

COSIDICI COURIER

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



From The Editor's Desk

ACCOUNTABILITY OF STATUTORY AUDITORS

Like Lawyers and Judges in India, Chartered Accountants have always been placed on a pedestal one step higher than any other professional. In a developing country with liberalised economy, the Statutory Auditors play a very crucial role in facilitating close interaction between the corporate sector and the shareholders on one hand and regulators of the financial system on the other. The Statutory Auditors are required to certify the liquidity, profitability and solvency of a corporate entity by finalising its Balance sheet and the audit report. The audited balance sheets of corporate entities including financial intermediaries are supposed to reflect the true and fair financial position of the company. They serve as a sound basis on which investment decisions are taken by the investing public and financial institutions. Further, the share-holders of corporate entities largely depend upon the audited statement of accounts to know about the safety of their investment in the company. The Statutory Auditors are, therefore, expected to act as custodians of public interest, an important source of feedback to the Government for formulation of realistic corporate policies, assist the financial institutions in taking investment/lending decisions, as also facilitate regulators in regulating the financial sector. Notwithstanding, the useful role required to be played by the Statutory Auditors in the financial sector, our experience has been contrary to the above expectations and uniformly most disheartening and disgusting. I have been associated with the financial sector for nearly 35 years and have functioned on the boards of several Commercial Banks and Public Limited Companies. I have observed that by and large the Balance Sheets of the corporate entities certified by the statutory Auditors conceal much more than what they

disclose. The auditors who are supposed to exercise independent judgement about the financial position of a company and realisability of its assets were found to be functioning under the

pressure of the promoters/ management draw up the Balance Sheet showing a rosy picture of the company's financial position. With a view to window-dressing the whole situation and avoiding their statutory responsibility, they qualify the Balance Sheet by giving a long list of explanations in the audit report. If one carefully reads the said qualifications in the notes and then goes through the Balance Sheet, one would find the total earnings and profitability indicated in the Balance Sheet to be highly manipulated. I would like to give a few instances, which are borne out of my own experience. In one of the companies, the Statutory Auditors did not assess the realisability or exchangeable value of the company's assets invested in its subsidiaries by way of equity and loan and showed a net profit in the Balance Sheet. In the qualifications however, the auditor mentioned that the company's subsidiaries, where it had invested a substantial amount, had negative net-worth and their losses had eroded their entire assets. Without expressing their own opinion, they have simply agreed with the management that their investment will be recovered in due course. Had the auditors objectively assessed the realisability of company's assets such investments would have certainly been treated as bad assets affecting the company's profitability and consequently the company would have shown substantial loss

Photo of shri
K.K. Mudgil

PHOTO



instead of profit. In another case of a nationalised bank, the Statutory Auditors in collusion with the management showed a net profit in the Balance Sheet while on actual scrutiny it was found that the bank should have shown a substantial loss instead of profit. Since I was on the Board of that bank, the management was forced to recast the Balance Sheet accordingly and the Statutory Auditors were suitably brought to book. In yet another case of housing cooperative society, where I was also involved, the promoters had misappropriated **75%** of the money collected from the Members. The Chartered Accountants who audited the society's accounts had certified a fictitious Balance Sheet in collusion with its management committee. I can say with all the emphasis at my command that let any one scrutinise any number of Balance Sheets pertaining to corporate sector, they would be found to conceal the factual financial position of the company in financial terms. It would not be an exaggeration to say that the scams, which had taken place in the financial sector during the last one decade with serious implications, were to a large extent the handiwork of the Chartered Accountants connected with the financial intermediaries.

Recently, accounting scandals of the Enron and World Com had cast their shadow over India too. When these scandals broke, public opinion was vociferous about the need for overhauling the regulatory framework for the Chartered Accountants. Many people highlighted the ICAI's poor record in handling disciplinary cases against its Members. It was also suggested that Auditors in the companies should be changed every 3 years and stressed the need for a Public Oversight Board. While some others recalled that the Joint Parliamentary Committee on the 1992 Stock

scam had rapped several Chartered Accountants for shoddy bank audits and called for strict disciplinary action on them the ICAI's follow-up action had left a lot to be desired. Added to this, Indian auditors too were part of the Modi/Xerox like scandals in the past. It has been generally observed that the Chartered Accountants instead of exposing the mal-practices perpetrating in the corporate entities including banks and financial institutions rather tend to assist them with their specialised knowledge of accountancy in their perpetuation and concealment. Recently, Naresh Chandra Committee on Corporate Governance constituted by the Government of India had submitted its report. The report exhaustively deals with the role of Chartered Accountants/ Statutory Auditors and the independent Directors in the corporate entities. The Committee has obviously not addressed the main issues pertaining to the conduct of Statutory Auditors and the need to impart transparency in the accounting standards. There is an imperative need to do away with the 'qualifications' in the Balance Sheets of corporate entities. The Statutory Auditors must exercise their independent judgement with regard to the 'qualifications' and incorporate such items in the Balance Sheet. The Balance sheet should be a transparent document reflecting the financial worth of a company, without reading the finer prints of the audit report. This responsibility should be squarely put on the Statutory Auditor. He cannot take shelter under the 'qualifications' of the Balance Sheet.



(K.K. MUDGIL)



APPOINTMENTS

- ◆ Shri Balvinder Kumar, IAS has been appointed as Managing Director, Uttar Pradesh State Industrial Development Corporation Ltd., (UPSIDC), Kanpur vice Shri Sharad Prasad.
- ◆ Shri B.R. Jayaramaraje Urs, IAS, has been appointed as Managing Director, Karnataka State Financial Corporation (KSFC), Bangalore vice Shri V. Umesh, IAS.
- ◆ Shri Niraj Verma, IAS has been appointed as Managing Director, Assam Industrial Development Corporation Ltd. (AIDC), Guwahati vice Shri H.K. Sharma.
- ◆ Shri Alok Kumar, IAS has been appointed as Managing Director, State Industrial Development Corporation of Uttaranchal Ltd. (SIDCUL), Dehradun vice Shri Parag Gupta.
- ◆ Shri Balbir Singh Malik, IAS has been appointed as Managing Director, Haryana Financial Corporation (HFC), Chandigarh vice Shri S.N. Roy.
- ◆ Dr. Kshatrapati Shivaji, IAS has been appointed as Managing Director, Maharashtra State Financial Corporation (MSFC), Mumbai vice Dr. (Mrs.) Joyce Shankaran.
- ◆ Shri Sonam Topden has been appointed as Managing Director, Sikkim Industrial Development & Investment Corporation Ltd. (SIDICO), Gangtok vice Shri M.G. Kiran



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WHETHER SFCs NEED TO MARKET THEIR SERVICES

By
Dr. A. Jagan Mohan Reddy*

Introduction :

State Financial Corporations (SFCs) were set up with the objective of promoting economic growth, balanced regional development and widening entrepreneurial base by promoting and financing tiny, small scale and medium scale industries. These development financial institutions operating at grass root level have played a crucial role in bringing decentralised economic development by dispersing the industrial activity.

The SFCs' especially played a crucial role in the promoting and development of SSI sector. Small scale sector today accounts for around 90% of the industrial units in the country, contributing around 40% of the manufacturing sector output and more than 1/3 of the nation's exports. At the end of March, 2002 there were 3.37 million SSI units presiding direct employment to around 18.67 million persons. Further, the SSI sector has achieved a growth of 8.02% during the year 2000-2001 as compared to the growth of 6.3% by the industrial sector as a whole. This impressive performance of SSI sector could not have been possible but for the ceaseless efforts of SFC's in the past.

Challenges being faced by SFCs :

The process of economic liberalisation and financial sector reforms initiated in 1981 had brought about complete transformation of the economic scenario in the country. The SFCs are the biggest victims of these reforms. Though the SFCs Act was amended in 2000, the so called reforms pertaining to SFCs came too late when the damage had already been done. However, it is not to say that SFCs were too complacent and not taking any steps for facing the emerging challenges including that of Commercial

Banks and Small Industrial Development Bank of India (by its direct lending).

In fact some of the SFCs like (APSFC for instance) have initiated several steps towards reorganizing their internal structure, signing tri-partite agreement with SIDBI and respective State Government for availing certain concessions etc. In addition to these, there is an urgent need to market their services to customers.



Whether SFCs have to market their services:

In the beginning marketing of their services was not required for SFCs, as they have more or less enjoyed monopoly position in term lending activity. However, with growing competition from Commercial Banks (with their cheap accessibility to funds) and SIDBI, apart from the other alternative avenues there is every need to give more weightage to the customer satisfaction. In other words, SFCs are required to take a full view of customer needs, fulfill the identified needs in the best possible way by extending required services, identify potential customers and conduct activities at the branches on the basis of market segmentation.

Earlier marketing was looked at merely in terms of advertising and promotion. However, over a period of time it was realised that marketing transcends advertising and friendlines.

Why practice Marketing ?

Now a question may arise about the justification for SFCs to market their services. Is it not sufficient if SFCs extend prompt and quality services so that a

**Associate Professor, Institute of Public Enterprises, Osmania University
Campus, Hyderabad. Also Ex-Executive of DFC & APSFC*



satisfied customer acts as an advertising agent and brings the required business. However, this is only partially true. Because, with the availability of alternative avenues of finance it has become necessary for the SFCs to market their products so that not only they survive but also prosper by excelling competition. Further, in the present liberalised economic scenario SFCs need to market their services to keep their customers fully apprised about their different products, as survival of the fittest has become the order of the day and prompt and quality service will be their cutting edge. Now, having discussed about the need to market their services, let us look at the experience of one SFC (APSFC) and what it has done to improve its performance in the key area of performance through its innovative marketing approach.

APSFC's Experience

As we are all aware, Andhra Pradesh State Financial Corporation is a term lending institution offering financial assistance to new and existing tiny, small scale and medium scale industries for acquiring fixed assets. The Corporation is also involved in non-fund based activities including distribution of insurance products etc. SFCs in general and APSFC in particular enjoyed virtual monopoly in the yesteryears. However, the monopoly of SFCs in term lending has ended with banks and SIDBI trying to lure away the good customers by offering lower rate of interest. APSFC had a difficult job to do.

On the one hand it had to improve its present portfolio by increased monitoring and follow-up and on the other hand add quality portfolio, despite facing severe competition and not having access to cheaper sources of funds like Commercial Banks. As such APSFC decided to use the marketing principles (understanding/satisfying customer, excelling competition by formulating and innovating the mixes) for procuring and improving its business.

IDEAS :

During 1995-96, the Corporation began organising one day entrepreneurs awareness seminars (IDEAS) at important centres in the State. The purpose of organising IDEAS was three fold :

- Apprising entrepreneurs (especially new) about schemes of financial Assistance, procedures etc.
- Offering service at one go i.e. teams of services officers led by M.D. will be present at the venue to guide/counsel the entrepreneurs on their proposals
- Obtain feedback on customer perception for taking necessary remedial steps in its systems, procedures etc.

These seminars helped the Corporation to improve its image and business in three ways :

- Because of the timely and on the spot counselling/guidance provided, a positive message of Corporation being Customer friendly has been spread around.
- Since the Corporation gave on the spot in principle approval for the completed applications received at the seminar, it could convince the customers that it is prepared to go that extra mile and hence could successfully restrain them from looking for alternative sources of finance.
- Based on the feedback received, the Corporation revised its systems and procedures making them more customer friendly.

Now one may like to ask whether any tangible benefits have accrued to APSFC from these IDEAS. Let's have a look at the business generated at these IDEAS held during 2003-2004.

From the table it could be seen that :

- ◆ In-principle approval was given to 248 applications involving financial assistance of Rs.295.44 crores.
- ◆ Sanction letters to 120 with financial assistance of Rs.30.23 crores.
- ◆ Received 1358 enquiries involving an amount of Rs.346.78 crores majority of which could be converted into full-fledged proposals.



Business Transacted at Ideas Held During 2003-04

Place and Date	PSC in Principle Agreed		Sanction Letters Issued		Total		Enquired and Applications issued	
	No.	Amount Rs. in crores	No.	Amount Rs. in crores	No.	Amount Rs. in crores	No.	Amount Rs. in crores
Hyderabad 21.07.2003	46	70.60	12	3.32	58	73.92	412	124.73
Warangal 24.07.2003	36	15.99	19	3.66	55	19.65	176	21.88
Tirupati 28.07.2003	23	27.84	24	4.15	47	31.99	126	27.92
Vijayawada 04.08.2003	44	22.60	8	4.35	52	26.95	128	36.75
Hyderabad 11.08.2003 (2nd Time)	55	87.77	25	5.63	80	93.40	175	48.50
Rajahmundry 18.08.2003	26	50.33	12	5.01	38	55.34	232	59.04
Vizag 6.8.2003	18	20.31	20	4.11	38	24.42	109	27.96
Total	248	295.44	120	30.23	368	325.67	1358	346.78

Source : CPD Department, APSFC, Head Office

So during the year 2003-2004 APSFC could improve its business considerably apart from the valuable feedback, it received at their IDEAS, which helped in redefining/remodeling some of its systems/procedures in general and schemes of financial assistance in particular.

Conclusion :

In the face of new perception of quality developed by competitors, SFCs have no option but to improve their quality of service. The marketing principles bear the efficacy of initiating qualitative improvements. Of

late foreign banks have been found promoting the use of sophisticated information technologies. This makes it essential that SFCs too realise the gravity of the situation and make possible a rational use of technology. The experience of APSFC illustrates the fact that organisations which care and cater to the requirements of customers only survive and prosper. Further, they should continue to innovate, find appropriate product mix to suit the diverse requirements of customers. This they could do so only when they could anticipate, assess the requirements of customers and accordingly offer the right type of product mix.



**Being In The Present Means
Tuning Out Distractions
And Paying Attention To
What Is Important, Now.
You Create Your Own Present
By What You Give
Your Attention To.**



Small Businesses can be turned into a big force

by

Gurpal Singh*

This morning, an email from the press office of the US Small Business Administration (SBA) said that President, George W. Bush had signed a legislation, thereby making more than \$ 21 billion available to small businesses through the SBA's two main [7(a) loan guarantee & 504 loan] programmes.

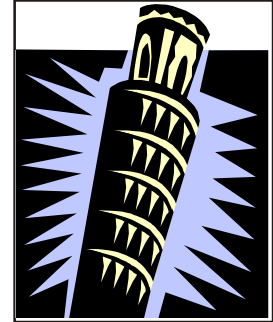
While this reaffirmed our belief in priority being accorded to small and medium enterprises (SMEs) worldwide, it reminded one of the Small Enterprises Development (SED) Bill, to be tabled in the ongoing winter session Regulatory Enforcement Fairness Act (SBREFA), as enacted in the US. The SED Bill is a major outcome of the joint Confederation of Indian Industry (CII) and ministry of SSI's SME mission to the US in February, 2000.

In order to attain the desired growth rate of 12% (as targeted in the 10th five-year Plan), and increase the GDP contribution (7%+) of the Indian small industry, the enactment of the SED Act is important for the growth and development of the Indian small industry.

The recently concluded India Global Summit on SMEs provided important leads to the process of globalisation and its impact on the small industry. While globalisation is imperative, due to worldwide industrial restructuring, global supply chains and distribution networks are becoming more and more integrated, and information technology is expanding the frontiers of trade.

The two key determining factors for the SME sector's growth are innovation and flexibility, combined with the right global environment. This will also enable small enterprises to establish their unique identity on the world stage. The role of the Indian automobile and garments sectors in the global supply chain are good examples of how Indian SMEs have seized opportunities that came their way.

The proposed (SED Bill) statutory backing to the preferential price and purchase policy for the SSI units is in line with similar provisions regulated by the office of advocacy of US Small Business Administration (USSBA) and shall give the desired teeth to the existing directive for the Indian government enterprises and public sector undertakings for making certain part of their purchases from SSI units.



Similarly, the SED Bill also provides for streamlining of issues related to the visits of inspectors, labour laws that intervene with the daily operations of a SSI unit, besides suggesting measures to check delayed payment and encourage flow of credit by banks and financial institutions.

The proposal to define the "medium" enterprises segment is also a step in the right direction in view of the existing concept of SMEs worldwide. This shall give the desired thrust to further investments (foreign and domestic) into this sector. This, in turn, shall ensure more funds for technological advancement of the capital intensive (hi-tech) subsectors of the small sector.

The ministry of small scale industries should be commended for drafting the SED Bill, and taking alongwith it all the stakeholders of the small industry. Our representatives in Parliament now have the responsibility to ensure enforcement of the proposed SED Act so that its benefits are enjoyed by entrepreneurs, even those located in the remotest corners of the country.



** The Writer is Deputy Director General, Confederation of Indian Industry and heads its SME Division
Courtesy : Financial Express - 10.12.2004*



The Turnaround of Rajasthan Financial Corporation (RFC)

The engine that drives industrialisation in Rajasthan shifts gears

Rajasthan Financial Corporation (RFC) has seen a dramatic turn around in the last financial year, recording almost a five-fold increase in profit, from Rs.0.90 crore in 2002-2003 to Rs.4.76 crores in 2003-2004.

New Policies pay handsome dividends

New customer-centric policies by the government and the management have raised the Corporation's stock in Rajasthan's entrepreneur community. Decentralisation and transparency throughout the network of zonal, regional and branch offices have led to a higher level of term lending to small industries. The Corporation's encouraging response to customer needs, the simplification of procedures and the introduction of new schemes have widened its customer base and strengthened the Corporation's brand equity.

2003-2004 : New records in three key areas

- ◆ The loans sanctioned were the highest ever : Rs.241.17 crores.
- ◆ The loans disbursement rose to a record high of : Rs.168.64 crores.
- ◆ Recovery figures crossed Rs.252.27 crores for the first time ever in the Corporation's history.
- ◆ In addition, business has shown promise. As you read these lines, 1368 loan applications worth Rs.384 crores are under process at various offices of the Corporation.
- ◆ The road signs point to an even better year in 2004-2005.

Financial Highlights 2003-2004

(Rs. in crores)

Particulars	2002-03	2003-04	%+/- over last year
Income	116.19	124.32	+6.99
Financial Expenses	81.64	73.74	-9.68
Operating Profit	34.55	50.58	+46.40
Other Expenses	33.11	45.40	+37.12
Profit before depreciation	1.44	5.18	+259.72
Net profit after depreciation	1.15	4.76	+313.91
Provision for tax	0.25	-	-
Net profit after depreciation & tax	0.90	4.76	+428.89

On the basis of this performance, RFC was ranked number one among state financial corporations in Northern India and among the top four nationally.

Note : Financial assistance provided by RFC in 2003-04 is expected to generate employment opportunities to 7326 persons in the state. The investment supported by this assistance is expected to be around Rs. 400 crores.



The small scale industries sector remains a priority for RFC as seen in the table below:

Name of Sanction	2003		2003-04	
	No.	Amt.	No.	Amt.
Small scale units	1144	179.14	1492	203.33
Small Road Transports	2	0.12	1	0.02
Other than SSI Units	17	23.54	27	37.82
Total	1163	202.80	1520	241.17

Reduction of interest rates

An MoU with SIDBI and the State Government has resulted in lower interest rates from January, 2004 and growth in business. Over the next three months, the Corporation sanctioned loans worth Rs.160.90 crores as against Rs.108.23 crores in the corresponding period in the previous year.

New Schemes for 2004-2005

Roll Over to reduced interest rate for good borrowers : In response to the demand made by entrepreneurs who received loans at higher rates prevailing at the time, Roll Over Scheme has been initiated whereby the interest rates have been reduced to the current rates. This scheme will continue to serve the financial requirements of this special category of borrowers. 125 units have already been benefitted from the Scheme.

- ◆ *Long Term and short term loans against assets:* To help entrepreneurs in industrial, service and



commercial sectors meet their long-term requirements, the Corporation has devised a scheme that allows loan repayment in a six-year plan (including a moratorium period of six months) against the mortgage of fixed immovable assets. A short-term version of the scheme is also available for projects, such as construction, where returns are expected within three years.

- ◆ *Disposal of units* : A special sales drive has accelerated the disposal of units where the loan amount sanctioned is upto Rs.10 lakhs.
- ◆ *One Time Settlement of NPA accounts* : Empowered Settlement Committees review 'doubtful' 'loss making, 'sub-standard' and BIFR cases for a one time settlement option. The process is fast, transparent, time-bound and rational and works for the benefit of both the Corporation and entrepreneurs.
- ◆ *Revival of Units* : To mitigate litigation and reduce the number of deficit cases under its possession, the RFC has introduced a package of special concessions for the original promoter/borrower. The objective is to return these units to the path of profitability.
- ◆ *Settlement of small loans* : Part of the Corporation's NPA reduction drive is to settle the small but sticky accounts of a high number of loan cases where the sum in question is less than Rs.50,000/-.

Improvement in Assets Quality :

In 2003-2004, standard assets increased by 8.15% to Rs.401.15 crore and Loss Assets decreased by 18.71% to R.15.90 crores. Non-Performing Assets went down by 2.80% as compared to the preceding year.

Revival of Units :

The Corporation took over 246 units involving arrears of Rs.49.87 crores, while 340 units were put back on their feet by a change of management.

Empowered Settlement Committees :

The Committees instituted by the Corporation arrived at a settlement with 303 units, recovering Rs.11.64 crores (principal outstanding Rs.9.26 crores).

Recovery from decreed, deficit/written off cases:

Special settlement schemes saw the recovery of Rs.0.24 crore from decreed cases and Rs.1.88 crores from deficit/written off cases, a combined rise of around 90% from the previous year.

Financial Management :

Refinance from SIDBI came down sharply from Rs.50 crores in the previous year to Rs.23.14 crores this year. Two series of bonds amounting to Rs.17 crores were redeemed and the outstanding balance with respect to bonds remained Rs.283.05 crores (31.03.204). As a standby arrangement, the Corporation acquired an adhoc limit of Rs.11.83 crores from RBI. Three term loans from SIDBI amounting to Rs.25 crores were used for disbursement against loans not covered under general finance. A line of credit from UTI Bank reduced the cost of borrowing.

Strategies for 2004-2005

2004-05 will see consolidation of RFC's turn around. Higher targets and rapid growth require an infusion of new measures to raise levels of efficiency.

On line networking across branches

All officers and staff of the Corporation will be connected to an enterprises wide system. Work towards this has already begun.

Delegation

Officers in the field will have the power to sanction loans of a designated amount.

Flat rate interest

A repayment system of EMIs calculated at 7% will be available for all schemes. This has already come into effect.

Liquidated damages : Simplification of Policy

The levy of penal interest has been revised and simplified. The new rates are already applicable.

Emphasis on priority sectors

In line with the government's emphasis on infrastructure development, the Corporation will launch new schemes for the promotion of schools, colleges, technical institutes and wind power projects. Special schemes for the services sector are also under consideration.

New profit-making measures

The Corporation plans to structure new schemes for better NPA management and make field offices accountable for profit and growth.

Disposal of assets

The Corporation plans to substantially reduce inventory of acquired assets through a streamlined system of auction and sale.



PROFILE OF MEMBER CORPORATIONS

Rajasthan State Industrial Development & Investment Corporation Ltd. { RIICO }

Shri Rakesh Hooja, IAS, CMD, RIICO was born in 1950. He did his Ph. D. Social Sciences (Rajasthan), taught for two years at the University of Rajasthan before joining the Indian Administrative Service in 1974. He holds the first position in his IAS batch throughout the country. Some of his earlier assignments include being the Joint Secretary of J&K Affairs in Ministry of Home Affairs, Government of India, New Delhi & Vice Chancellor, Rajasthan Agriculture University.

Besides 350 articles, reviews and research papers in books, journals, magazines and proceedings of conferences, workshops and seminars, Shri Hooja has authored/edited 18 books and a number of monographs. His area of interest include land-water management, decentralised and district planning, rural development, Panchayati Raj, project formulation, participatory irrigation management and management of irrigation command projects, drainage, watershed development, training, development studies, development administration, globalisation and civil service reform.

He has been Vice President Indian Water Resources Society (IWRS), Vice President as well as President, Indian Network on Participatory Irrigation Management (Indian NPIM) and founder Governing Body member of India Water Partnership.

Since 1985 he has also been Honorary Associate Editor, **Indian Book Chronicle**, a monthly magazine of book reviews, views and literary matters.

He spent a year at School of Development Studies, University of East Anglia, U.K. (1986-87) and has attended a short course at International Irrigation Centre, Utah State University, USA (August 1992) besides having visited Irrigation systems and attended water related conferences, seminars, workshops in Canada, USA, Chile, Argentina, Japan, Egypt and India. He is also Vice-President COSIDICI for the year 2004-2005.

RIICO

Rajasthan State Industrial Development & Investment Corporation Ltd. (RIICO), an apex industrial

organization of the State Government of Rajasthan, since its inception in 1969, has emerged as a multi-faceted, dynamic and vibrant institution. It keeps pace with the industrialization process by providing complete and innovative support services to industries – industrial infrastructure, finance, consultancy and other industry related assistance. RIICO has 26 Regional unit offices in Rajasthan. Broadly, the activities of RIICO include -

- ❖ Provide total infrastructure support to industrial projects in Rajasthan by way of developing industrial areas and Townships;
- ❖ RIICO accords priority to development of Social and Industrial Infrastructure in and around industrial areas;
- ❖ Social infrastructure includes educational institutions, parks, post offices, banks, shopping complexes, housing etc.;
- ❖ RIICO has developed 295 industrial areas spread all over the state, of which around 96 industrial areas are located either on Golden quadrilateral corridor or on East-West corridor or on North-South corridor or on National Highways.
- ❖ More than 19,000 industrial units are in production within the industrial areas developed by RIICO.
- ❖ Extending financial assistance to small, large and medium scale projects;
- ❖ Making available industrial land; and
- ❖ Providing a variety of technical inputs, by way of technological and managerial services like relevant technical information, project briefs, project profiles, project reports, techno-economic

Photo

*Sh. Rakesh Hooja, IAS
M.D., RIICO*



feasibility reports, market surveys, financial and managerial consultancy and even diagnostic studies for project rehabilitation.

- ❖ RIICO's assistance to 882 projects so far, has catalysed investment to the tune of Rs.48,117 million and employment generation for over 91,500 persons.
- ❖ RIICO undertakes financing of industrial projects by operating various schemes. These schemes are :-
 - Project loan;
 - Equipment Finance Scheme (EFS);
 - Working Capital Term Loan;
 - Multi Purpose Medium Term Loan for Good Borrowers;
 - Hotels & Tourism Related Activities – heritage hotels, midways, motels, restaurant, amusement parks, ropeways, water parks, resorts, clubs, boating, water games etc.
 - Flexi loan for Hotels, Hospitals & Nursing Homes;
 - Credit scheme for builders/commercial/residential complexes;
 - Incentive Scheme for Good Borrowers;
 - Medium term loan against securitization of fixed assets;
 - Credit Limit under Equipment Finance Scheme;
 - Short term loan to Existing Good Borrowers;
 - Graded Interest Rebate Scheme for Fresh Term Loan and Existing Borrowers.

Financial Results :

Resources :

RIICO received Rs.1,224.78 lacs from the State Government as share capital during 2003-2004 as against Rs.35.00 lac during the year 2002-2003. The State Government has also provided grant and subsidy of Rs.527.65 lacs. However, total financial support from

the Government increased to Rs.1,752.43 lacs in 2003-2004, as against Rs.114.00 lacs in 2002-2003. As on date, paid up capital of the company is Rs.18,120.03 lacs as against authorized capital of Rs.19,000 lacs. The company has not availed any refinance from IDBI/SIDBI during the financial year under report and the refinance availed in the past has been repaid fully.

The company had issued 13.15% RIICO Bonds-II aggregating Rs.28,805 lacs during 1999-2000 and is regularly making interest payment.

Loan Assistance :

During the year, the Company sanctioned term loan of Rs.8,084.15 lacs to 78 projects against the target of Rs.7,000 lacs (Rs.6,363.55 lacs to the 58 projects during the previous year). Out of these 51% of the total sanctions were provided for the expansion projects of the existing borrowers. The projects which were sanctioned term loan assistance are expected to catalyse investment of Rs.11,137.68 lacs and provide employment to 1910 persons.

The textile sector continued to remain buoyant during the year and attracted a large part of the total sanctions. It accounted for 83% of the total sanctions. Out of the sanction of Rs.6,486.00 lacs to the textile projects, an amount of Rs.4,469.95 lacs (68.92%) was sanctioned to the projects under Technology Upgradation Fund Scheme of the Government of India.

The other sectors which were provided financial assistance were marble, steel, automobile, electronics, hotel, infrastructure, plastic and engineering industry. The sanctions were made for the projects in the nine districts out of which Bhilwara bagged highest sanctions i.e. 77.45% followed by Jaipur, Alwar and Rajsamand.

In September, 2003 a new scheme titled "Medium Term Loan Against Securitisation of Fixed Assets" was introduced to meet the fund requirement of financially profitable units with zero/low debt component to raise funds for various purposes.

The Company disbursed loan assistance of Rs.6,026.48 lacs during the financial year 2003-2004.

Return on Investment :

During 2003-2004, RIICO received Rs.45.88 lacs (Rs.33.05 lacs during the previous year) on its investment from various companies. An amount of Rs.65.50 lacs



was received against the sale of investments (Rs.367.27 lacs during previous year).

Recovery of Dues :

Efforts were made to increase the recovery of term loan dues, which resulted in total recovery/adjustments of Rs.14,066/- Lacs as against Rs.9,520.64 Lacs of last year, registering an increase of 47.74%. During the year 2003-2004, total recovery of principal term loan was of the order of Rs.10,842.37 lacs (Rs.5,806.99 Lacs in previous year). In addition, interest of term loans amounting to Rs.3223.63 lacs (Rs.3,713.65 lacs in previous year) was recovered. One Time Settlement (OTS) in respect of sticky accounts and sale of taken over units have contributed in increased level of recovery. During the year two cases of OTS were decided for Rs.88.50 lacs as against dues of Rs.99.14 lacs, resulting into 89.27% recovery. Further, six cases of sale of sick units were also finalized which has helped in reducing the level of NPAs.

Incentives Schemes for Recovery of Dues :

The Company continued to follow the scheme to provide 2% rebate in interest rate on quarterly basis to all the borrowers making repayment of dues on scheduled dates. This has motivated the borrowers to make payment on time.

Industrial Areas & Parks :

RIICO acquires land for development of Industrial Areas and Parks at different places in the State depending upon the potential of industrial development. RIICO has so far developed 295 Industrial Areas, where around 19,190 industries are in production. Sustained efforts by RIICO have resulted in development of viable Infrastructure for industries in Rajasthan.

Infrastructure at a Glance :

- ❖ **Popular Industrial Areas** – Bhiwadi-Khushkhera; Matsya; Shahjahanpur; Neemrana; Sitapura; Bagru; Vishwakarma; Mansarovar; Abu Road; Bhilwara; Udaipur; Jodhpur; Kota and Kishangarh.
- ❖ **Special Purpose Industrial Parks**
Special Economic Zone (SEZ) – SEZs are specifically delineated duty-free enclaves treated

as a foreign territory for the purpose of industrial, service and trade operations, with exemption from customs duties and more liberal regime in respect of other levies, foreign investment and other transactions. The SEZ policy of the State has been launched and The Rajasthan Special Economic Zone Development Act, 2003 has also been passed and published in gazette on 11.09.2003. The following SEZs have been promoted by RIICO:

- SEZ for Gems and Jewellery Units at Jaipur.
- SEZ for Handicraft Units at Boranada, Jodhpur
- SEZ Phase-II for Gem & Jewellery units at Sitapura, Jaipur.

❖ **Industrial Growth Centres** – Abu Road (Sirohi), Jhalawar, Khara (Bikaner), Dholpur and Bhilwara.

❖ **Mini Industrial Growth Centres (IIDs)** - Jodhpur, Nagaur, Newai & Kalarwas (Udaipur).

RIICO has successfully completed the following projects during the year :

- ❖ Improvement of link road to ICD Basni, Jodhpur;
- ❖ Construction of CETP at Bhiwadi;
- ❖ Improvement of Akeda Road, Bhiwadi.

Following are the projects which are at various stages of implementation :

- ❖ Export Promotion Industrial Parks (EPIP);
- ❖ Centre for Development of Stones (CDOS);
- ❖ Widening of Remaining Link Road connecting ICD Basni, Jodhpur;
- ❖ Improvement of existing Link Road from N.H.8 to Bhiwadi via Rathiwas;
- ❖ Upgradation of Link Road to ICD Bhiwadi

Agro Food Parks :

Rajasthan is the number one State in production of Mustard and Rapeseed, Guar, Moth Bean, Bajara, Cumin, Coriander and Fenugreek. Rajasthan stands second in production of Barley and third in Soyabean.



It has substantial production of Cotton, Maize and Wheat. In addition to above the State has also acquired prominent position in the production of Isabgol, Heena, Sonamukhi and traditional rose cultivation too (Pushkar and Haldighati).

With the ushering in of the twenty first century; RIICO is all set to establish highly sophisticated Agro Food Parks at Ranpur near Kota, Boranada near Jodhpur and Udyog Vihar, Sri Ganganagar. These eco-friendly areas will offer the most advanced amenities with state-of-the-art infrastructure to support entrepreneurs.

Strength of Agro Food Parks :

- ❖ Potable quality water in plenty;
- ❖ Availability of adequate low cost labour;
- ❖ Well connected by road and broad gauge railway network;
- ❖ Quality control and analytical laboratories;
- ❖ Common Effluent Treatment Plant;
- ❖ Well developed industrial and social infrastructural facilities;
- ❖ Warehousing facilities;
- ❖ Well laid network of roads, pipeline, drainage and electricity;
- ❖ The policies of the State Government are investor-friendly.

The combination of high order specialized infrastructure facilities with research and training institutions would make the Parks more value added set-ups. Green open spaces would enhance the ambience of the natural environment.

Venture Capital Fund :

RIICO, in association with SIDBI has launched Rajasthan Venture Capital Fund for financing IT, Biotech and other knowledge based industries. The fund is managed by the Rajasthan Asset Management Company (RAMC) where RIICO and SIDBI are important shareholders. The fund is being operated from Udhog Bhawan, Tilak Marg, Jaipur is providing Venture Capital to industries in these sectors located in Rajasthan and NCR.

RIICO : Profit soars 49% :

RIICO has earned a half yearly profit of Rs.4.11 crores for the period ending September 30, 2004, up by 49% compared to the corresponding period last year (Rs.2.75 crores). Income during the year (the period April 01, 2004 to September 30, 2004) from sale of land has been Rs.45.52 crores, which is about 102% higher as compared to the corresponding period of previous year. To provide quality infrastructure facilities in the industrial areas, the Corporation has spent an amount of Rs.29.38 crores during this period as against Rs.15.36 crores during the corresponding period of previous year.



**It Is Hard To
Let Go Of The Past
If You Have Not Learned
From The Past.
As Soon As You
Learn And Let Go
You Improve The Present.**



MEMBER CORPORATIONS ~ THEIR ACTIVITIES

RIICO sponsors a conference on Venture Capital Financing

“Venture Capitalists are the facilitators in the growth of industrial development” said Mr. Narpat Singh Rajvi, Hon’ble Minister for Industries while inaugurating the Conference on “Venture Capital Financing : Maximizing Wealth Creation” held on September 27, 2004 at Jaipur.

RIICO, keeping in view its significant role in promoting entrepreneurship and investment in the State, sponsored the above Conference that was organised by Rajasthan Venture Capital Fund, a RIICO and SIDBI assisted Fund, in association with CII.

While delivering his welcome speech Dr. Rakesh Hooja, Chairman of RVCF and CMD, RIICO said that Venture Capital stimulates economic growth by supporting knowledge-based industries on the principle of high risk, high return. Dr. Hooja traced the history of Venture Capitalism and highlighted many practical issues.

Dr. Hooja said that there are misconceptions about venture capital financing especially in the State of Rajasthan and it is with the objective to make the concept of VC funding more clear to the entrepreneurs in the State, that the Conference has been organised.

Shri T. Srinivasan, Principal Secretary Industries, in his address commented that Information Technology and Biotechnology are the two prominent areas where venture capitalists have provided Funds in the form of equity or quasi-equity and there is further scope of funding in other areas.

While delivering the keynote address, Shri Saurabh Srivastava, Chairman, informed that India has now emerged as an important destination for the Venture Capital Investment and was ranked 15th in the world in 2002. Venture Capitalists boost employment in the country as they promote entrepreneurship. Venture Capitalists finance innovation and ideas that have a potential for high growth. This makes it a high risk, high return investment.

Shri Vishnu Varshney, Managing Director, Gujarat Venture Finance Limited said that Venture Capital Funds are very careful while selecting a project for investment. Citing example of Gujarat Venture, he said that during the past 15 years his Funds received about 3000 proposals and found only 53 worth-supporting. Also,

out of 53 investments, only 30% projects are successful, which is the usual trend in venture financing worldwide.

In his address Mr. Gupta mentioned that the VC funding is quite different from financing of brick and mortar companies having some asset base. These funds invest mostly in the mix of equity and convertible instruments, under overall guidance of the Securities and Exchange Board of India (SEBI).



Package for Revival of Sick and closed Industrial Units

- ◆ 5% Interest subsidy on term loan taken for revival.
- ◆ 50% exemption for 7 years in electricity duty.
- ◆ Waiver of penalty and interest on the outstanding dues of electricity bills and facility of paying original outstanding dues in six half-yearly instalments.
- ◆ Waiver of minimum charges during the period of closure and sickness.
- ◆ Waiver of penalty and interest on the outstanding dues of sales tax and facility of paying original outstanding dues in six half-yearly instalments.

Eligibility :

1. Units declared sick by Industries Department or BIFR before 01.04.2004 OR.
2. Units qualified to be sick before 01.04.2004 as per RBI's guidelines and which get themselves declared sick before 30.11.2004 by Industries Department. OR
3. Units taken over before 01.04.2004 and sold to new management on or after 01.04.2004 by RIICO/RFC/Central Financial Institutions. OR
4. Units that filed a reference before BIFR and were not declared sick before 01.04.2004 but get themselves declared sick before 30.11.2004 by the Industries Department after withdrawing the reference filed before BIFR. AND



5. Units that start the process of revival before 01.04.2005.

Revival of a sick unit means :

1. Recommencement of commercial production by a closed sick unit. AND
2. Providing employment to the extent of 50% in the first two years, of the maximum level of employment attained in the preceding 3 years from the date of its declaration as a sick industrial unit, and 100% within five years by a closed sick unit as well as a running sick unit.

Rajasthan Venture Capital Fund (RVCF) :

RVCF promoted by RIICO & SIDBI with a corpus of 16 crore to support Information Technology, Bio-technology and other knowledge driven projects has sanctioned a total investment of Rs.5.58 crore during its one and a half years of operations. Its investment details are as under :

Investment Criteria : Project offering potential for attractive growth and earnings - located in Rajasthan or NCR.

Investment Instrument : Convertible preference shares, direct equity, Optionally Convertible Debentures etc.

Investment Range : Rs.2.5 million to Rs.32 million.

Investment Horizon : 4 to 7 years.

RIICO reimburses following concessions to industrial plots allotted in non-saturated industrial areas after construction to the extent of 20% of the allotted plot area and roof laying.

- ◆ 50% rebate in land rate to Scheduled Caste and Scheduled Tribe upto a maximum of 2,000 sq. m. land.
- ◆ 20% rebate of land rate for setting up an Electronics Industry upto a maximum of 4,000 sq. m. land.
- ◆ 15% rebate in land rate to physically handicapped and disabled persons desirous of setting up their industry upto a maximum of 2,000 sq. m. land.
- ◆ 25% rebate in land rate to ex-servicemen upto 2,000 sq. m land and 2% reservation for ex-servicemen, upto 2,000 sq. m. land.
- ◆ 10% rebate in land rate to women entrepreneurs upto 2,000 sq. m. land; 25% rebate to war widows upto 2,000 sq. m. land.

- ◆ 20% rebate in land rates for setting up Solar Energy Industry upto 2,000 sq. m land.

Rebate @ 10% in the rate of development charges shall be given for allotment of land measuring 10,000 sq. m. or more.

This rebate shall increase @ 0.5% per 1,000 sq. m. land maximum upto 25%. Besides this an additional rebate of 10% shall be refunded if applicant takes minimum 20,000 sq. m. land and makes an actual investment of minimum Rs.50 crores.

2% rebate in allotment rates to all applicants provided 100% development charges are deposited with application form.

WBIDC to set up coke plant in Haldia

West Bengal Industrial Development Corporation and the Tata Steel have entered into an agreement to set up a metcoke plant in Haldia. The first phase was estimated to cost around Rs.700 crore and twice as much in the next phase.

In the first phase, a 0.8 million tonne coke plant and a 60 mw power plant would be set up. A formal shareholders agreement was signed by Shri B. Muthuraman, Managing Director, Tata Steel, and Shri Gopal Krishna, Managing Director, WBIDC, in the presence of Chief Minister Shri Buddhadeb Bhattacharjee.

The project would be funded through a mix of debt and equity. The order for machinery and equipment was expected to be placed over the year 2005 and the first phase of the project was expected to be commissioned within 24 months. The total land requirement for the project would be around 200 acres.

The project was aimed at supplying high quality metallurgical coke to the international as well as to domestic customers. It would also cater to the requirement of Tata Steel.

Considering the necessity of producing world-class low ash metallurgical coke, the entire coking coal requirement would be imported from countries such as Australia, Canada, CIS Countries, New Zealand, USA, Poland and Indonesia.

The project is well-timed as the steel industry needed to meet its raw-material requirement, especially coke, which appears to be in short supply.

Moreover, spiralling prices of raw materials was eating into the margins of the steel companies. The power generated by the company would be sold to the West Bengal State electricity Board.



ACTIVITIES OF COSIDICI

The Executive Committee at its meeting held on December 21, 2005 had constituted a Working Group to look into the problems and difficulties faced by the State Industrial Development Corporations (SIDCs) in setting up of SEZs in their respective states. The Executive Committee of COSIDICI in its meeting held at New Delhi on December 21, 2004 had constituted a Working Group to deliberate on the problems and difficulties being faced by SIDCs in setting up of SEZs and had Resolved to prepare a comprehensive Memorandum to be discussed with the Government of India.

The first meeting of the Working Group was convened at New Delhi in COSIDICI Office at 11:00 A.M. on January 24, 2005. The meeting was attended by Shri A.K. Sharma, General Manager, RIICO, Jaipur and Smt. Renu Seth, Joint Secretary, COSIDICI who served as Member Secretary. Shri Sharma informed that the meeting of SEZ Developers was held with Shri G.K. Pillai, Additional Secretary, Ministry of Commerce, Govt. of India on January 20, 2005. The following issues were discussed at the meeting :-

- | | |
|--|---|
| <p>(a) In SEZ guidelines issued by Government of India and various notifications issued by Deptt. of Revenue related to Central Excise and Customs benefits to SEZ developers, there is an ambiguity regarding the term “DEVELOPER”. In view of the above there is a need to define ‘DEVELOPER’ clearly so as to remove the ambiguity.</p> <p>(b) <i>The Prime SEZ developer should be broadly defined which should also include the agent appointed by the term “Developer”. The Developers of SEZ let out the development works to the contractors/agents. Therefore, benefits available under SEZ policy to developer are not being extended to the contractors because of the aforesaid ambiguity in defining the term</i></p> | <p>(a) Incentives to offset additional transportation;</p> <p>(b) Incentives to offset handling cost;</p> <p>(c) Incentives to offset damage due to transportation and handling;</p> <p>(d) Systems to ensure that goods from land-locked States do not receive low priority at port compared to goods from the State in which the port may be situated;</p> <p>(e) The Govt. of India should consider building International Airport/ International Cargo Hub near the proximity of SEZ;</p> <p>(f) Proper connectivity of SEZ to port should be established through proper rail link.</p> |
|--|---|



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AND BE UPTODATE**



UNION BUDGET AT A GLANCE 2005-2006

The Hon'ble Union Finance Minister, Shri P. Chidamram presented in the Parliament on 28.02.2005 the Union Budget for 2005-2006. On behalf of the Government, he expressed deep sorrow on the loss of lives, property and livelihood caused by the tsunami tragedy and assured the house that the government would provide the necessary funds for the purpose and ensure that every affected family is fully rehabilitated. He further informed the house that the inflation had been reined in from a high of 8.7 p.c. in August, 2004 to 5.01 p.c. in February, 2005. He said that the growth in the current year is expected to be 6.9 p.c. with the manufacturing sector expected to grow at 8.9 p.c. He said that investment in 2004-2005 had been buoyant as a result of Business Confidence having been restored. Non food credit has increased by 21.2%. The Budget also launches a major assault on poverty and unemployment.

The table below gives estimates and revised figures of revenue and expenditure for the last year i.e. 2004-2005, and the figures proposed for the next year 2005-2006 and deficits of revenue, fiscal and primary as percentage of GDP :

S.NO.	ITEM	2004-2005 (BE)	2004-2005 (RE)	2005-2006 (BE)
1.	Receipts			
(a)	Revenue Receipts	309322	300904	351200
	(i) Tax Revenue (Net to Centre)	233906	225804	273466
	(ii) Non-Tax Revenue	75416	75100	77734
(b)	Capital Receipts	168507	204887	163144
	(i) Recoveries of Loans	27100	61565	12000
	(ii) Other Receipts	4000	4091	-
	(iii) Borrowings and Other Liabilities	137407	139231	151144
	Total (a) + (b)	477829	505791	514344
2.	Expenditure			
(a)	Non-Plan Expenditure	332239	368404	370847
	(i) On Revenue Account of which,	293650	296396	330530
	(ii) Interest Payments	129500	125905	133945
	(iii) On Capital Account	38589	72008	40317
(b)	Plan Expenditure	145590	137387	143497
	(i) On Revenue Account	91843	89673	115982
	(ii) On Capital Account	53747	47714	27515
	Total Expenditure (a) + (b)	477829	505791	514344
3.	Revenue Expenditure	385493	386009	446512
4.	Capital Expenditure	92336	119722	67832
5.	Revenue Deficit	76171 (2.5)	85165 (2.7)	95312 (2.7)
6.	Fiscal Deficit	137407 (4.4)	139231 (4.5)	151144 (4.3)
7.	Primary Deficit	7907 (0.3)	13326 (0.4)	17199 (0.5)



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	60	Revenue Expenditure	55
	Excise Duties	20	Defence	14
	Customs Duties	8	Subsidies	7
	Corporate Tax	18	State Share of Taxes & Duties	16
	Income-Tax	11	Non-Plan Assistance to States and UTs	6
	Other Tax	3	Other Non-Plan expenditure	12
B.	Non-Tax Receipts	40	Capital Expenditure	45
	Borrowings and other liabilities	25	Central Plan	18
	Non-Debt Capital Receipts	2	State UTs Plan Assistance	5
	Non Tax Revenue	13	Interest	22
	TOTAL	100		100

Highlights of the Budget :

Small & Medium Enterprises :

- ◆ SSI sector now to be treated as small and medium enterprises sector.
- ◆ 108 items identified for dereservation, out of which 30 are in the category of “textile products, including hosiery”.
- ◆ Capital subsidy scheme further liberalised. Provision for ‘Promotion of SSI Schemes’ enhanced from Rs.135 crore to Rs.173 crore in 2005-2006.
- ◆ Small and medium units in knowledge based industries such as pharma, biotech and IT to be provided equity support through the SME growth fund of SIDBI. The fund has a corpus of Rs.500 crore.
- ◆ Small and Medium Enterprises Development Bill to be introduced in the current session of Parliament.
- ◆ Manufacturing Competitiveness Programm to be launched to help small and medium enterprises.

Textiles :

- ◆ Investment in the sector enhanced from Rs.20,000 crore in the previous year to Rs.30,000 crore in the present financial year.
- ◆ Technology Upgradation Fund (TUF) Scheme has got an increased allocation of Rs.435 crore. Further proposal to introduce 10% capital subsidy scheme for Textile Processing Sector under the Scheme.
- ◆ Cluster development approach for production and marketing of handloom products introduced. Ministry of Textile to take up 20 clusters in first phase at a cost of Rs.40 crore.
- ◆ Life Insurance Scheme for weavers to cover 20 lakh weavers in the next 2 years at a cost of Rs.30 crore. Health insurance scheme to cover 2 lakh weavers.



Banking :

A comprehensive Bill to amend the Banking Regulation Act, 1949 to be introduced in the current session. Following amendments to be introduced in the Act :

- ◆ To remove the lower and upper bounds to the statutory liquidity ratio (SLR) and provide flexibility to RBI to prescribe prudential norms;
- ◆ To allow banking companies to issue preference shares, since preference share capital can be treated as regulatory capital under specified circumstances as per Basel norms;
- ◆ To introduce specific provisions to enable the consolidated supervision of banks and their subsidiaries by RBI in consonance with the international best practices in this regard.

RBI Act, 1934 to be amended as follows :

- ◆ To remove the limits of the cash reserve ratio (CRR) to facilitate more flexible conduct of monetary policy; and
- ◆ To enable RBI to lend or borrow securities by way of repo, reverse repo or otherwise.

Agriculture :

- ◆ Agriculture diversification to be encouraged in fruits, vegetables, flowers, dairy, poultry, fisheries, pulses and oilseeds.
- ◆ National Horticulture Mission to be launched on April 01, 2005 with an allocation of Rs.630 crore.
- ◆ Proposal to introduce a new scheme 'Development/Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization' to induce large investments from private and cooperative sectors for setting up agricultural markets, marketing infrastructure and support services such as grading, standardization and quality certification

Infrastructure :

- ◆ BSNL to provide public telephones in the next three years to the remaining 66,822 villages.

- ◆ Total outlay for National Highway Development increased to Rs.9,320/- crore. NHDP-III to be launched to target selected high density highways. Rs.450 crore for highway development in the North-Eastern region.
- ◆ Rs.1,100/- crore provided for rural electrification to cover 1.25 lakh villages in the next 5 years.
- ◆ Knowledge Centre to be set up in every village.
- ◆ National project for repair, renovation and restoration of water bodies to be launched.
- ◆ National Urban Renewal Mission to cover seven mega cities with a population of over a million and some other towns launched with an outlay of Rs.5,500 crore. The mission would renew urban facilities in these areas.

Direct Taxes :

- ◆ New tax brackets and the new rates of income tax will be as follows :

Upto Rs.1 lakh	:	Nil
Rs.1 lakh to Rs.1.5 lakh	:	10 %
Rs.1.5 lakh to Rs.2.5 lakh	:	20%
Above Rs.2.5 lakh	:	30%

Further, the level at which the surcharge of 10 percent will apply will be raised to Rs.10 lakh taxable income.

- ◆ Exemption threshold level for women enhanced at Rs.1.25 lakh and the exemption level for senior citizens at Rs.1.5 lakh.
- ◆ Standard deduction, Section 88 and 80L abolished.
- ◆ A consolidated limit of rupee one lakh for savings to be deducted from the income before tax is calculated.
- ◆ Deduction on housing loan interest, medical insurance premia etc. to continue.
- ◆ To counter tax evasion, a new tax at the rate of 0.1 percent proposed on withdrawals exceeding Rs.10,000 from the banks.
- ◆ Collective fringe benefits to be taxed at 30 percent.



- ◆ Nominal increase in the securities transaction tax.
- ◆ New corporate tax structure with 30 percent corporate income tax rate for domestic companies plus 10 percent surcharge.

Customs Duties :

- ◆ Peak rate for non-agricultural products reduced from 20 percent to 15%.
- ◆ On selected capital goods and parts reduced to below 15 percent, 10 percent in some cases and 5 percent in others.
- ◆ On Textile machinery reduced from 20 percent to 10 percent;
- ◆ On refrigerated vans reduced from 20 percent to 10 percent to encourage food processing industry.
- ◆ Major relief to leather, footwear, pharmaceuticals, biotechnology & I.T. Industries.

Excise Duties :

- ◆ On Polyester filament yarn, tyres and airconditioners reduced to 16 p.c. from 24 p.c.
- ◆ Reduced on imitation jewellery to 8 p.c.
- ◆ Surcharge on tea and refined edible oils abolished.
- ◆ Reduced on matches produced in mechanised and semi-mechanised to 12 p.c.
- ◆ Some tax relief to the small scale industry (SSI). Hence, I propose to raise the ceiling for SSI exemption based on turnover from the level of Rs.3 crore per year to Rs.4 crore per year. Further, SSI units will now have only two options: either full exemption on the first clearance of Rs.1 crore or normal duty on the first clearance of Rs.1 crore with CENVAT credit.



**Even In The Most
Difficult Situations,
When You Focus On
What Is Right
In The Present Moment,
It Makes You Happier;
And Gives You The Needed
Energy And Confidence
To Deal With
What Is Wrong.**



POLICY POINTERS

New duty drawback rates announced

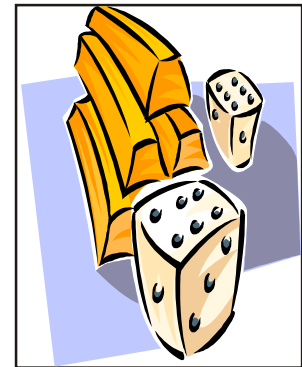
The finance Ministry on January 18, 2005 revised all industry drawback rates factoring in the education cess. As education cess is being collected as duties of excise/customs, the element of education cess has been factored in the drawback rates, a statement issued here said. The revised rates would come into force from January 19, 2005. A significant feature of the new drawback schedule is that the rates for most products have been expressed in terms of metric tonne per kg. in lieu of earlier ad valorem rates.

Following the standard input output norms, the rates previously expressed in terms of numbers, pieces and gross have now been changed to metric tonne per kg. This will meet the requirements of transparency and more importantly, will help prevent disputes and litigation arising from alleged over-invoicing of exports.

To make drawback schedule attractive and useful for exporters, the drawback rate for excise portion has been added at several places which can be availed of only when cenvat credit has not been taken. Taking into account the suggestions of trade and industry, several new entries have been created in the Drawback schedule.

A new chapter has been introduced covering pig iron, iron ore pellets, ferro-alloys and steel products. In

all, 29 new entries have been created. In the textiles sector, the product coverage has been expanded by creating about 165 new entries. The new products included are wool tops, cotton yarn, acrylic yarn, viscose yarn, various blended yarn/fabrics and fishing nets among others.



The existing entries in the drawback schedule relating to garments have been expanded so as to create separate entries for garments made up of cotton, cotton and man-made fibre blend; and man-made fibre. Separate rates have been prescribed for these categories of garments on the basis of composition of textiles. In the case of silk, the drawback rate for higher quality silk fabrics has been increased from Rs.86 per kg. to Rs.126 per kg. In the case of wool, the new drawback rate for woollen worsted yarn (dyed) weaving quality is Rs.20.50 per kg. which is significantly higher than existing rate of Rs.4.80 per kg. In the case of ready made garment sector, the new drawback rate for knitted blouses/shirts/tops of cotton is Rs.42 per kg. as against the existing rate of 10.6% of EOB value subject to a maximum of Rs.40 per piece.



**The Present
Is Not The Past And
It Is Not The Future.
The Present Is
The Present Moment !
The Present Is
Now !**



ECONOMIC SCENE

3-pronged strategy to make India investor-friendly

For achieving a GDP growth rate of 7-8% annually, India would follow a three pronged strategy to make India investor-friendly and globally competitive, minister of state in the PMO Shri Prithviraj Chavan, said on February 18, 2005. The three-pronged strategy includes massive public investments in social infrastructure, stress on good governance-administrative, judicial and political / electoral reforms - and investments in physical infrastructure, he said at the Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI) Conference.

Inviting investors to India the minister said expenditure on education and health in the next four years would be doubled as percentage of GDP and credit flow to agriculture would also be doubled. He asked member countries of CACCI to invest in sectors like ports, airports, railways, power, highways, oil exploration and tourism. He stressed the need for inter and intra regional economic co-operation and investment for greater economic integration of trade and services.

Input-Output norms for 27 New Export Items notified

The Directorate General of Foreign Trade (DGFT) has put up Public Notice No.53 dated 15.02.2005 notifying additional standard input-output norms for 27 New export items and amendments/corrections/deletions in the standard input-output norms for 35 existing export items. Out of the 27 new norms, 22 norms relate to the chemicals and allied products, 4 relate to the engineering products and 1 relates to the food products. Fixation of standard input-output norms will facilitate issue of advance licences for above additional items to the exporters.

KYOTO Protocol comes into Force

Clear energy is all set to undergo a major expansion worldwide as the Kyoto Protocol comes into force from February 16, 2005. The Protocol requires the industrialised countries to reduce their emissions of carbon dioxide and other greenhouse gases (GHGs) which

are changing global climate patterns. The industrialised countries would need to accelerate the introduction of renewables to meet these requirements, as well as reduce energy consumption by promoting efficiency of energy end use, and enhance the absorption of carbon dioxide in trees through greater afforestation.

India has already ratified the Kyoto Protocol on 26th August, 2002. India is not required to reduce emission of Green House Gases (GHG) under the Protocol under which basically the developed countries are required to reduce emissions of GHG by an average of 5.2 percent below 1990 level by 2012. This Protocol was adopted in 1997 by the countries, which are Parties to the United Nations Framework Convention on Climate Change (UNFCCC). The Convention seeks to stabilise Green House Gas concentrations in the atmosphere at a level that would minimise interference with the climate system.

One of the provisions of the Kyoto Protocol, known as the Clean Development Mechanism (CDM), established a framework within which the industrialised countries can meet a part of their carbon dioxide emissions reduction requirements by purchasing Certified Emission Reductions (CERs) from India and other developing countries. These CERs are generated through an international due diligence process that continuously monitors and verifies that clear energy projects in developing countries are indeed leading to lower carbon dioxide emissions than would occur otherwise. The sale of these CERs provides an additional revenue stream to clear energy projects, thus increasing their financial viability.

As a result of the opportunities unlocked by the CDM, ***the Indian Private Sector is fast emerging as the largest potential supplier of CERs in the world.*** The Government of India, through the Ministry of Environment and Forests, has established an inter ministerial committee to process and approve CDM project proposals before they are sent to an international CDM Executive Board in Bonn. The inter ministerial Committee meets once a month, and has already approved 54 projects.



The price of the CERs is market determined, and is expected to rise as the demand for CERs increases with the coming into force of the Kyoto Protocol. The current price of CERs is about \$ 6 for a tonne of carbon dioxide emission reductions, which is about \$ 1 more than it was one year ago. Most assessments predict that this price would rise to about \$ 8 to \$ 10 in about 3 to 5 years.

At the current price of \$ 6 for each tonne of carbon dioxide emission reduction, renewable energy projects would secure an additional revenue of about 15 to 20 paise for each unit of electricity that they produce, enhancing the project's rate of return by about 1 to 2%. The increase in the project rate of return is much more substantial for waste to energy projects where the increase can be of 5% or more.

This is because these projects collect the methane generated in landfills and burn it to produce electricity. By reducing emissions of methane, which is 20 times more potent a green house gas than carbon dioxide, the project secures significant additional source of revenue. This increase makes it profitable for private investors to collect garbage and manage landfills - which could have a major impact on the management of solid waste in our cities.

As a result of this activity, a large and strong industry of consultants, financial analysts and CER traders has also developed to support CDM activity. Recently, several CDM project developers, NGOs and consultants came together to form a CDM stakeholders association called the Indian Carbon Market Group (ICMG).



**You Already Know
What The Present Is.
You Already Know
Where To Find It.
And You Already Know
How It Can Make You
Happy And Successful.
You Knew It Best When
You Were Younger.
You Have Simply Forgotten.**



SMALL SCALE INDUSTRIES

SSIs need space to evolve

Reservation of items for exclusive manufacture in the small scale industry sector statutorily provided for in the Industries (Development and Regulation) Act, 1951, has been one of the important policy measures for promoting this sector.

The reservation policy has two objectives:

- Ensure increased production of consumer goods in the small scale sector.
- Expand employment opportunities through setting up of SSIs. Non-SSI units can undertake manufacture of reserved items only if they undertake 50% export obligations.

Reservation affords support to SSIs against competition from medium/large/multinational companies. The policy received statutory backing in 1984 under section 29B of Industries (Development & Regulation) Act, 1951.

The overwhelming consideration for reservation is whether it is technically feasible to produce that item in the small sector. The manufacturing process is simple in nature and essentially labour-intensive. The basic features of reservation policy are :

The policy is applicable only to the manufacturing sector. It does not take into account the service sector, including repair of products.

No new unit in the medium or large-scale sector is allowed to be set up after the date of reservation, nor any further capacity expansion in the existing medium or large-scale units is permitted. All further expansion or capacity creation is reserved for the small sector only.

Existing large-scale units, which were manufacturing these reserved items at the time of reservation, were allowed to continue their activities indefinitely but their capacity was frozen at the existing levels, i.e. they were prohibited from expanding further.

Creation of new capacity in the reserved areas is permitted among medium/large-scale units if they undertake to export a minimum of 75% of their production (50% in case of readymade garments).

There is no restriction on marketing by large units or big companies of products reserved for manufacture in the SSI sector.

A statutory advisory committee on reservation was established to undertake a review of items from time to time for :

- Dereservation of items which are already reserved.
- Reservation of new additional items, and
- Change of the nomenclature of items.

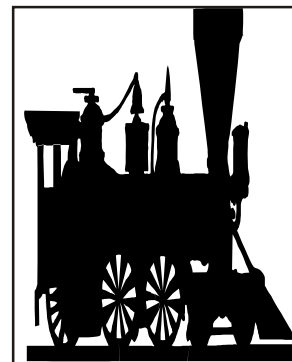
The Government's attitude towards the small-scale sector is not at all encouraging. Several of the recent government directives are anti-SSI and are intended to push SSIs out of fair competition. They have been imposing a lot of rules that are unnecessary and taxing.

About its role and relevance, it would be impractical to say that SSIs have had it for now and should leave lock, stock and barrel. In the era of sophistication and globalisation, this sector too would try to evolve and match with the times. Efforts have already begun.

Reservation is in respect of local manufacture. Even when an item is imported, it definitely comes in with handicaps when it competes within the small sector. This includes the need for advertising, after-sales support, a distribution channel and so on. For imported goods, there is often a high cost associated with all this.

Reservation, therefore, protects Indian SSIs from Indian large industry. Nevertheless, we have been conducting a continuous review of reserved items with stakeholders to rationalise this list.

Indeed, given the current situation, it is a big challenge that small scale units face in the country. However, if the right environment for availability of finance, technology and labour is there, the sector will be ready to rise up to any formidable challenge. It has the resilience and the strength to do that.



SIDBI gave Rs.11,300 cr to SSIs during April-Dec.

SIDBI disbursed Rs.11,300 crore to the SSI sector during April-December which is up by 9.71% over the disbursement of Rs.10,300 crore in the previous fiscal.

The small and medium enterprises fund (SME fund) set up by the government with a corpus of Rs.10,000 crore has disbursed Rs.1,150 crore in April-December, out of Rs.2,250 crore sanctioned for the current fiscal. Net outstanding credit given by all banks, excluding SIDBI stood at Rs.71,000 crore at the end of the previous fiscal. Net outstanding credit of public sector banks for the same period ending was Rs.58,278 crore.

Growth in net bank credit from March 2000 to March 2004 has ranged from 16.31% to 28.53%, whereas the rate of growth in credit to the SSI sector has ranged from 2.78-9.99%. Even though the disbursements in actuals have been substantial, the rate of credit growth for the sector has been rather slow due to the accumulation of non-performing assets which have been as high as 19.5%. The growing sickness of small units which accounted for Rs.5,706 crore from 1,68,000 accounts in March, 2003, has been another contributing factor.

14% of registered SSI units are sick : census

The Small Scale Industries (SSIs), have a total size of 1,05,21,190 units out of which 13,74,974 are registered units while the remaining 91,46,216 units are unregistered, according to the third SSI census conducted by the government.

Approximately, 14% of registered SSI units are reported to be sick, while 7% unregistered units have been reported as sick. Lack of demand, shortage of working capital and marketing problems have been cited as main reasons for their sickness.

The census which uses 2001-2002 as the base year, says that out of the total registered working SSI units, 65.55% are SSI manufacturing units while 34.45% units are small scale service business enterprises. The sector employs about 2,49,32,763 persons producing a gross output of Rs.1,54,34,867 lakh. As per industry association estimates, there are about 40,000 sick units out of a total of 1,06,000 units. About 56% of the total units are managed by socially backward classes as per the census.

SSIs take Bangla route to the West

Indian cottage and small units are trying to ride the benefits of duty-free pacts between their counterparts in Bangladesh and importers in developed countries.

The Federation of Associations of Cottage & Small Scale Industries (FAC-SSI) is looking for a partnership with units in Bangladesh so that it can gain from the long-term pacts covering a range of items, according to Shri Debarata Ghosh, President of the Federation.

Shri Ghosh said Bangladesh has a trade agreement valid upto 2016 with the US and some European Union (EU) countries for exporting certain industrial and agricultural items on which the importing nations will not impose any duty. "We have already asked the Bangladesh High Commission to give us a list of items covered by the trade treaty. Once we have the list, we can decide on the items that we can supply.

The aim is to supplement the efforts of counterparts in Bangladesh by taking part in the manufacturing process either raw-materials or finished and semi-finished items can be supplied to Bangladesh, where the exporters can label the products for final export to the US. As Bangladesh lacks several raw-materials as well as production facilities for various items, the proposed tie-up would help both countries improve export earnings.

SSI hosiery-makers see hope in quota-free era

The small scale hosiery units are upbeat about their export prospect now that the quota-regime of the multi-fibre agreement has ended.

The floor rates of export items were fixed at much higher levels than their production cost and selling prices in the domestic markets. This was the major among the feature why the manufacturers in small scale sector were not allowed the export quotas.

Generally, export quotas were allotted not on volume or value terms but on length terms. The government, on the other hand, to earn more foreign exchange, fixed a higher floor rate for per metre of garments.

The merchant exporters used to take this advantage and fixed their rates for exportable garments, including hosiery products, such as inner garments, T-shirts, baby suits, industrial apparels and many other



items. For example, the floor level rate of a hosiery garment was Rs.54 while the selling price of the same item was Rs.21. This huge difference between exports rates and manufacturing cost led to heavy manipulations for getting quotas.

If a small scale manufacturer did manage to get an order from an overseas buyer, it could not deliver the consignment without an export quota. The manufacturer then had to buy the quota at a huge premium from merchant exporters, Shri Ghosh said.

The hosiery exports from West Bengal add upto Rs.300 crore a year, while rival Tiruppur in Tamil Nadu notches up Rs.12,000 crore a year.

RBI should fix SSI lending target for banks : house panel

The Parliamentary Committee on banking feels that the RBI should fix targets for individual banks for lending to the small scale industries (SSI) sector.

Currently, RBI only fixes the target for priority sector lending as a percentage of total lending of individual banks.

Although the percentage of priority sector lending includes the SSI sector, the apex bank does not specify what percentage of priority sector lending of individual banks, should go to the SSIs. A member of the panel and Lok Sabha said that the committee is of the opinion that the banks are often not keen to go in for lending to the SSIs, since there is no fixed target for this sector like that of the agricultural lending. Currently, the total priority sector lending target for banks as fixed by RBI,

is 40%, out of which 18% is allotted for agricultural lending, 12% for exports and the remaining 18% for a host of sectors, one of which is the SSI sector.

The panel further opines that banks should bring about a total coordination among all its SSI specialised branches for working together as a single unit or as a “narrow bank” within the particular bank.

SSI ministry meets states on registration procedures

The Development Commissioner of Union Ministry for Small Scale Industry (SSI) held a meeting with the labour and SSI Secretaries of the eastern region states on February 2005 to simplify the registration procedures.

According, to an official of West Bengal SSI Department, Development Commissioner, Shri Satyananda Mishra said at the meeting that the Centre wanted to follow the single window model of SSI registration, as in China, to eliminate the existing inspector raj.

Ms. Meera Pande, Secretary, West Bengal, Small Scale and Cottage Industries, said that the government should make it mandatory for everybody to purchase the products of SSI sector to ensure a potential market for them. While determining an SSI unit, emphasis should be given on turnover volume and number of employees, rather than on capital investment.

The Centre, will organise such meetings in other regions too, to prepare a draft report on SSI units. The draft report will be placed during the winter session of Parliament.



**You Cannot Change The Past
But You Can Learn From It.
When The Same Situation Arises,
You Can Do Things Differently
And Enjoy
A More Successful Present.**



NEWS FROM STATES

New UP tax to turn in Rs.550 crore

The Uttar Pradesh government on February 10, 2005 imposed the state development tax at 1 percent in place of the turnover tax.

Against the estimated annual revenue collection of Rs.1,000 crore through the turnover tax, the state development tax is expected to turn in an annual revenue of just Rs.550 crore.

According to officials the anomaly of multi-point taxation in the turnover tax has been rectified, and the new tax will be paid at a single point. It will come into force after the UP Trade Tax, 1994 is amended by the state assembly. Moreover, only 18,000 traders having an annual turnover of atleast Rs.50 lakh would come under the purview of the new tax, said Shri Shekhar Agarwal, Secretary tax and registration.

Several goods and products have been exempt from the purview of the new tax, and it would not apply to milk, salt, newspapers, agriculture implements books, goods produced by Khadi and village industries, inter-state transfers of goods and goods sold outside the state by the traders, food-grains, coal, cotton, cotton thread, hide and leather, iron and steel, oilseeds, and pulses. Sugar and tobacco, which attract an additional excise duty, have also been exempt from the tax. The same goes for raw and packaging materials purchased by manufacturing units and export-oriented units.

All manufacturing units enjoying exemption from the trade tax have also been exempted from the new tax.

Annual Plan of U.P.

The annual plan of Uttar Pradesh for the next fiscal was finalised between the UP Chief Minister Shri Mulyam Singh Yadav and Shri M.S. Ahluwalia, Deputy Chairman, Planning Commission on 30.12.2004 at New Delhi. The total plan outlay would be Rs.13,500 crore, up 39% from Rs.9,700 crore during the current fiscal. The outlay includes one-time additional Central assistance of Rs.200 crore for tackling special problems and Rs.308 crore of one-time additional market borrowings.

J&K to get Rs.4,200 cr. in 2005-2006

The Planning Commission on the February 14, 2005 approved a Rs.4,200 crore plan for Jammu and Kashmir for 2005-2006. This year's plan size is 40 percent i.e. Rs.1,000 crore higher than the previous year's allocation. It includes a normal state plan of Rs.3,000 crore and Rs.1,200 crore from the reconstruction package of the Prime Minister. The state earned a revenue of Rs.600 crore. The fiscal deficit shrank to 4.5% from 8.5% last fiscal. The annual plan was finalised at New Delhi at a meeting between the Deputy Chairman of the Planning Commission, Shri Montek Singh Ahluwalia, and the state's Chief Minister, Shri Mufti Mohammed Sayeed.

The Planning Commission said the state should take steps for a timely implementation of the Prime Minister's package. Two members of the Planning Commission, Shri Syeeda Hameed and Shri B.N. Yugandhar would monitor the progress.

The commission said it would help the state government in identifying centrally sponsored schemes from which it can be benefited. Shri Ahluwalia said the rural health mission introduced by the central government would help the state in improving infrastructure in rural areas. The Planning Commission complimented the state for measures like land reforms and empowerment of local bodies. It emphasised the creation of local governments in the state. It said the state should put more thrust on women's empowerment, infrastructure development, and protection of bio-diversity.

Shri Mufti said the state government had initiated the process to carry out panchayat elections. He said his government would lay stress on achievement of higher rate of growth than the national average and would ensure that more and more people participate in development activities.



The Deputy Chief Minister of the state, Shri Mangat Ram Sharma, said the state government was working towards providing infrastructure in the urban areas. He said the fiscal reforms initiated by the state government had started showing positive result. The state government's thrust areas would be maintenance expenditure and the completion of unfinished works.

Assam Plan size fixed at Rs.3,000 crore

The annual plan outlay for Assam for 2005-06 has been fixed at Rs.3,000 crore. This includes additional Central assistance of Rs.300 crore for funding the reconstruction plan of the state linked to specific projects.

The Chief Minister of Assam Shri Tarun Kumar Gogoi informed the Commission that state finances have been under strain for many years. Lack of adequate investment, low rate of capital formation, perpetual problems of floods and a weak communication system was responsible for slow development of the state.

The Planning Commission, Deputy Chairman, Shri Montek Singh Ahluwalia complimented the state for its plan performance. He said that the Centre was working out a plan to promote horticulture and the state should take full advantage of the scheme, which would help in creating a marketing network.

Rs.500 cr eco-tourism park in Uttaranchal

Uttaranchal has decided to set up a Rs.500 crore eco-tourism park at Ramgarh. The eco-tourism park would be developed by the private sector on a 900 acre land, Dr. Pratap Bisht, Chairman of Kumaon Mandal Vikas Nigam Ltd, said on January 24, 2005. The government had already signed a Memorandum of Understanding (MoU) with Mumbai based Eco Park Ltd. for the project.

Himachal offers sops to move industry to untapped areas

To reduce density in developed industrial clusters, the Himachal Pradesh government's latest industrial policy has come up with incentives, according to Industries Minister, Shri Kuldeep Kumar who was addressing a conference on industrial development,

organised by the PHD Chamber of Commerce and Industry.

It has transpired that after the announcement of the central incentive package in 2003, 4,574 units have been registered (Rs.8,544.88 crore invested) and 155,435 people can be given jobs.

There is a need to create infrastructure to attract industry in the new areas. So, incentives in the new policy will not be extended to the already notified areas like Baddi, Barotiwala and Nalagarh which have been covered under the Gogoi Central Incentive Package of 2003, said Shri Kumar.

In order to have a state GDP growth rate of 8 percent, as projected by the Planning Commission for the Tenth Plan period, a perspective infrastructure development plan focusing on power, roads, telecommunications, industrial parks, industrial estates, agriculture export zones, and export promotion zones has to be developed.

To resolve the issue of manpower resource management, the government would soon plan to set up a special cell in the directorate of industries. Industrial training institutes would be set up in every constituency.

Himachal gets Rs.80 crore fruit mission

A Rs.80 crore horticulture technology mission, being implemented in Himachal Pradesh with the Centre's help, is expected to diversify horticulture in the state. The mission will help an integrated development of fruits, vegetables, flowers, and medicinal herbs. It involves research, coordination, production and productivity, besides post-harvest management and processing. The mission will cover all aspects of horticulture development with backward and forward linkages.

It also aims at raising production by harnessing their potential and putting in place a sustainable farming system. One objective is to generate employment for women.

Besides apples, pears, plums, apricots, mangoes, litchis and citrus varieties, hybrid vegetables, flowers



and medicinal plants will also be covered under the programme.

Farmers will be provided assistance at half the cost of cultivation with the ceiling of Rs.13,000 per hectare. As the state has only 17 percent of the cultivated area under irrigation, farmers are being encouraged to construct water storage tanks, for which assistance is being provided. An assistance of Rs.10 lakh is being provided for 10 hectares.

Financial assistance is being provided also for the construction of tubewells and drip irrigation. Farmers are also being encouraged to take up apiculture and 1,054 bee-colonies have come up, which will produce 830 tonnes of honey. Apart from apples, the main horticulture crop of the state, mangoes and litchies have also emerged as important fruit crops in recent years and the mission is focusing on their productivity.

The Plan envisages establishing integrated multi-crop nurseries, both in the public and private sectors, so that farmers get good planting material.

For raising herbal gardens, an assistance of upto Rs.10 lakh is being provided for tissue culture to private units, and Rs.20 lakh to public sector undertaking. The mission also aims to encourage the use of organic fertilizers. This will enable compost units to come up. Farmers are being provided assistance for adopting organic farming.

Orissa Plan outlay fixed at Rs.3,000 cr

Orissa will have a Plan size of Rs.3,000 crore for 2005-2006. This would include additional central assistance of Rs.68 crore for special projects. The annual outlay for the state was finalised on February 16, 2005 at a meeting between Planning Commission Deputy Chairman Shri Montek Singh Ahluwalia and Orissa Chief Minister, Shri Naveen Patnaik in New Delhi.

Shri Patnaik reiterated the state's demand to grant it a special category status. He sought that 12% of thermal power produced in the state should be given to it free as in the case of hydropower in Himachal Pradesh. He wanted ad valorem based on royalty for minerals produced there.

Shri Ahluwalia praised the state for reforms and an investor-friendly climate. He said the flow of central funds to various social sector programmes in states was likely to increase, and Orissa should prepare to take full advantage of this. However, Plan panel members felt that Orissa needed to improve on implementation front as also cut its expenditure. Also, the state should give more attention to infrastructure development, especially in tourism.

Tax-free surplus budget for Andhra

Andhra Pradesh finance Minister Shri K. Rosaiah presented a tax-free, farmer-friendly and surplus budget for the year 2005-2006 in Hyderabad on February 18, 2005.

While the budget for 2005-2006 has projected a net surplus of Rs.37.17 crore, it has estimated a non-Plan expenditure of Rs.37,639.71 crore and Rs.17,691.59 crore under Plan expenditure. This would result in a revenue deficit of Rs.1,401.38 crore, about 0.62% of the Gross State Domestic Product (GSDP). Further, the fiscal deficit is estimated to be Rs.8,379.85 crore, accounting to 3.7% of GSDP.

Shri Rosaiah has also proposed in his budget speech the revival of small and medium industries and at the same time hinted promotion of high-tech areas like biotechnology and information technology.

The government plans to set up a Rs.100 crore infrastructure and investment fund to give a major thrust to industrial activity in the state.

Shri Rosaiah further said that the government intends to introduce the AP Small Scale Industries Revival Scheme to revive sick SSI industries. Under the scheme, the sick unit will be offered various incentives and concessions in finance and power charges. The government has proposed to offer waiver of power charges upto 15 units per month to those tenements having connected load of upto 250 watts bulb. On agriculture, comprehensive plan of Rs.20 crore to formulate and implement farm mechanisation in the state has been announced.

Besides, the government will set up seed and fertilizer testing facilities at each of the district headquarters and Rs.25 crore is provided for the purpose.



It also plans to establish a DNA Finger Print Lab for seed mapping in the state. On the horticulture front, the government will set up an Agri Export Zone (AEZ) for chillies, while four other AEZs for mangoes, grapes, vegetables and gherkins will also be set up in the state. The government is determined to complete all the projects as per schedule and is working to clear all the hurdles in its way. Rs.6,350 crore for the speedier completion of irrigation projects has been provided. It constitutes 40.57% of the total annual Plan outlay of Rs.15,650.77 crore for the year 2005-2006. It has provided Rs.1,030.95 crore towards welfare scheme, Rs.566.41 crore for urban development.

Kerala's per capita income outstrips national average

Kerala state's per capita income 2003-2004 has outstripped national per capita income 2003-2004. It is up by 6.3% during 2003-2004, says the Economic Review-2004, tabled in the state Assembly on February 03, 2005. If remittances to Kerala from outside the state were also added to State Domestic Product, the state income would have been 20% higher.

While the national per capital income (at constant prices) was Rs.11,684 during 2003-2004, the per capita state income has been Rs.12,109. In 2002-2003, the per capita state income was only Rs.11,389.

Rs.20,000 cr package for Kerala

Prime Minister Shri Manmohan Singh on February 15, 2005 assured Kerala of an estimated Rs.20,000 crore investment projects, the highest ever promised by the Centre to the state. This includes the international container trans-shipment terminal (ICTT) near Vallarpadam and the NTPC expansion project at Kayamkulam in Alapuzha, the foundation stone of which was laid by the prime minister.

However, no time frame has been given for the projects that include LNG re-gassification and petrochemical projects Chief Minister, Shri Oomen Chandy said. The state ministers and MPs had

submitted memorandum to the Prime minister highlighting the state's various needs.

Shri Chandy said a separate package for farmers, who were facing acute hardship, had been sought. The support must come in the form of a favourable exim policy which ensures sufficient protection to the farmers.

Another package for traditional industries like cashew, choir, handloom and handicrafts was also sought and the Prime Minister assured that he would favourably consider the pleas.

The Prime Minister observed that "**Adequate**" importance was not being given to India's "inheritance" in the traditional medical system and suggested that it should be used creatively to ameliorate the sufferings of the people.

He said, "Our traditional medical system emphasises the merits of the preventive rather than the curative medicine. Therefore, given the vast size of our population and the urgent need for health care solutions. we should examine our inheritance in the field of healing for the possible answers that we may obtain for the future.

M.P. slums to get Rs.100 crore

The Madhya Pradesh government is to earmark Rs.100 crore for the Gokul Gram and Ayodhya Basti Scheme in the state Budget this year.

It has selected 258 urban slum areas under the Scheme. The scheme has been launched in MP to ensure all-round development in the slum. Similarly, it has embarked upon the Gokul Gram Yojana to improve the conditions of the 51,000 odd villages of the state.

The scheme aims at providing better education, sanitation, health, drinking water, irrigation facilities, besides preserving the environment and ensuring efficient administration by putting to optimum use locally available resources in the villages under the scheme.



INFRASTRUCTURE

SEZs notified as specified ports

In an attempt to boost investment in special economic zones (SEZs), the government has decided to include SEZs in the list of specified ports for imports and export and treat supplies to SEZs as physical exports instead of deemed exports.

The Directorate general of foreign trade (DGFT) has issued a public notice making amendments in the handbook of procedures, including the existing SEZs at Santacruz, Kandla, Kochi, Vishakhapatnam, Chennai, Kolkata, Surat and Noida as specified ports for import and export. For the amendment, SEZs stand notified as ports for buyers to avail the benefits of advance licence and export promotion capital goods schemes for purchases made from SEZs. Suppliers would now be able to collect drawback payments as per existing guidelines.

Export Promotion Council for EOUs & SEZ units Director General Shri L.B. Singhal clarified amendments would also be applicable for all SEZs which would be set up in the future. SEZs have already been notified as ports for duty entitlement pass book (DEPB) scheme and duty free replenishment certificates (DFRC) earlier. Because of non-notification of SEZs as ports, SEZ units were not able to make supplies to the advance licence holders and EPCG licence holders. Now that problem has taken care of.

The problem faced by suppliers to SEZ units in getting draw-back payments has also been solved. Earlier supplies to SEZs were being treated as deemed exports and suppliers were not able to get drawback payments since the revenue department had not issued the relevant guidelines.

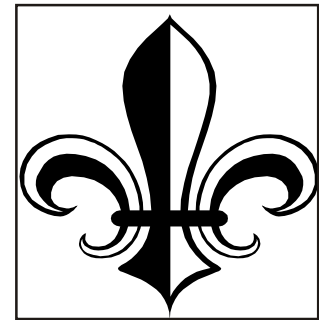
SEZ supplies to get export tag

Granting a long-standing demand of domestic industry and units located in special economic zones (SEZs) the government has decided to grant duty-free replenishment certificates (DFRC) for goods sold to SEZ units. A public notice has been issued by the Directorate General of Foreign Trade (DGFT) and the facility will be available from September 01, 2004.

With the decision to allow DFRC benefit, supplies to SEZ units will be treated on par with physical exports. Such supplies are already eligible for duty drawback, advance licence or duty entitlement pass book (DEPB) credit. While DGFT issued the public notice in January,

2005, Commerce and Industry Minister Shri Kamal Nath said in Mumbai that the domestic industry's demand for this facility has been accepted to boost exports.

Addressing an open house meeting organised by the Export Promotion Council for EOUs and SEZ units, he said they should achieve more than 30% growth in exports. Currently, these units are clocking an export growth of 25%.



16 'private' SEZs approved

The government has cleared 36 cases for setting up special economic zones (SEZs) with private investment in various parts of the country. While 16 cases have got formal clearance, the remaining 20 have been given in-principle clearance.

The Mahindra Group received the nod for setting up three SEZs in Chennai. The product specific SEZs would specialise in apparel, information technology and automobile parts.

IT giant Wipro received a go-ahead for setting up an electronic and software city in Salt Lake, Kolkata. Other SEZs, which received clearances include gems and jewellery zones in Kolkata, Jodhpur and Sitapur (Rajasthan), multiproduct zones in Mundra (Gujarat) and an apparel zone in Surat (Gujarat).

Ministers approve SEZ Bill

A Group of Ministers (GoM), headed by Defence Minister, Shri Pranab Mukherjee on February 11, 2005 cleared the Special Economic Zones Bill which envisages a 20 years tax holidays and provides for a single-window approval mechanism for such zones.

Commerce and Industry Minister, Shri Kamal Nath said that the minutes of the GoM meet would be tabled before Cabinet before the Bill was introduced in the Budget session of Parliament.

Kakinada SEZ approved

The Centre has given an in-principle approval for setting up a port-based special economic zone (SEZ) at Kakinada in Andhra Pradesh. Towards this, a special



purpose vehicle (SPV), Kakinada SEZ Pvt. Ltd (KSEZ) was incorporated. The project will be implemented by Kakinada Sea Ports Ltd. (KSPL), ONGC and IL&FS as promoters.

IL&FS has been engaged to undertake developmental activities for the next 12 months and ONGC also proposes to set up a 5 MMTPA refinery in the SEZ, according to a press release. The investment for developing infrastructure in 4,000 acres of land and augmenting external infrastructure would be close to Rs.2,000 crore.

Kinfra depends on SEZ tag to jack up exports.

Two parks under Kerala Industrial Infrastructure Development Corporation (KINFRA) have got Special Economic Zone (SEZ) status. They are hitech park for electronics industry in Kochi and food processing park in Kakkanchery (in Malappuram).

The crucial decision had to be sector-specific to yield results, according to Shri G. Gopalkrishna Pillai, Additional Secretary, Commerce Ministry. Kinfra, the 12 year old promotional outfit, runs 16 parks from apparel park, Thiruvananthapuram to Rubber Park in Kochi, but the incentive has come only to two select sectors. The newly achieved SEZ status would help in augmenting the exports in food processing. This would ensure increase of 18 to 20% in food processing exports and 30-40% in electronics exports.

SEZs should focus on growth and employment

The National Council of Applied Economic Research (NCAER) has underlined the need for a liberal labour policy in the special economic zones (SEZs). In a study on "SEZs: what more needs to be done", the report said labour policies for SEZs should include mechanism allowing non-viable firms to close down.

It added, the focus of overall policy for SEZs should shift from "augmenting infrastructure facilities for export production" to overall growth and employment. Shift in focus to growth also needs to include quantum growth in the size of the geographical area over which the SEZ-type policies are applied. The report suggested that private sector should be involved in providing infrastructure services even if financing remains public.

Administrative obstructionism should given way to a transparent process based on security of financial accounts instead of monitoring physical targets.

The existing SEZs, the report said, had been able to streamline the customs procedures alongwith keeping the corruption levels low. However, there are problems which inhibit rapid growth and performance as well as the prospects of the forthcoming SEZs. Hence, the report argued, it was necessary to deal with the problems relating to labour reforms, infrastructure, administrative interference etc.



**Look At What Happened
In The Past.
Learn Something
Valuable From It.
Use What You Learn
To Improve The Present.**



ALL INDIA INSTITUTIONS

Monetary & Credit Information Review

Graded Interest Rates on Deposits with SIDBI

Pursuant to the recommendation of the Ganguly Working Group regarding restructuring the scheme of placement of deposits with the Small Industries Development Bank of India (SIDBI) by foreign banks in lieu of shortfall in their priority sector obligations, the Reserve Bank has advised all foreign banks that -

- i The amount of shortfall in priority sector obligation should be placed with SIDBI for a tenor of three years.
- ii The funds placed with SIDBI would have a graded interest rate structure linked to the bank rate as indicated in the box below.

Shortfall in overall target (32 percent of net bank credit) or aggregate shortfall in sub-targets SSI (10 percent) and export credit (12 percent), whichever is higher	Rate of interest on the entire deposit to be made with SIDBI
Less than 2 percentage points.	Bank rate (6 percent at present)
2 percent and above, but less than 5 percentage points	Bank rate minus 1 percentage point
5 percent and above, but less than 9 percentage points.	Bank rate minus 2 percentage points
9 percentage points and above	Bank rate minus 3 percentage points

The scheme would be made effective from the financial year 2005-2006 so that foreign banks have adequate time to plan deployment of their resources. SIDBI would pass on the lower interest rates to the borrowers.

IDBI revises exposure limit for single industry at 10%

IDBI as a prudential measure, revised the exposure limit to an individual industry at 10% of its total portfolio, or Rs.5,000 crore, whichever is lower. The limit is set at 15% of the total portfolio, or Rs.7,500 crore, in the case of assistance for electricity generation.

IDBI Ltd., monitors both domestic and global trends and developments in industries accounting for higher exposures within its portfolio and takes actions and remedial measures to maintain its portfolio and reduce any possible adverse impact on its financials.

For the institutions, five industries account for 47.2% of the total outstanding assistance as on September 30, 2004. The major outstandings pertain to iron and steel, electricity generation, telecom services, cotton textiles and financial services. The bank, in order to improve credit quality, has strengthened the credit approval and delivery systems. In the case of infrastructure, a three-tier security mechanism - letter of credit, escrow facility and government guarantee - has been adopted.

The bank has been resorting to stipulation of additional security such as pledge of promoters' equity and other collateral, as also conversion of loan to equity. The institutions' total outstanding funds, raised through multilateral and bilateral credits and syndicated loans and other foreign currency borrowings, stood at Rs.3,622 crore, representing 6.93% of total debt of the institution.



SIDBI signs loan agreement with WB

SIDBI has signed a \$ 100 million loan agreement with the World Bank for implementing a multilateral multiactivity flagship project on SME financing and development in India. The loan from the World Bank forms a part of the larger SME fund of Rs.10,000 crore earlier announced by the government and disbursed by SIDBI.

The SME financing and development project has three major components : a credit facility of \$ 100 million from the World Bank, a risk-sharing facility of \$ 20 million and a DID-Funded technical assistance for policy advocacy, institutional development and business development services.

The credit facility would be utilised for extending a term credit as well as working capital to existing and new units, both directly by SIDBI and through commercial banks. The facility could be provided to the enterprises either in Rupees or in forex. While the banking division in the Finance Ministry is the nodal agency for the project, SIDBI is the implementing agency for the same.

The agreement was signed by the World Bank country Director Shri Michael Carter and SIDBI, CMD Shri N. Balasubramanian.

Arcil acquires 203 accounts worth Rs.11,256 cr NPAs

Asset Reconstruction Company (India) Ltd. (ARCIL) has acquired 203 non-performing assets (NPAs) accounts, aggregating Rs.11,256 crore from 21 banks and financial institutions (FIs), and issued security receipts amounting to Rs.2,507 crore, since its inception in August, 2003.

A break-up of the industry-wise distribution of assets acquired by Arcil shows that the maximum security receipts (SRs), aggregating Rs.679.98 crore have been issued against NPAs in the cotton textiles sector. The cotton textiles sector is followed by iron and steel (Rs.279.95 crore). A trust appointed by ARCIL buys NPAs from banks and FIs at a discount. This helps isolate the NPAs from the financial system, frees the system and thus helps it focus on core activities, and facilitates development of the market for distressed assets. The trust, in turn, issues SRs to investors.

An asset reconstruction company (ARC) is an asset management company (AMC), dealing only with the

resolution of NPAs. The Reserve Bank of India registered ARCs undertake : acquisition of financial assets (as defined under section 2(L) of the Sarfaesi Act, 2002); change or takeover of management/sale or lease of business of the borrower; reschedule debts; enforce security interest (under Sarfaesi Act); and settle dues payable by the borrower.

An ARC functions like a mutual fund. It transfers the acquired assets to one or more trusts (set up under section 7(1) and 7(2) of Sarfaesi Act) at a price at which the financial assets were acquired from the originator (banks/FIs).

Banks free to do business abroad

Public sector banks are now free to enter into new businesses like insurance, mutual funds and project financing, float subsidiaries, open overseas branches, decide on mergers and acquisitions.

New guidelines issued by the finance ministry on February 22, 2005 provide for greater managerial autonomy for PSU banks and enable them to take on competition from foreign rivals. Banks can also shut down or merge unviable branches, hire sector specialists, fix remuneration and even exit a line of business without prior approval of the government.

ADB clears aid for tsunami-hit nations

Asian Development Bank's board of Directors on February 17, 2005 approved the setting up of a multi-donor Asian tsunami fund with its contribution of \$ 600 million to deliver prompt emergency funding to tsunami-affected countries like India, Indonesia, Maldives, Sri Lanka and Thailand.

The fund will pool and deliver grants for emergency technical assistance and investment projects to support reconstruction and rehabilitation in tsunami-hit nations.

We see this as a mechanism to attract funds from multiple donors for a structured, systematic and transparent flow of funds to tsunami-affected countries, while upholding the strongest standards of governance, Mr. Philip Erquiaga Principal Director of ADB's office of cofinancing operations, said in a statement from Manila.

ADB will accept contributions to the fund from bilateral, multilateral and individual sources. The money will be used exclusively for prompt restoration of services to the affected people.



MISCELLANY

Patent Bill

What is the Patent (Third) Amendment Bill ?

The Patent (Third) Amendment Bill, which might be tabled in Parliament during the coming winter session, is a Bill which will pave the way for a new patent law. As India is a Member of the World Trade Organisation it has to have a new patent law to fulfil the obligations under the TRIPS (Trade-Related Aspects of Intellectual Property Rights) agreement. The new law, which will recognise intellectual property rights, is supposed to come into force on January 01, 2005. The process of drafting the new Act involves modifying the Indian Patent Act (IPA), which was enacted in 1970, in a phased manner. India became a member of the Paris Convention and the Patent Co-op.-Treaty (PCT) with effect from December 07, 1998. Since then, two amendments, namely the Patents Amendment in April, 1999 and the Second Amendment in May, 2002, were enacted. The Third Amendment is the last amendment before a new Indian Patent Act is created. This may now be done though an ordinance if the 1 January, 2005 deadline is to be met.

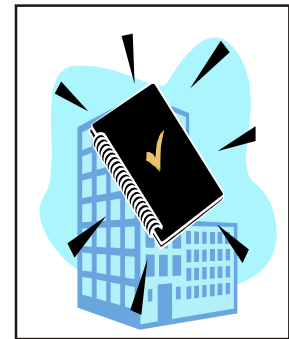
What are the objectives of the new Bill ?

The stated objectives of the new Bill is to further amend IPA (1970), not only make the law TRIPS compliant, but also to simplify and rationalise the procedures for grant of patents. The salient objectives of the Bill are to introduce the product patent regime for all inventions, to delete the provisions relating to EMRs which will become redundant with the advent of the Product Patent regime and to introduce the provision of grant of Compulsory Licenses to supply drugs to countries which have no manufacturing capacities to meet their acute public health problems as per the TRIPS Agreement on the DOHA Declaration on Public Health, and to strengthen issues related to national security.

Why is the amendment necessary ?

India is a signatory to the PCT. Following the Indian Parliament's ratification of the treaty, the country has

adopted provisions for PCT compliance in the Patents Act. This is what the World Intellectual Property Organisation (WIPO) officially states of the PCT: "The PCT makes it possible to seek patent protection for an invention simultaneously in each of a large number of



countries by filling an 'international' patent application. Such an application may be filed by anyone who is a national or resident of any contracting state". For an understanding without prejudice, the PCT is meant to deal with harmonisation of patent filling procedures, with an aim to give the least hardship to seekers of patent and cut the costs of seeking patents. Towards, this end, it aims to put in place a system for inter-national patent filing. As a result of pursuing these objectives, the PCT delves into areas like defining parameters for patent examination and the criteria for examination and grant of patents.

Thus, it becomes a treaty that governs technical questions too, and according to some, a vehicle to impinge on sovereign rights of nations to decide on "patentable subject matter". Hence, all countries that have ratified the PCT in their national laws, including India, have to modify their patent laws to comply with the PCT.

How was the Indian Patent Act of 1970 different?

In the Indian Patent Act, 1970, food, medicines and drugs including substances obtained by chemical processes were granted only process and not product patent. The 1970 Patents Act defines what are not inventions. Among others, these include 'inventions' which are frivolous, which are contradictory to established natural law, those which are contrary to law or morality/injurious to public health and discoveries of a scientific principle or the formulation of abstract theory.

Also out are a mere discovery of any new use for a known substances or the mere use of known process or



machine unless such known process results in a new product or employs atleast one new reactant, methods for agriculture or horticulture and any process for treatment of human beings, plants or animals to render them free of disease or to enhance their economic value. Inventions relating to atomic energy are also not patentable.

What are the contentious issues in the Patent (Third) Amendment Bill ?

One of the contentious issues is the 'patentability' criteria - what makes an innovation patentable. While some lobbies want the criteria to include incremental innovation in the list of patentable innovations, others do not.

The domestic industry lobby has emphasised that it wants a tighter definition of patentability and does not want different salts, esters, ethers, isomers, mixtures of isomers, complexes or derivatives of an active substance to be patentable. The section relation to opposition is also being debated, the mechanism through which a patent application can be challenged. The MNC lobby is pushing for a post-grant opposition, whereas the domestic lobby is asking for a pre-grant opposition.

NGOs and the domestic industry are also urging the government to simplify procedures for compulsory licensing, in the event of a public health emergency. According to these groups, the present procedure for issue of compulsory licences for commercial purpose is unduly elaborate and very time consuming and defeats the very purpose of compulsory licensing for urgently required Drugs.

'.in' Domain name registry opens for the General Public

The recently launched ".in" country code internet domain name Registry services set up by the National Internet Exchange of India (NIXI) has opened the real-time registration for the general public from February 16, 2005. The official Internet domain ".in" for the country will now be available to anyone who wants it. Within an hour of opening, nearly 24,000 domain names were registered successfully. Tens of thousands of registrations are expected to be registered within the first few days. ".in" domain name registry received over 4000 applications from registered Indian trademark holders during the Sunrise period from January 1st to

21st, 2005, including applications from among the top 100 brands in India and worldwide.

".in" Registry has been created by the National Internet Exchange of India (NIXI) promoted by the Department of Information Technology (DIT), as a "not-for-profit" company in association with the Internet Service Providers Association of India. The registry has formulated new policies for the registration and administration of ".in" domain names. These include the ".in" Sunrise Policy' and the ".in" Domain Name Dispute Resolution Policy (INDRP)'. With a view to make ".in" domain name registrations easier, faster and more transparent so as to make the internet available to more of the Indian population and thus reflect India's global dominance in the field of Information Technology the above policies were framed.

Till date, NIXI has accredited following registrars for ".in" registry. They are - Directi, Net4India Limited, GoodLuck Domains, OnlineNIC, Netandhost.com (S.G.S. Technologies Private Limited), MPS Technosoft Ltd., Silicon House, Pioneer Online, Reseller SRS, InCyber Advertising Ascio Technologies, eNom, Internetx, IP Mirror, Key-Systems GmbH, Silicon House, Sipence, Inc and Mobile Name Services, Inc. In addition the National Informatics Centre (NIC) is the registrar for gov. ".in" domains, ERNET is the registrar for res.in, edu.in and ac.in domains, and an agency to be identified by the Ministry of Defence would be the registrar for mil'.in' domains. NIXI is in the process of appointing more registrars. This appointment of registrars is a continuous process and many more will get accredited.

For the first time, domains are available at the second level-easy-to-use and easy-to-remember domains such as "name.in". Registrations at the third level in the globally popular zones of domain registration like .co'.in'.org.in, net.in, ind.in, firm'.in and gen'.in are also available. The entire process of registration is online and has exceeded expectation of time to register from 24 hours to few minutes, from the receipt of the request from a registrant. Registrations will be offered by the Registrars following a competitive pricing policy and best market practices.

The details are also available on the website www.registry.in.



FROM THE BOOK-SHELF

Coaching Across Cultures

Coaching Across Cultures is an outstanding book that explains how to develop the new breed of leadership necessary to achieve sustainable high performance in today's global and multicultural environment. This visionary piece of work is both profound and practical. It shows how to leverage human potential and its rich cultural diversity, to the benefit of employees, customers, shareholders and society at large.

Whether working across countries or bridging corporate and professional boundaries, the demands of global business require new ways of managing and motivating people. In this unique book, Philippe Rosinski introduces a new and more creative form of coaching to meet the demands of today's diverse and international workplace : **Coaching Across Cultures**.

While the concept of culture generally evokes nations - as in British or French culture - this book addresses cultural differences from many perspectives: national, corporate or professional. These cultural components have a significant impact on every one of our interactions : how we view time, think, organise

ourselves, define our purpose, relate to power and cope with uncertainty.

With plenty of illustrations, workplace examples, activities, and tools, Rosinski offers both practical and effective coaching methods as well as thoughtful new approaches to help one push beyond the confines of our own culture's norms, values and beliefs when working with colleagues or coaching our clients.

Written for coaches, executives, managers and professionals aspiring to become coaches and for interculturalists who want to enhance their consultations or training sessions "**Coaching Across Cultures**" demonstrates how coaches and interculturalists can discover creative solutions to problems and leverage cultural differences, and how they can turn these powerful ideas into action to facilitate the high performance of individuals and teams.



Author : Philippe Rosinski

**Anytime You Are
Unhappy In The Present
Or Feeling Unsuccessful,
It Is Time To
Learn From The past
Or Plan For The Future.**



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UNION BUDGET AT A GLANCE : 2005-06
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