025-2005 certification. Its Calibration & Testing Laboratory is ISO 9001 certified.
- The unit has gained good reputation all over the country and has approx 1000 clients in Rajasthan, Madhya Pradesh, Gujarat, Haryana, Punjab, and Maharashtra for 'on-site' Testing of Instruments. Its turnover in the Financial Year 2015-16 was Rs.344.58 Lacs. Shri Patni has recently been conferred with Dr. APJ Abdul Kalam Gold Medal Award 2016.
- Shri Patni has published many papers related to environment conservation: Sustainable Management and Conservation of Water Resources; Novel Treatment Process for Dyeing Industries Waste Water and Recycling; A Green Approach to Treat Effluents; and has published a patent on — A Process for treating dye house waste water for reclamation and reuse.

RFC, Jaipur M/s Shakti Scouring & Milling Mills



Shri Shanti Lal Bothra

- Shri Shanti Lal Bothra set up M/s Shakti Scouring & Milling Mills in the year 1981 in Bikaner with financial assistance from RFC, Jaipur. The unit is engaged in the activity of Manufacturing and Processing Carpet Woollen yarn. Shri Bothra has been nominated by the State Government as "Member of the District Industrial Advisory Committee, Bikaner". He is also the founder of SRM Bothra Girls College which was set up in the year 2006. Shri Bothra was honoured by Bikaner Municipal Corporation on Republic Day 2017 for his outstanding social work.

TIIC, Chennai M/s Advance Fine Materials



- Shri S. J. Shankar, established M/s Advance Fine Materials in the year 2014 with financial assistance from TIIC, Chennai. The unit is engaged in the manufacture of Metal Powder. Further expansion was undertaken during the year 2015. The sales turnover during the first half of this year is Rs.1.17 crore and is expected to be around Rs.3.15 crore by year end.
- The unit has export orders of Rs.4.50 crores out of which orders worth Rs.2.50 crore have already been executed. Export sales are around 75% of the total turnover. The future plans are to increase the turnover to Rs.12 crore in the next 2 years.



TIIC, Chennai M/s Guru Scans



Dr. S. Ismail Chelladurai



- Dr. S. Ismail Chelladurai, a first generation entrepreneur; established Guru Scans in Nagercoil, Tamilnadu in the year 1983 with Financial Assistance from TIIC. The unit is engaged in providing high quality diagnostic radiology like Advanced Multislice Computed Tomography (CT); Ultrasonography; Colour Doppler Scans etc.. It has been registered as partnership firm in the year 2012 with partners (1) Dr. S. Ismail chelladurai (2) Dr. I. Prem Solomon and (3) Mrs. Malar Chelladurai.
- M/s Guru Scans has lately obtained assistance from TIIC of Rs. 1.15 crore for advanced equipment. Its yearly turnover is around Rs. 2.00 crore. The unit is prompt in its repayment.

TIIC, Chennai M/s Genau Extrusions Ltd.,



Shri A.K. Venkatasamy



- M/s Genau Extrusions Limited, established in the year 1995 by Shri A.K. Venkatasamy, manufactures near net shape or net shape components using Cold Forming/ Extrusion technology. It is located in Hosur, Tamilnadu.
- The Company is associated with TIIC since the year 2007 and the account is classified under standard category. It is an ISO/TS16949:2009 certified company. The unit recorded a sales turnover of Rs.42 crore in the year 2015-2016. Exports are 15% of the total turnover.
- The unit has already received Best in Class Certificate for Excellence in Performance for Quality, Cost and Logistics: 2001-2002 by Motor Industries Co. Ltd. Its future plans are to reach a turnover of Rs.60 crore by the end of Financial Year 2016-2017.

TIIC, Chennai M/s Hameed Marine Pvt Ltd



Shri Haji. M. Shahul Hameed



- M/s Hameed Marine Pvt Ltd was incorporated by Shri Haji. M. Shahul Hameed with financial assistance from TIIC in the year 2014. The unit produces steam sterilized fish meal, fish oil and fish soluble from its modern and fully mechanized plant situated in Radhapuram, Tamilnadu and has a turnover of Rs.78 Crores.
- The fish meal and fish soluble which have up to 70 % protein content is used for aqua feed, poultry feed, pet feed and animal feed. Fish Oil is used for human consumption which contains two of the most important omega 3 fatty acids that can be absorbed easily and help in solving heart related problems. Fish oil is also used for soap manufacture in leather tannery industry & Paint industry globally.
- The unit's clients include C.P Aqua Culture India (Thailand based company); Mukka Sea Foods; Blue Line Foods Industries (p) Ltd (Manufacture & Exporters) and Bawa Fish Meal & Oil Company

WBFC; Kolkata ATCIS Technology Pvt. Ltd.



Shri Tutul Chowdhury



- Shri Tutul Chowdhury, promoted M/s ATCIS in the year 2011 with financial assistance from West Bengal Financial Corporation (WBFC). The Company availed of term loan of Rs.480.00 Lakh from WBFC and started a call centre in Kolkata in the year 2014. The company has been running satisfactorily and growing steadily. The company subsequently expanded its activities in other premium business areas like Hyderabad and Bangaluru. The company has good repayment record. Its clientele include reputed houses like Reliance Communications, ABP Weddings, Cleartrip.com etc.





WBFC, Kolkata M/s Chemtreat Technologies



Dr. Dipankar Sen



- M/s Chemtreat Technologies was established in the year 2001 by Dr. Dipankar Sen, with Financial Assistance from WBFC. M/s Chemtreat Technologies is one of the leading manufacturers, exporters, suppliers of electroplating chemicals, powder coating pretreatment chemicals, galvanizing chemicals, anodizing chemicals, steel plant chemicals and refractory chemicals. Under the guidance of Dr. Sen, the organization is now being managed by a dedicated team of young and experienced professionals with zeal and commitment to customer satisfaction and a pragmatic approach to marketing.
- M/s Chemtreat Technologies is also exporting its technology & products to Bangladesh and Nepal. Their buyers are automobile ancillaries, cycle industries, garment industries, wire galvanizing units, steel plants, defense workshops and Indian railway workshops. The unit is regular in its repayment schedule. Its turnover is expected to be Rs.2.00 crore for the year 2016-17.

WBFC; Kolkata M/s Modern Inns Pvt. Ltd.



Shri Tejinder Singh Saini



- M/s Modern Inns Pvt. Ltd. was incorporated by Shri Tejinder Singh Saini with Financial Assistance from West Bengal Financial Corporation (WBFC) to setup a star category hotel in the heart of City of Kolkata. The company implemented the project successfully and started operations under the name of 'Auris' in October 2015. The hotel has 55 guest rooms including 8 luxury suites; convention and banquet halls, roof top swimming pool etc. and enjoys a good reputation in the market. The company is regular in its repayment record.

WBFC; Kolkata M/s Prayas



Smt. Chirashree Chakraborty



- M/S Prayas, a partnership firm established by Smt. Chirashree Chakraborty in the year 2016 with financial assistance from West Bengal Financial Corporation (WBFC) to manufacture paper cups. The products are sold both in the local market as well as other cities like Tatanagar, Patna, Hazipur etc. Smt Chakraborty is now thinking of undertaking an expansion programme to meet the growing demand of her products in the market. She is being awarded under the Best Women Entrepreneur category.



Executive Committee Meeting :

The Executive Committee Meeting of COSIDICI was held on February 11, 2017 at “Hotel Sayaji”, Indore, Madhya Pradesh.

Training Programme :

The Executive Committee appreciated the Training Programmes organized by CAB (RBI), Pune both at their campus as well as the on-site programmes at the head quarters of Member Corporations. It also appreciated the training programmes organized by the Member Corporations with the help of their officers who specialized in various fields. The E.C., however, felt the SFCs were not being supported by its stakeholders and therefore, should start to reinvent themselves. The training programmes could be arranged in the required field after the SFCs had decided on their respective road map.

Restructuring & Revitalisation of SFCs – Drawing a road map for Transformation of J&K SFC :

The Executive Committee appreciated the efforts of COSIDICI in helping with the process of transformation of J&KSFC and thanked the concerned officers for their efforts and very relevant suggestions and recommendations. J&K SFC has already acted upon these suggestions and has taken the following measures:-

- An action plan for loan recovery drawn wherein NPA management is felt to be of prime importance for the Corporation.
- A new Loaning Policy with criteria for each step put in place.
- A Credit Risk Management Policy in Project Appraisal with emphasis on Risk Monitoring drafted.
- Rationalisation of existing staff for a suitable Organisation Restructuring, wherein, responsibility and accountability policy of the employees outlined.
- Proposal to professionalize Internal Audit functions
- Diversification into new lines of business planned.



Consequent upon withdrawal of refinance support from SIDBI, the SFCs were constrained of funds and needed other avenues of funding to carry out their functions. The SFCs Act also needed to be amended to provide more operational leverage to these Corporations. Smt. Smita Bharadwaj, IAS, MD, MPFC informed the Executive Committee the matter had been taken up with SIDBI which in turn had forwarded it to the Ministry of Finance. The MSME sector is crucial for economy of any country. Though the SFCs were providing credit as well as technical and marketing support these corporations were not getting their due recognition. The members felt that SFCs, therefore, needed to reinvent themselves. One option would be to convert into an NBFC. This process would necessitate training of the officers in the working of an NBFC. SFCs could also follow the TIIC model. TIIC was formed as a company even before the enactment of the SFCs Act 1951. The operational leverage provided therein had enabled it to become self-sufficient. The SFCs could also opt to follow their current model of operations. They could become the nodal agencies of their respective State Governments for the States' activities and increase their fee based income. All the members need to pursue with their respective State government to provide interest subvention to enable SFCs to stand in the market. The Executive Committee appreciated the initiative taken by some of the State government like Rajasthan, Kerala and Karnataka in this direction. It was decided that members may study the different models which could be followed by their respective SFC. Their suggestions to make the



SFCs self-sufficient comes and presented in the next Executive Committee Meeting of COSIDICI.

SIDCs ~ Diversification of Activities :

The Executive Committee appreciated the work done by SIDCs and SIICs which have created industrial infrastructure and industrial housing. In addition they have undertaken fee based activities which have yielded good results. Shri Arvind Ghatkar, MD, EDC Ltd, Goa informed the Executive Committee that the Goa State Government funds meant for Land Acquisition as well as unclaimed deposits were placed with the Corporation. EDC deployed the funds productively and paid an interest of 8% to the Government. The Corporation gave back the funds to the State Government as per the latter's requirement. Recently, the Hon'ble Supreme Court had ruled that the State Governments should not keep in the treasury-money for Land Acquisition, a decision which would incentivize the state Governments to park the funds with the SLFIs.

Some of these SLFIs like APIDC and RIICO have set up Venture Capital Funds to invest in start-ups and mid stage companies operating in high growth sectors. Ms. Smita Bharadwaj, IAS MD, MPFC Indore felt that such a fund could also be set up in Madhya Pradesh.

COSIDICI National Award Function for the Successful Units Financed Item by SLFIs :

The 4th COSIDICI National Award function had received a very good response. 45 Outstanding Entrepreneurs who had been funded by various

Member Corporations were felicitated. The function was held on February 10, 2017 at Hotel Sayaji, Vijay Nagar, Indore (Madhya Pradesh). The Executive Committee appreciated the function as well as the warm hospitality extended to all the members of COSIDICI as well as to the Awardees by Smt. Smita Bharadwaj, IAS, M.D., MPFC, Indore and her team.

The members felt that the COSIDICI National Award Function, 2017 had been successful in its twin objectives of felicitating and motivating successful entrepreneurs and of giving visibility to the contribution made by the SLFIs towards the industrialisation and economic progress of the country. The awardees were happy to note the industry friendly atmosphere in the State of Madhya Pradesh and expressed their desire to start industry there.

Shri Arvind Ghatkar, Managing Director, EDC Goa, Panaji offered to hold the 5th National Award Function in Goa next year. The Executive Committee appreciated this gesture and requested that the date may be decided in consultation with the President COSIDICI.

Essay Writing Competition under the aegis of "COSIDICI Courier" :

An 'Essay Writing competition 2016' was held on the topics "Impact of Change in the Currency on the Industries with special reference to the SLFIs" and "Resource Mobilisation post demonetization with special reference to the SLFIs". This initiative of COSIDICI was much appreciated.

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I will speak ill of no man and speak all the good I know of everybody. -Benjamin Franklin

Courage is what it takes to stand up and speak; courage is also what it takes to sit down and listen.



SUCCESS STORIES OF MPFC ASSISTED UNITS

M/s Shakti Pumps (India) Ltd., Pithampur M/s. Shakti Pumps was established in 1982 as a partnership firm led by Shri Manoharlal Patidar as a first generation entrepreneur. The firm set up an SSI Unit for manufacturing of Cast Iron Pumps & electric control panel in Industrial Area, Pithampur, Distt. Dhar, Madhya Pradesh (35 kms. from Indore) with financial assistance from Madhya Pradesh Financial Corporation.

The firm started its manufacturing activities from installed capacity of 1500 pumps per annum on a single shift basis and over the years increased its capacity substantially. During the year 1995, the company implemented a massive expansion of existing unit to enhance its existing installed capacity and to add more product lines with varied models for different use and applications. To implement the same it had gone into Public Issue of 50 lacs shares of Rs. 10 each equivalent to Rs. 5 crores which got very good response from the public and were over subscribed. During the year 1998-99, the company has created manufacturing facilities for singlephase submersible pumps with financial assistance of Rs. 100.00 lacs from the Corporation. Now the company is having total installed capacity of 55000 Nos. for submersible pumps, single phase submersible pumps and Control Panels and its accessories. The Company is producing "A" class quality pumps of stainless steel body and got BIS certificate in 1989. Through continuous process improvements & streamlining the quality system, the company & its products have acquired International Quality Certification ISO-9001: 2000 in 1999. In addition to this the products have also been recognized by quality marking system "CE mark". It is the first company in the country which launched this type of pumps in India. The company is an approved vendor for supplies to the Govt. Departments such as PHED, Irrigation Deptt., MPLUN, DGSND. The company



is also approved with various local bodies and various departments of various States and is a regular supplier to the Municipal Corporations. Presently the company is exporting its products to more than 50 countries around the Globe. On the global front "Shakti Pumps" plans to expand its presence by setting up two wholly owned subsidiaries in Turkey & Australia. The Company has started a unit No. II in special economic zone (SEZ), Pithampur for expansion of its production capacity of Submersible pumps and motors. The purpose of the company for setting up the SEZ unit is to meet the export requirement and to benefit from the incentives provided by the Government. The operational production capacity of the SEZ unit is 50000 Nos. of pumps & motors. Keeping in view increasing demand for energy efficient pumps in the domestic market, the company in the year 2007-08 set up one more production unit i.e. unit No. 3 in Sector III at Pithampur for manufacture of submersible pumps to cater to the domestic demand. The operational production capacity of unit No. 3 is 60000 Nos. of submersible pumps. The Corporation provided financial assistance of Rs.750.00 lacs to the company for setting up Unit No. III.

Madhya Pradesh Financial Corporation is associated with the company since its inception and has witnessed the phenomenal growth achieved by the company within short span of time. Present turnover of the company is well above Rs. 100 crores and the Corporation wishes the company and its directors success in all its future endeavors and plans.

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MEMBER CORPORATIONS & THEIR ACTIVITIES

EDC Pays Government Rs. 1276.61 Lakhs

Shri. Arvind Ghatkar, Managing Director, EDC Limited, Panaji, Goa handed over a cheque amounting to Rs.1,276.61 lakhs to Hon'ble Chief Minister, Shri. Manohar Parrikar in his office at the Secretariat, Porvorim on 24th March, 2017 in presence of Shri. Daulat Hawaldar, IAS, Finance Secretary and also Dr. Purshottam R. Pednekar and Shri. Ralph De Souza, Directors of EDC Ltd. This payment was towards the Interest on Land Acquisition Deposit.



The Hon'ble Chief Minister was briefed on the performance of EDC and thanked for the guidance and support extended by the Government in its functioning. Over the last four decades, EDC Ltd. has been an excellent Delivery Channel of the State Government and has successfully implemented various schemes, projects as mandated to it. Initially, set up as a Development Financial Institution it has given guidance provided support and helped many first generation Goan entrepreneurs, promoting industrial development in the State. EDC has sanctioned Term Loans in excess of Rs.2,450 crore to more than 10,000 units. Under CMRY Scheme, EDC has financed more than 6,200 small enterprises in Goa. EDC operates the Modified Interest Rebate Scheme wherein Interest Rebate up to 9% is extended on loans availed by the entrepreneurs setting up units in the designated backward talukas of Goa, women entrepreneurs and resident as well as non resident Goan entrepreneurs.

ALL INDIA INSTITUTIONS

Arcil moves SC against stamp duty on retail loan NPA

The Asset Reconstruction Company (India) Ltd (ARCIL) has challenged a Gujarat High Court order that said the company must pay stamp duty of about five per cent on loans it acquired from banks using power of attorney. But the case is likely to be limited to retail loans only as for large value corporate loans, the assignment deeds are enough. Earlier various state governments used to charge 0.75 per cent of the amount, subject to a maximum Rs.1 lakh to Rs.2 lakh, depending on the state law. However, with the latest amendment in the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act or Sarfaesi Act, the charges paid on assignment deed have been waived off completely. In normal course, the deed is enough for the ARCs to recover the loans. However, in case of retail loans, the ARCs face problem taking possession only on the basis of the document and therefore, they take 'power of attorney' from banks as well.

In August, 2016, the Gujarat High Court ruled in favour of Chief Controlling Revenue Authority that said Arcil must pay up stamp duty on a Rs.5.09 crore loan that it acquired from Oriental Bank of Commerce through the power-of-attorney route. The stamp duty was charged at 4.9 per cent of the amount, or Rs.24.94 lakh. Arcil has moved the apex court against the ruling, with the logic that the government has even waived off the assignment deed charges to encourage more stressed asset buying. "We are not the owners of property, but we are the owners of loans. This differentiation has to be there," said Shri Vinayak Bahuguna, Arcil's managing director and chief executive officer.



Two small finance banks begin ops

Two small finance banks — Suryoday and Utkarsh — commenced operations in January this year. With this, the number of small finance banks (SFBs) operating in India has risen to four. In September 2015, the RBI had issued in-principle approval to 10 SFB applicants and Suryoday Micro Finance Private Limited, Navi Mumbai and Utkarsh Micro Finance Private Limited, Varanasi were among them.

Equitas Small Finance Bank (ESFBL) and Capital Small Finance Bank had started operations last year. Small finance banks will offer basic banking services, accepting deposits and lending to unserved and under-served sections including small business units, small and marginal farmers, micro and small industries, and entities in the unorganised sector, RBI said when it released guidelines for such banks in November. Analysts say that there is a huge void in the Indian banking system despite having regional rural, co-operative sector banks. A section of them believes that the gap can be bridged by SFBs.

PSBs' stress level down with better recoveries

Large public sector banks (PSBs) have shown substantial improvement in loan recoveries and upgrade of accounts under stress in the first nine



months (April-December) of the current financial year, over the same period last year. This, said bankers, give them confidence on follow-up action. However, banks will remain hobbled by big-ticket stressed accounts and without resolution of the latter, no meaningful change could come to the asset quality profile. Seven large PSBs - including State Bank of India, Punjab National Bank (PNB) and Bank of Baroda (BoB), the largest three - showed between 40 per cent and 136 per cent growth in recoveries from stressed loans in April-December over a year before. Only Canara Bank was an exception, with a 23 per cent decline in this. Total recoveries for the seven banks grew 59 per cent to Rs 25,639 crore.

Indradhanush 2.0 on cards to recapitalise PSU banks

Government plans to come out with 'Indradhanush 2.0', a comprehensive plan for recapitalisation of public sector banks (PSBs), with a view to make sure these remain solvent and fully compliant with the global capital adequacy norms, Basel-III. 'Indradhanush 2.0' will be finalised after completion of the Asset Quality Review (AQR) which is likely to be completed by March-end by the RBI. The RBI had embarked on the AQR exercise from December 2015 and asked banks

to recognise some top defaulting accounts as non-performing assets (NPAs) and make adequate provisions for these. It has had a debilitating impact on banks' numbers and their stocks. The central bank has set a deadline of March 2017 to complete the AQR exercise. "After the asset quality review (AQR) exercise by the RBI to clean up the balance sheets of PSBs, the numbers are being re-looked at and a revised programme of capitalisation will be issued as part of 'Indradhanush 2.0'," said a Finance Ministry document.

Under Indradhanush road map announced in 2015, the government had announced to infuse Rs.70,000 crore in state-run banks over four years while the lenders would have to raise a further Rs.1.1 lakh crore from the markets to meet their capital requirement in line with global risk norms, known as Basel-III. In line with the plan, public sector banks were given Rs.25,000 crore in 2015-16, and a similar amount has been earmarked for the current financial year. Besides, Rs.10,000 crore each would be infused in 2017-18 and 2018-19. The government had already announced fund infusion of Rs.22,915 crore, out of the Rs.25,000 crore earmarked for 13 PSBs for the current financial year. Of this, 75 per cent has already been released to the lenders.



The time you need to do something is when no one else is willing to, when people are saying it can't be done. - Berry

A sluggard does not plow in season, so at harvest time he looks and finds nothing. - Hebrew Proverb



INFRASTRUCTURE

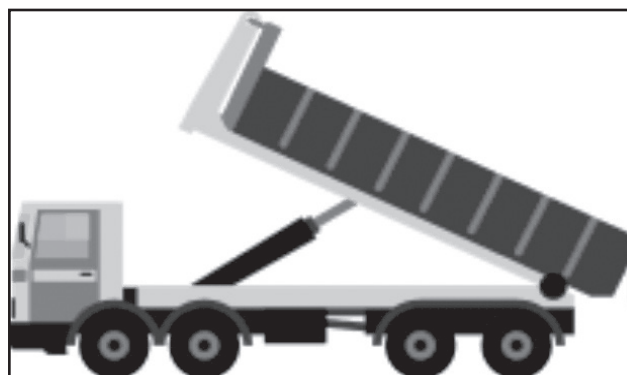
Solar Park capacity to be doubled

The government has approved doubling of the capacity of the scheme for development of solar parks and ultra mega solar power projects to 40,000 mw, Union Minister, Shri Piyush Goyal said in February. The decision taken by the Cabinet Committee on Economic Affairs (CCEA) will require setting up of at least 50 solar parks with a capacity of atleast 50 mw each in various parts of the country.

Smaller parks in Himalayan and other hilly states, where contiguous land may be difficult to acquire in view of the difficult terrain, will also be considered under the scheme.

The capacity of the solar park scheme has been doubled from 20,000 mw after considering the demand for additional solar parks from the States. The solar parks and ultra mega solar power projects will be set up by 2019-20 with financial support of Rs.8,100 crore from the Centre. Production of 64 billion units of electricity per year under the scheme will lead to abatement of about 55 million tonnes of carbon every year.

The scheme is expected to contribute to long term energy security of the country and promote ecologically sustainable growth by reducing carbon emissions and carbon footprint, alongwith generating large direct and indirect employment opportunities in solar and allied industries such as glass, metals and heavy industrial equipment. The renewable energy ministry will sanction financial assistance of up to Rs.20 lakh per megawatt or 30% of the project cost, whichever is lower. Solar Energy Corporation India will administer the scheme.



Rewa solar project ends with ultra-low tariffs

At a record low of Rs.2.97 (4.4 cents) a kilowatt hour, the Rewa ultra mega solar power project has become not only one of the biggest solar parks in the world but also one of those with the lowest tariffs. Mahindra Renewables, ACME Solar Holdings and Solengeri Power bagged the project's three units at tariffs of Rs.2.979, Rs.2.97 and Rs.2.974 for the first year. These tariffs are on a par with Rs.3.94 a unit that emerged in a tender floated by the Uttar Pradesh Power Corporation last year for coal-based power. The project has no government subsidy since it does not offer viability gap funding.

According to Shri Manu Srivastava, chairman, Rewa Ultra Mega Solar (RUMS), and principal secretary in the state government, the project has its strengths. "There is payment security by way of a state government guarantee. The final consumers are also known, unlike in other contracts. Besides, in case something goes wrong, third party sales and compensation are available to the operators."

Open access contracts were already in place and Power Grid's transmission line and sub-station at the site would be up by October. Ninety-seven per cent of the land was already available. RUMS is a state-owned company with Solar Energy



Corporation of India as a 50 per cent partner. The World Bank-funded project will have three units of grid-mounted solar photovoltaic power plants of 250 mw each. The selected bidders will sign two sets of PPAs with Delhi Metro Rail Corporation and Madhya Pradesh Power Management Corporation Ltd (MPPMCL). While DMRC is likely to buy 121 million units (kilowatt per hour) from each of the three units, MPPMCL will book 80 per cent of the generation capacity.

Located in Gurh Tehsil in Rewa, the project will supply solar power to meet almost the entire daytime requirement of Delhi Metro. This will also enable the project to supply the bulk of the power within the state during peak demand hours.

Power from the project is likely to be available from September 2017. The reverse auction for the project started with base prices for the three units at Rs.3.59, Rs.3.62 and Rs. 3.64.

In roof-top solar, Amplus Energy bid a record low of Rs 3 a unit in Uttarakhand, Himachal Pradesh and Puducherry in November 2016 to win a contract to install 14.5 MW of solar plants across 10 states. Rooftop generation is different from power generated in solar parks, which is not only connected to the grid but also much bigger in scale.

Norms relaxed for ease of doing biz at GIFT city

The Union ministry of corporate affairs has issued two notifications, giving major relaxations aimed at more 'ease of doing business' for companies wanting to operate in the GIFT City-based International Finance Service Centre (IFSC). Gujarat International Finance Tec-City or GIFT is under construction on 360 hectares between Ahmedabad and Gandhinagar in Gujarat. The aim is to get finance and infotech companies from elsewhere to relocate here. The relaxations include a five-year exemption from setting aside funds for corporate social responsibility, easier norms for appointing of directors, audit and other legal compliance. Several companies, especially from abroad, have been waiting for relaxations in application of the Companies Act before taking a decision to come or not. The two notifications, for private and public companies, have been issued under Section 462 of the Act. The companies in IFSC have also been given administrative flexibility regarding filing of returns, forms, board reports, holding shareholder meetings, structure of holding company and key managerial personnel. General and board meeting rules have been relaxed and boards can pass certain resolutions through circular resolutions, without physical presence.

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In matters of style, swim with the current. In matters of principle, stand like a rock. -Thomas Jefferson

Kind words can be short and easy to speak, but their echoes are truly endless - Mother Teresa



NEWS FROM STATES

Tax Free Budget in West Bengal

West Bengal Finance Minister Shri Amit Mitra presented a tax-free Budget in February even as the redemption of market loans is set to peak at the beginning of the next financial year, further constraining the state's weak finances. The budget provided value-added tax (VAT) relief to small businesses and doling out Rs.50,000 each to about 50,000 skilled workers who have returned to West Bengal from other states after being left jobless due to the note ban. The state's plan outlay will increase by around 12 per cent for 2017-18 at Rs.64,733 crore.

In 2017-18 nearly 80 per cent of state's tax revenues, pegged at around Rs.55,787 crore, will go towards the loan repayment bill, which is around Rs.45,340 crore (against Rs.36,638 crore in 2016-17).

According to the West Bengal Budget document, repayment obligations on account of institutional loans, including market loans, for West Bengal in 2017-18 were Rs.12,689 crore, against Rs.4,189 crore in 2016-17 (revised), an increase of more than 200 per cent. West Bengal's outstanding debt in the next fiscal is set to touch Rs.3,66,085 crore. The state's market borrowing in 2017-18 is set at Rs.44,840 crore, against Rs.32,000 crore in the present fiscal year, a rise of about 40 per cent.

Bengal Global Summit gets commitment of Rs.30k-cr investment

With President Pranab Mukherjee terming West Bengal's transition from a debt stressed state to a revenue buoyant one, industry leaders see increasing investment opportunity in the State. Around Rs.30,000 crore worth of investment proposals were announced at the Bengal Global summit on the first day, while foreign investment proposals were expected on the second day. GAIL has proposed renewing its plan of setting up the Haldia-Jagadishpur pipeline at a cost of Rs 6,500 crore and Great Eastern Energy Corporation Ltd proposed expansion of its natural gas production at an investment of Rs.7,000 crore.

Inflation in UP lower than 3%

The Consumer Price Index (CPI)- based inflation



of up at 2.7% was below national average in the past few months in Uttar Pradesh. Inflation in Uttarakhand was a little higher at 3.3% than the national average of 3.2% even as it had contained it below all-India numbers in the previous five months. Punjab, however, has seen higher inflation than national average in the recent months at 4.3%.

Odisha Budget outgo at Rs.1.06 lakh crore

The government of Odisha has projected a Gross State Domestic Product (GSDP) growth of 8-8.5 per cent for 2017-18. Advance estimates by the Economic Survey had pegged the state economy to grow at 7.94 per cent in 2016-17, higher than the national average of 7.1 per cent.

Total Budget outgo for F.Y. '18 is pegged at Rs.1.06 lakh crore, 13.7 per cent higher than Rs.94,052.65 crore in previous financial year. Expenditure was expected to be made up through revenue receipts estimated at Rs.88,932 crore, recovery of loans and advances worth Rs.130 crore and a borrowing of Rs.17,849 crore, indicating growing financing of capital projects. The overall borrowing comprises open market loans of Rs.10,273.46 crore.

Bihar budget focuses on education, rural development

Keeping its focus on education, rural development, power and road construction, the Bihar government presented budget (2017-18) spending proposals totaling Rs.1.6 lakh crore which is a tenth more than in the current financial year. No new taxes or rate changes have been proposed said finance minister Shri Abdul Bari Siddiqui, due to the expected coming of the goods and service tax (GST) through the country.

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MICRO, SMALL AND MEDIUM ENTERPRISES

Easy credit for MSME may not take off soon due to low demand

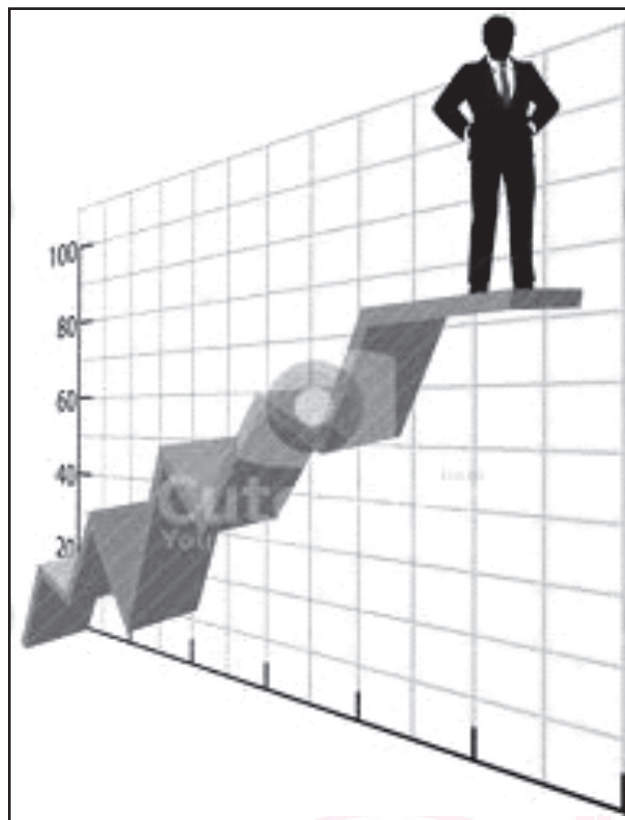
The government currently underwrites loans given by banks to small businesses through the Credit Guarantee Fund Trust for Micro and Small Enterprises. Loans of up to Rs.1 crore have been covered under the policy so far. The credit guarantee limit for MSMEs was doubled to Rs.2 crore by Shri Narendra Modi on December 31, 2017. The move is expected to improve liquidity.

The Scheme, which earlier covered loans given by banks, has been extended to those provided by non-banking financial companies (NBFCs) also.

SIDBI, CSFB ink pact to help MSMEs avail loans at cheaper rate

SIDBI has signed an agreement whereby it will handhold the Capital Small Finance Bank (CSFB) to enable it to provide loans at a concessional rate to MSMEs. The Memorandum of Understanding signed by SIDBI and CSFB is aimed at promoting and strengthening the micro, small and medium enterprises (MSMEs) through a multi-pronged strategy comprising of concessional funding at MCLR of CSFB (presently 9.6 per cent) under refinance from SIDBI.

The MoU also envisages joint financing/co-financing of MSMEs for capital expenditure under 'SIDBI Make in India Soft Loan Fund for Micro, Small & Medium Enterprises', popularly known as SMILE, at a concessional rate of 9.60% by SIDBI along with working capital finance from CSFB at competitive rate, would be pursued proactively. The resources and expertise of SIDBI in MSME financing and outreach of CSFB in MSME clusters of Punjab are proposed to be leveraged. "This initiative of SIDBI and CSFB will go a long way in creating a conducive ecosystem for MSME desirous of accessing concessional/composite funding in the State of Punjab. Further, SIDBI and CSFB shall also explore ways



and means to enhance reach and use of facilities provided under the Government of India's Stand up India scheme and the Stand up India/Udyami Mitra portals.

Besides, the MoU also envisages that the promotional and developmental activities of SIDBI could be taken up jointly with CSFB for the benefit of MSMEs in the areas of skill development, technology and financial linkages, human resources development, energy saving, etc. and for promoting digital financial inclusion initiatives.

"CSFB has taken several steps in the last year to proactively reach out to the micro and small enterprises and has accordingly been expanding its branch network continuously. The MoU with SIDBI shall give a further boost to the MSE segment by reducing cost of credit for the small borrowers," CSFB Managing Director Shri S S Samra said.

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MISCELLANY

All you want to know about bitcoin

Bitcoin, an online currency produced (mined) using the cryptography program, is catching people's fancy and in the past four months, its price has nearly doubled and is trading at \$1018.82 per unit. It was just \$140 three years ago. Prices on Indian bitcoin exchanges are around an all-time high of Rs. 72,000 per unit, a 4-5 per cent premium to cost. The cost is based on the international bitcoin price and rupee-dollar exchange rate.

Why are the prices rising?

Bitcoin, like gold, has emerged as a tool to hedge dollar risks. Two big consuming countries — India and China — have started discouraging gold demand. China has placed informal controls on import and trading norms for gold have been tightened. Demonetisation has worsened the already dismal scene in India. Investors in China have found bitcoin an alternative to gold as a safe haven when the Chinese currency is falling against the dollar. Interest in India picked up after demonetisation and at one time in mid-November bitcoin was trading at a 40 per cent premium to cost. Now the premium has fallen to 5 per cent following fresh supply from those sending remittances using the bitcoin route. Bitcoin is mostly seen as a currency but is accepted as a commodity. Though earlier there was hesitancy on the part of consumers in accepting bitcoin, currently there has been a surge in interest because of the expansion of e-commerce. There are many options to purchase, use and store bitcoin, said Shri Sathvik Vishwanath, co-founder and CEO, Unocoin, one of the four major bitcoin trading exchanges in India.

How to buy bitcoin in India?

There are four bitcoin exchanges — Zebpay, Unocoin, BTCX india and Coinsecure — where even venture funds and private equity funds have started putting in money. These exchanges have apps, which have to be downloaded and the buyer has to transfer money from his account to the exchange's bank account using net banking. Exchanges usually take two days to verify the customer details and then buying and selling can start.

Where does the supply come from?

Most bitcoins are mined in China, which has emerged as the largest market. In India, Unocoin has offered the facility to overseas Indian employees to even send their remittances in bitcoin form, which can be encashed here.

Where to store bitcoin?

All exchanges offer wallets to bitcoin buyers to store

their bitcoin. There are two types of storage facilities: Online and hardware storage, available at fees. The hardware wallet remains in the buyer's control.



The scene in India

The RBI has maintained that bitcoin is not a currency. However, private equity firms are investing in bitcoin exchanges and merchants are accepting bitcoins. Legal experts are decoding how this crypto currency should be defined.

Risks and regulations

One risk is hacking because trading is online. The other risk is the regulatory risk because many countries including India have not recognised bitcoin.

Is it worth taking the risk of buying the digital currency?

Shri Sandeep Goenka, co-founder and CEO, Zebpay, said, "Bitcoin has been the best performing alternative investment and its potential is stronger than ever today. Everyone who cares about money should experience bitcoin now. After the Internet, it's the next revolutionary network technology." However, many financial planners ask their clients to stay away from digital currencies. However, the exchanges have tied up with merchants like Amazon and Flipkart, on whose platform goods or gift vouchers at a discount with Bitcoin.

Tax treatment

Zebpay's advice (with a disclaimer) is that "if the person is regularly buying and selling bitcoin (say, five transactions or more a week), the gain from the sale of bitcoins will be a business income and the loss would be a business loss. If the person is buying or selling bitcoin occasionally, then it would be considered as purchase/sale of investments, which would be subject to long-term or short-term capital gain or long-term or short-term capital loss. The short-term gain shall be subject to 30 per cent income tax and long-term gain shall be subject to 20 per cent income tax".

Need for regulations

Organised crime syndicates including those spreading terrorism may shift to Bitcoin if it remains unregulated and this is a global challenge. Bitcoin can be regulated the way Sebi had strengthened regulations of P-notes in capital markets.

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