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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.



CHAIRMAN'S DESK

The **Council of State Industrial Development and Investment Corporations of India {COSIDICI}** is a national federation of state level financial and investment corporations comprising 18-State Financial Corporations (SFCs), 29-State Industrial Development Corporations (SIDCs) and 9-State Infrastructure Development Corporations (SIICs) engaged in promotion, development and financing of industry in small, medium and large sectors, besides developing industrial infrastructural facilities like industrial estates, industrial parks, industrial townships, etc. Established in 1976 the main objective of this national federation is to provide a platform to these SLFIs for addressing their common issues and influencing the policies having a bearing on the development of this sector. It also co-ordinates and integrates the activities of its member corporations and has been providing and arranging means and facilities for dissemination of knowledge and information relating to promotion and development of industries and for exchange of views and ideas on subjects of common interests. For accomplishment of these objectives and with a view to having a direct communication link with the corporations, COSIDICI has been publishing a bi-monthly journal titled 'COSIDICI COURIER' since 1978 which has achieved a wide readership among the government circles and financial institutions. COSIDICI has also been organising training programmes in collaboration with RBI, SIDBI and its Member Corporations to enhance the core skills of the officers of the SLFIs, so as to increase their level of preparedness to face the challenges thrown by the changing economic scenario.

The State Level Financial Institutions (SLFIs) were created for fulfilling certain critical socio-economic obligations of the State like entrepreneurial development, employment generation, and balanced regional development resulting in

inclusive growth and removal of poverty. They have played a pivotal role in the overall promotion and development of the MSME sector which has emerged as a highly vibrant and dynamic sector of the Indian economy. It contributes



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about 45 per cent of the manufacturing output and 40 per cent of total exports of the country and employs about 69 million persons in over 29 million units throughout the country. While SFCs have been concentrating on financing of small scale and medium scale industries in the states, SIDCs on the other hand have largely been responsible for creating and developing infrastructure facilities like industrial estates, industrial parks, housing complexes for industrial workers as also setting up of SEZs in certain states. The SFCs & SIDCs have helped to decentralize economic development and created employment opportunities by assisting and handholding first generation entrepreneurs, artisans, crafts persons, SSI units which are using simple to the most sophisticated technology. These units have contributed to the States' exchequer by way of sales tax, local duties etc. besides generating jobs. Thus they have been a strong vehicle of economic development in the States leading to balanced industrial development. Being state sponsored institutions they are well versed with local needs and aspirations. Their trained personnel and indepth knowledge of the State Government Policies, local conditions and opportunities allows them to manage and support resources effectively to achieve meaningful and sustainable results thus enabling the country to achieve its development objectives. It is a fact that some of the units financed by SFCs in the country have over-time become

very big industrial groups viz. Infosys, Biocon, Dr. Reddy's Laboratories, Cremica Industries etc. COSIDICI had recently instituted – “**COSIDICI National Awards**” for outstanding and meritorious performance in the activities connected with development of industries. The aim of these awards was to honour entrepreneurs who have brought prosperity and laurels to our country by setting up successful enterprises. All these units have COSIDICI's Member Corporations viz. SLFIs as a common thread running in them i.e. they started their industries with a loan from the SLFIs in their respective States.

The SFCs were performing very well but their fortunes declined after opening up of the economy in 1990s since the economic reforms did not embrace these DFIs. The SFCs suffered owing to indifference on the part of stake-holders in providing cheap and adequate resources to SFCs and consequently, their inability to compete with commercial banks which have access to cheap public deposits. Keeping in view the strategic importance of SFCs the Government of India had provided a financial package through SIDBI in the year 2003. This package provided by SIDBI to these SFCs yielded positive results and has helped some of the SFCs turnaround and show better performance. However, the steps taken by the respective State Governments as also the SFCs have not been uniform and to the extent required. While some of the SFCs have implemented most of the improvement measures, others have partially implemented them. This has resulted in less than optimum improvement in the performance of these SFCs. Their viability is primarily dependent upon the cost of their funds. If SFCs have to function as viable units, they must get sufficient resources at affordable cost so that they can compete with the commercial banks and also continue to perform their developmental role.

In order to re-strengthen the State Financial Corporations and to enable them to play their role

side-by-side with SIDCs for over all economic development with focus on the MSME sector, the following measures are proposed : -

- ♦ Strengthening of the Equity base by Infusion of fresh capital : The respective State governments and the Central Government are the main stake-holders of SFCs. The SFCs Act, 1951 being a Central Act was amended by the Central Government in the year 2000. The Gupta Committee set up by the Government of India in 2000 (under the Chairmanship of the then CMD, IDBI, Shri G.P. Gupta) opined that it was imperative to strengthen these institutions which provide assistance to the entrepreneurs in MSME sector who are overlooked by the commercial banking sector. One time recapitalisation of SFCs to make them positive networth with adequate share capital is, therefore, essential. The Central and the respective State Governments may, therefore, work out a formula for sharing their recapitalization cost. The Government of India has been providing liberal financial support to other growth drivers viz. Scheduled Commercial Banks (SCBs), Cooperative Banks and RRBs. The Central Government has already come forward with capital infusion of Rs.15,000 crore for strengthening cooperative banks in the country. With regard to the capitalization of commercial banks, the Central Government would need to infuse over Rs.90,000 crore, over the next 3-5 years.
- ♦ Developing a Robust Business Model - wherein the SFCs alongwith SIDCs partner each other to meet all financial and non-financial needs viz. term lending, factoring services, venture funding, non-financial advisory services, industrial infrastructure including one window clearance of projects. This would require new skills, induction of professional manpower, continuity of top



management, and running these organisations on purely professional and commercial terms to enable them to build up a strong and good portfolio which gives them adequate profitability to continue their activities over the years to come;

- ◆ These Corporations do not have access to public deposits [*as they are not banks/ NBFCs*]. Therefore, they require assured sources of finance which could be as under:-
- a) Market funding through bonds which could initially be guaranteed by the respective State Governments so as to bring down the costs of funds.
- b) Refinance from All India Financial Institutions like SIDBI, NABARD, NHB etc.
- c) RBI may allow SFCs to raise funds through SLR bonds and also restore temporary borrowing facility against adhoc bonds. These facilities were available earlier prior to 2003-2004.
- d) RBI may allow Banks to treat loans sanctioned by them to SFCs for on-lending to Micro and Small Enterprises as eligible for priority sector status as was the case before the issue of its Master Circular dated July 05, 2011.
- e) In the initial years, when the costs of funds is on the higher side, the respective State Governments may give interest subsidy of 1 – 2%, so that the final lending rates to SMEs by these corporations is both competitive as well affordable to the MSME sector. Once the SLFIs become strong institutions with high networth, the cost of funds raised from the market would come down and there would not be any need for industrial subsidy later on.

The Prime Minister has time and again stressed on the need for creating jobs and taking growth to all sections of the society and the SLFIs have

excelled at this activity since their inception. The State Governments have also realised the importance of these SLFIs by making them the nodal agencies for their respective states for development of industrial infrastructure. They have developed a number of Industrial Model Townships/ Industrial Estates at strategic locations in the States, set up International Airport through private investment; and also set up Industry-cum-Service Centres. Some of them successfully implemented resettlement programmes for the economically weaker sections. Many of them have set up Venture Capital Funds to support IT and other emerging sectors. To promote entrepreneurship, SIDCs are providing ready built up space on concessional rates. SEZs in the States have also been set up by these corporations to accelerate the pace of export of goods and services. The SIDCs provide complete and innovative support services to the MSMEs in the form of industrial infrastructure; finance; consultancy and other industry related assistance and thus play a major role in contributing towards the economic progress of the States.

However, the infrastructure work projects are getting delayed in States due to non-receipt of environment clearances consequently affecting the operations of SIDCs. It is, therefore, imperative that the Government of India may kindly help these corporations by expediting the process of environmental clearances.

The SLFIs as the Development Financial Institutions (DFIs) are the harbinger of change which has resulted in employment generation and economic activity. The revival of these Growth Engines would bring about the second round of development resulting in faster economic growth which is the need of the hour. Our Council, through its Member Corporations is dedicated towards servicing the building blocks of the economy viz. the MSME sector.

■■■

EDITORIAL NOTE

ENVIRONMENTAL POLLUTION-EMERGENT NEED

Environmental Pollution is the biggest menace to the human race on this planet today. Relationship between human life and environment is quite strong and intimate. The environment consists of earth, water, air, plants and animals. As human beings, we exploit the environment in our endeavour for better living. Such exploitations, over the centuries, have resulted in serious threat to the environment itself. If we continue to pollute and damage the environment, the existence of both man and nature will be endangered.

There are various sources of *environmental pollution*, such as vehicles, industries, pesticides, deforestation, etc. There is *air pollution* by vehicles and industries, *water pollution* by industrial waste and residential sewage, *soil pollution* by dumping of garbage, *radiation pollution* by leakage from nuclear plants, *noise pollution* by vehicles in heavily populated areas, supersonic aircrafts and heavy engineering units. However, the major source of *pollution* is *Industrial Pollution*.

It was the *industrial revolution* that gave birth to *environmental pollution* as we know it today. The emergence of great factories and consumption of immense quantities of coal and other fossil fuels gave rise to unprecedented air pollution and the large volume of industrial chemical discharges added to the growing load of untreated waste. In the 19th and 20th century, industrial pollution mainly emanated from developed countries namely from United States, Europe and Russia. Pollution became a serious issue after World War II, due to radioactive fallout from atomic warfare and testing. Thereafter, a non-nuclear event, the Great Smog of 1952 in London, killed at least 4000 people. This prompted some of the first, major modern environmental legislations.

In recent times China, Brazil and India's rapid industrialization has substantially increased

pollution. China, Brazil and India have relevant regulations but the environment continues to deteriorate.

Since pollution crosses political boundaries, international treaties have been made through the United Nations and its agencies to address international

pollution issues. The Kyoto Protocol is an amendment to the United Nations Framework Convention on Climate Change (UNFCCC), an international treaty on global warming. It also reaffirms sections of the UNFCCC. Countries which ratify this protocol commit to reduce their emissions of carbon dioxide and five other greenhouse gases, or engage in emissions trading if they maintain or increase emissions of these gases. A total of 141 countries have ratified the agreement. Notable exceptions include the United States and Australia, who have signed but not ratified the agreement. The stated reason for the United States not ratifying is the exemption of the major developing countries like China, India and Brazil.



V.S. RATHORE
Secretary General, COSIDICI

Forms of pollution

The major forms of pollution caused by human activities are listed below :-

- ♦ *Air pollution* is caused by the release of chemicals and particulates into the atmosphere. Common gaseous pollutants include carbon monoxide, sulfur dioxide, chlorofluorocarbons (CFCs) and nitrogen oxides produced by industry and motor vehicles. Photochemical ozone and smog are created as nitrogen oxides and hydrocarbons react to sunlight. Particulate matter, or fine dust is characterized by their micrometre size PM_{10} to $PM_{2.5}$



- ♦ *Water pollution* is caused by the discharge of wastewater from commercial and industrial waste (intentionally or through spills) into surface waters; discharges of untreated domestic sewage, and chemical contaminants, such as chlorine, from treated sewage; release of waste and contaminants into surface runoff flowing to surface waters (including urban runoff and agricultural runoff, which may contain chemical fertilizers and pesticides); waste disposal and leaching into groundwater; eutrophication and littering.
- ♦ *Noise pollution* encompasses roadway noise, aircraft noise, industrial noise as well as high-intensity sonar.
- ♦ *Soil contamination* occurs when chemicals are released by spill or underground leakage. Among the most significant soil contaminants are hydrocarbons, heavy metals, MTBE, herbicides, pesticides and chlorinated hydrocarbons. Ordinary municipal landfills containing wide variety of urban waste are the source of many chemical substances entering the soil environment and often groundwater.
- ♦ *Radioactive contamination*, resulting from 20th century activities in atomic physics, such as nuclear power generation and nuclear weapons research, manufacture and deployment, etc. which release alpha emitters and actinides in the environment.
- ♦ *Littering* is the criminal throwing of inappropriate man-made objects, unremoved, onto public and private properties.

Global Warming

Global warming is the most serious consequence of industrial pollution over a long period of time. The emission of various greenhouse gases such as CO₂, methane (CH₄), among others from various industries, increases the overall temperature of the earth, resulting in global warming. Global warming has serious hazards, both

on the environment as well as on human health. It results in melting of glaciers and snow-capped mountains, causing an increase of the water levels in seas and rivers, thereby increasing the chances of floods. Apart from this, global warming also has numerous health risks on humans, such as increase of diseases such as malaria, dengue, cholera, Lyme disease and plague, among others. We humans have been the primary cause of global warming since 1950s. Humans have ways to cut greenhouse gas emissions and avoid the consequences of global warming, a major climate report concluded. But to change the climate, the transition from fossil fuels like coal and oil needs to occur at the earliest.

Remedy – Pollution Control

Pollution control means the control of emissions and effluents into air, water or soil. Without pollution control, the waste products from consumption, heating, agriculture, mining, manufacturing, transportation and other human activities, whether they accumulate or disperse, will degrade the environment. Under the pollution control perspective, waste is regarded as an undesirable by-product of the production process which is to be contained so as to ensure that soil, water and air resources are not contaminated beyond levels deemed to be acceptable.

In the hierarchy of controls, pollution prevention and waste minimization are more desirable than the other measures of pollution control which are related to waste treatment and disposal. *The pollution prevention approach focuses directly on the use of processes, practices, materials and energy that avoid or minimize the creation of pollutants and waste at source.* As environmental pollution control technologies have become more sophisticated and more expensive, there has been a growing interest in ways to incorporate prevention in the design of industrial processes - with the objective of eliminating harmful environmental effects while promoting the competitiveness of industries. Among the benefits of pollution

prevention approaches and use of clean technologies is the potential for eliminating health risk of the workers.

The other measures of pollution control include the use of devices like Baffle spray scrubber, Cyclonic spray scrubber, Ejector venture scrubber, Mechanically aided scrubber, Spray tower and Wet scrubber for air pollution control. Measures of industrial wastewater treatment include the use of Biofilters, Dissolved air flotation (DAF), Powdered activated carbon treatment and Ultra-filtration. In the field of land development, low impact development is a similar technique for the prevention of urban runoff.

Over the course of the twentieth century, growing recognition of the environmental and public health impacts associated with human activities has prompted the development and application of methods and technologies to reduce the effects of pollution. In response to extensive evidence of the serious contamination associated with unrestricted generation of waste, Governments have adopted regulatory and other policy measures to minimize negative effects and ensure that environmental quality standards are achieved. Governments have also established standards for acceptable practices for collection, handling and disposal to ensure environmental protection. Particular attention has been paid to the criteria for environmentally safe disposal through sanitary landfills, incineration and hazardous-waste treatment.

Pollution Control In India

The **Central Pollution Control Board**, a statutory organization, was set up in India in September, 1974 under the Water (Prevention and Control of Pollution) Act, 1974. The Board was also entrusted with the powers and functions under the Air (Prevention and Control of Pollution) Act, 1981. Principal Functions of the Board are -(i) to promote cleanliness of streams and wells in different areas of the States by prevention, control and abatement of water pollution; and (ii) to improve the quality of air and to prevent, control or abate air pollution in

the country. The Board also serves as a field formation and provides technical services to the Ministry of Environment and Forests under the provisions of the Environment (Protection) Act, 1986.

Bio-medical waste generation and its safe disposal has also become a matter of serious concern due to increasing health facilities and increase in number of hospitals and nursing-homes in various cities in our country. The Bio-medical waste (Management and Handling) Rules notified by Government of India has stipulated rules for proper collection, storage, transportation, treatment and disposal of bio-medical waste. The hospitals have to install treatment facilities like incinerators, autoclaves, etc. for treatment of bio-medical waste to ensure safe treatment and disposal of this infectious hospital waste.

Conclusion :

The environmental consequences of rapid industrialization have resulted in countless incidents of land, air and water resources sites being contaminated with toxic materials and other pollutants, threatening humans and ecosystems with serious health risks. More extensive and intensive use of materials and energy has created cumulative pressures on the quality of local, regional and global ecosystems. 'While the pollution control approach has achieved considerable success in producing short-term improvements for local pollution problems, it has been less effective in addressing cumulative problems that are increasingly recognized on regional (e.g., acid rain) or global (e.g., ozone depletion) levels. *The Earth has very fragile ecosystems and pollution damages the balance of this system. It has been rightly said that "Earth provides enough to satisfy every man's needs, but not every man's greed".*



(V.S. RATHORE)



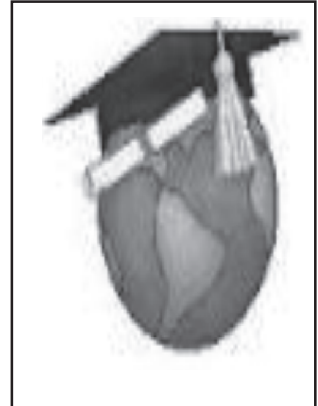
APPOINTMENTS

- ♦ Shri Mohan Jeet Singh, IAS has been appointed as Managing Director, Andaman & Nicobar Islands Integrated Development Corporation Limited {ANIIDCO}, Port Blair vice Shri Jalaj Shrivastava, IAS.
- ♦ Shri N.S. Palaniappan, IAS has been appointed as Chairman & Managing Director, State Industrial Promotion Corporation of TamilNadu Ltd. {SIPCOT}, Chennai vice Dr. Niranjani Mardi, IAS.
- ♦ Shri Hans Raj Verma, IAS has been appointed as Chairman & Managing Director, TamilNadu Industrial Development Corporation Ltd. {TIDCO}, Chennai vice Shri B. Anand, IAS.
- ♦ Shri T.G. Venkatesh Babu has been appointed as Chairman, The TamilNadu Industrial Investment Corporation Limited {TIIC}, Chennai.

Dr. Raghuram Rajan appointed next Governor of RBI

Dr. Raghuram Rajan, Chief Economic Adviser, Ministry of Finance, has been appointed as the next Governor of the Reserve Bank of India for a term of three years vice

Dr. D. Subbarao upon completion of his tenure. Dr. Raghuram Rajan has also been appointed as Officer on Special Duty in the Reserve Bank of India for a period of three weeks prior to his taking over as Governor, Reserve Bank of India on September 5, 2013 to provide for an overlap with the present Governor.



QUESTIONS OF CYBERQUIZ~43

1. When a piece of software is no longer marketed or distributed by its creator company, then it is termed as :
[a] Adware; [b] Abandonware; [c] Freeware; [d] Price Shareware.
2. What is the software engineer's term for a systems development life cycle model in which each phase of development proceeds in strict order without any overlapping or iterative steps ?
[a] Straight line model; [b] Waterfall model; [c] Iterative development model; [d] Cowboy coding model.
3. Groupware meant to be used in an organisation's private internet is called :
[a] Innerware; [b] Intraware; [c] Officeware; [d] Efficiencyware.
4. What do manufacturers normally do when a new range of systems does not offer complete upward compatibility from some previous range ?
[a] They supply firmware; [b] They replace the old system with the new one free of cost; [c] They supply middleware; [d] They supply bridgware.
5. What name is given to a commercially sold CD-ROM which contains an assortment of software, clipart, utilities, text, fonts etc. which are also available as freeware or shareware from the Net and Bulletin board system ?
[a] Malware; [b] Shovelware; [c] Firmware; [d] Liteware.



For Answers See Page No. 22

Strengthening SMEs Capabilities for Global Competitiveness

Prasanna Srinivasan*

The current economic situation, with political and economic integration and technological breakthroughs, warrants the need to make our Small and Medium Enterprises (SMEs) globally competitive. One of the results of globalization is that the costs of distance have been reduced dramatically. Businesses can operate in more markets and transactions can be done much faster and at lower cost. Similarly, consumers have more insight into where to buy the best products and services at the best rates. As a result, even smaller and locally oriented businesses have to see themselves in a global context. SMEs have to, now, deal with increased competition as a result of globalization. Instead of competing merely with local companies, SMEs now compete with various international competitors, be they MNCs or other SMEs. Competition brings pressures on SMEs to reduce costs, innovate and manage knowledge in similar ways to large companies, often without having surplus resources to invest for such activities, in a fast changing environment.

SMEs play a vital role in national development. Fostering a dynamic Micro, Small and Medium Enterprise (MSME) sector is seen as a priority amongst economic development goals, in both developed and emerging economies. MSMEs are a primary driver for job creation and GDP growth. They greatly contribute to economic diversification, exports and social stability. As per data released by the Ministry of MSME, Government of India, there are about 26.1 million enterprises in this sector. The sector accounts for 45 per cent of manufactured output and 8 percent of the GDP. MSMEs contributed close to 40 per cent of all exports from the country and employed nearly 59.7 million

people, which is next only to the agricultural sector. Equally importantly, they serve as a feeder



line for the large corporate of tomorrow as it is from among these small companies that the MNCs and large corporate will emerge. There are numerous examples of large corporate of today, which began as small business ventures some time back.

It is this sector that can propel India's growth rate from around 5.5 per cent at present to a sustainable 9 plus per cent in the medium-to long-term, which is considered as India's desirable growth rate. In fact, it is not possible to think of a healthy Indian economy without a vibrant and healthy MSME sector. However, this is not possible without SMEs developing their capabilities to compete at a global scale, and hence the relevance of this paper.

Access to finance

The MSMEs primarily rely on bank finance for their operations. For small corporate, access to timely and adequate finance is a priority, provided the rates charged are not exploitative. Over the years, there has been a significant increase in credit extended to this sector by banks. As at the end of March 2012, the total outstanding credit provided by all Scheduled Commercial Banks (SCBs) to the Micro and Small Enterprises (MSE) sector stood at Rs.5286.17 billion as against Rs.4785.27 billion in March 2011 and Rs.3622.91 billion in March 2010. Despite the increase in credit outstanding to the sector, the MSME borrowers feel that the lenders are not doing enough for the MSMEs and are



catering more to the needs of the large corporate.

Problem faced by banks in lending to MSMEs

Commercial banks are reluctant to service MSMEs for a number of reasons, though at times, not based on facts. MSMEs are regarded by creditors as high-risks borrowers because of insufficient assets and low capitalization, vulnerability to market fluctuations and high mortality rates. Information asymmetry arising from SMEs' lack of accounting record, inadequate financial statements or business plans also makes it difficult for creditor to assess the creditworthiness of potential SME proposals. Besides, high administrative/transaction costs of lending to small amounts may not make SME financing a profitable business.

To encourage commercial banks to lend to SMEs, the Government and Reserve Bank of India have an important role to play by setting out a policy framework for channeling adequate funds to the SME sector. SMEs, on their part, need to be more transparent while representing their businesses and future plans before bankers so that they gain the trust and confidence of creditors to extend finance to them.

Steps taken by Government of India/Reserve Bank of India

Recognizing the important role played by MSMEs in economic development and its sizeable contribution to employment and GDP, and realizing that financial access is critical for MSME growth and development, Government and Reserve Bank of India are taking the lead in supporting initiatives that improve access to finance. In view of the high level of financial exclusion in this sector (93%), the drive to universal financial access, including SME

finance, is no longer a policy choice, but a compulsion. The Reserve Bank of India has intensified a number of measures and endorsed quantitative access targets over the last few years to further financial inclusion. Important ones are given below;

With an objective of ensuring uniform progress in provision of banking services in all parts of the country, banks were advised to draw up a roadmap to provide banking services through a banking outlet in every unbanked village having a population of over 2,000 by March 2012. To ensure enhanced credit flow to the sector, in terms of the recommendations of the Prime Minister's Task Force on MSMEs constituted by the Government of India, banks were advised to achieve a 20 per cent year-on-year growth in credit to micro and small enterprises; with allocation of 60% of the MSE advances to micro enterprises, which is to be achieved in stages viz. 50% in the year 2010-11, 55% in the year 2011-12 and 60% in the year 2012-13 and achieve a 10% annual growth in number of micro enterprise accounts.

As the MSE borrowers, especially new generation entrepreneurs, do not have collaterals to offer to avail of bank finance, in terms of the recommendations of the Working Group constituted by the Reserve Bank of India to review the Credit Guarantee Scheme (CGS) of the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), banks have been mandated to provide collateral free loans to the MSE sector up to Rs.100 lakhs. All Scheduled Commercial Banks have also been advised to put in place an MSE Loan policy, Restructuring/rehabilitation policy and Non-discretionary One Time Settlement Scheme for recovery of non-performing loans.

*** Courtesy: KSFC News**

**The author is Past Secretary, FKCCI & Vice-President-
Import & Export RIPPSONS Group of Companies, Bangalore.**



Financial Institutions and Their Role In The Process of Economic Development

The objective of any development strategy, particularly in capital scarce developing countries is to raise considerable financial resources required to improve the standard of living, employment generation and national output.

The huge amount of finance required for over all economic development could not be met by Government itself. It is in this context, the concept of development banking came into the picture with the object of mobilising resources from the internal (public) and external sources besides government.

Imbalances in the distribution of development and wealth also necessitated specialised institutions backed by public funds to correct lopsided socio economic development. In the early 1940s the need to reduce the gap between the standards of living of the developing countries in Africa, Asia and Latin America on one hand and those in Europe and North America on the other brought about the need for more conscious promotion of economic development by means of development financing institutions.

With the attainment of independence by many developing countries after the Second World War, the need to accelerate the process of economic development became more prominent and pressing. Rapid growth of population, adoption of western style of living and consequent increase in fashions, styles and wants added to the urgency of having variety in economic production.

Emphasis was placed on industrialisation as a means of achieving faster economic growth. However, the necessary ingredients of development viz., capital, information on investment opportunities and local entrepreneur were absent. These inadequacies inhibited private initiative in

new areas of economic activity that appeared risky. Consequently, vicious cycle of inadequacies formed from which there appeared to be no escape for the Third World Countries.



There is an important angle to the role of financial institutions in economic development, particularly of banks, which has been popularized by distinguished economists like Schumpeter, Kalecki and Keynes. He wrote, *"the banker, therefore, is not so much primarily middleman in the commodity 'purchasing power', as a producer of this commodity"*.

Newly created purchasing power by banks placed in the hands of the entrepreneur enables him to secure command over physical resources and thus push through his investment projects. Once the investment results in increased production, the initial credit inflation disappears and the equivalence between money and commodities streams is restored.

So the advent of Development Banking extended the horizon of the mobilisation of scarce resource (capital) nationally and internationally and succeeded to a greater extent in stimulating the economy and industrial output on one hand and correcting the lopsided structure of the economy on the other. But along with industry other major sectors like agriculture, infrastructure, transport, education and health also require a considerable increase in capital investment, since industry itself cannot grow in isolation.

By providing resources for investment in infrastructure, agriculture and industry, development banks play a prominent role in diversification and distribution of income, employment and output more effectively. Perhaps this may be evident from the recent past that considerable progress has been made by numerous countries in this regard.

It is but natural as finance has the strength to command all resources and direct their flow in socially desirable directions. Development banks are thus acting as a catalyst for the pace of industrial growth and for promoting industries by development in otherwise industrially backward regions.

Besides performing the financial functions, financial institutions also provide entrepreneurial assistance to the individual entrepreneurs/projects, act as an agency for securing foreign technical advice and raising funds from the capital markets of advanced countries. The institutions also facilitate the expansion of markets through distributive techniques and undertake other promotional jobs

of an essential nature, such as, marketing and investment research surveys, techno economic feasibility and cost benefit studies of different growth sectors or a region, particularly the backward regions of the country so as to identify potential for economic growth.

Prior, industrial finance by development banking is highly preferable as it rises productivity, income and standard of living, capital formation and national output besides employment generation. The development banks also can prevent the concentration of economic power and be successful in promoting the indigenous growth of small entrepreneurs.

Thus, financial institutions not only help in mobilization and collection of scattered savings from different sections of population, but they also help to increase the overall level of savings and investment and allocate more efficiently scarce savings among most desirable and productive investment in accordance with the national priorities.

**Courtesy : KSFC News.
Source : Banking Finance**

Facts are stubborn things; and whatever may be our wishes, our inclinations, or the dictates of our passions, they cannot alter the state of facts and evidence.

PROFILE OF MEMBER CORPORATIONS

STATE INDUSTRIES PROMOTION CORPORATION OF TAMIL NADU LIMITED {SIPCOT}

State Industries Promotion Corporation of Tamilnadu Ltd (SIPCOT) was established in the year 1971 to develop industrial growth in Tamilnadu to give thrust to area development activities. The organization is involved in the formation of industrial complexes by providing basic and comprehensive infrastructure facilities for the industries to set up their units. SIPCOT has so far developed 19 Industrial Complexes in 12 districts and Seven Sector Specific Special Economic Zones (SEZs) across Tamil Nadu. SIPCOT also acts as a Nodal Agency of Government of Tamil Nadu in the sanction / disbursement of Structured Package of Assistance to large industrial units.

Mission :

SIPCOT promotes Medium and Large Scale Industries in Tamilnadu by developing Industrial Parks and Industrial complexes particularly in the Backward areas of the State of Tamil Nadu to make the State surge to the forefront as the most industrially advanced State in India – thereby increasing direct and indirect employment and sustaining balanced regional growth of industries in the State of Tamil Nadu.

Objectives of SIPCOT :

SIPCOT has rendered fruitful services to the state by identifying, developing, maintaining industrial areas in backward and most backward talukas of the State, which had potential to grow. Its main aim is to establish, develop, maintain and manage industrial complexes, parks and growth centres at various places across the State of Tamil Nadu.

SIPCOT's role in assisting in the industrialization in the State is not only quantitative but also qualitative. Instead of just accelerating the pace of industrial growth in already developed and densely populated areas, SIPCOT,

as a nodal agency, strives to ensure that disbursement of financial incentives results in spurt of industrial growth in backward and hitherto under developed areas. To ensure a good impact with the available limited resources, SIPCOT has created Industrial Complexes and Parks, strategically located in Nineteen places and Twelve Districts, which occupy a place of pride in the State's industrial map.

Commitments :

- ◆ SIPCOT is committed to accelerate economic development and to create employment potential through sustained industrialization.
- ◆ To ensure periodic interaction with New Entrepreneurs and existing clients and receive their comments/ suggestions, feed backs and to render value based service and extending quality infrastructure in the Industrial Complexes/Parks/Growth Centres established by SIPCOT.
- ◆ To be receptive and value all the practical suggestions made by our clients.
- ◆ To endeavor constantly to orient ourselves



towards sensitivities of our clients and to serve in achieving their goals.

- ♦ To adopt transparent approach in every sphere of functioning.

Special Economic Zones

- ♦ Hi-Tech SEZs in an area of 570.92 acres at Sriperumbudur Industrial Park, Kanchipuram District for the manufacture of Electronic/ Telecom Hardware and Support services.
- ♦ Hi-Tech SEZ, in an area of 347.66 acres at Oragadam Industrial Growth Centre, Kanchipuram District for Electronic/ Hardware and related Support services.
- ♦ Leather Sector SEZ in an area of 260 acres at SIPCOT industrial Complex, Ranipet Ph.III Vellore District for the manufacture of Leather products goods and Footwear etc.
- ♦ Footwear SEZ in an area of 153.65 acres at, SIPCOT Industrial Park, Irungattukottai Sriperumbudur Taluk, Kanchipuram District for the manufacture of footwear.
- ♦ Engineering products SEZ in an area of 263.19 acres at SIPCOT Industrial growth center, Perundurai Erode District for the Manufacture of Pump sets, Motors, foudary etc.
- ♦ Transport Engineering goods SEZ in an area of 255 acres at SIPCOT Industrial Growth Centre, Gangaikondan, Tirunelveli District for the manufacture of Transport Engineering Goods.
- ♦ Granite SEZ in an area of 379.96 acres at SIPCOT Industrial Growth Centre, Bargur



Special Schemes :

- ♦ Comprehensive plans for the development of sriperembudur area
- ♦ Apparel Park, Irungattukottai
- ♦ Textile Processing Park, Cuddalore
- ♦ Footwear Component Park, Irungattukottai
- ♦ Industrial corridor of excellence:- Chennai - Sriperumbudur - Ranipet - Hosur Madurai - Thoothukudi - Coimbatore - Salem.

Expansion of Existing Industrial Complexes

- ♦ Hosur Industrial Complex
- ♦ Oragadam Industrial Park
- ♦ Cheyyar Industrial Complex
- ♦ Sriperumbudur Industrial Park
- ♦ Irungattukottai Industrial Park
- ♦ Thoothukudi Industrial Complex
- ♦ Ranipet Industrial Complex

ACTIVITIES OF COSIDICI

COSIDICI has made sustained efforts over the years to co-ordinate and integrate the activities of its Member Corporations. This Council's efforts to disseminate information among its Member Corporations have been much appreciated as it has served to help the SLFIs to learn from the experience of other Members. Towards this end, COSIDICI has been publishing a bi-monthly Journal titled – **"COSIDICI Courier"**. Recently COSIDICI held a National Award Function-2013 on February 15, 2013 to felicitate successful units financed by the SLFIs and had also brought out a **"Souvenir"** on the occasion.

The Council has achieved another milestone and has published the **"Executive Telephone Directory 2013"** for its Member Corporations. The Directory contains relevant information about the senior Executives of our Member Corporations across the country viz. communication address, Telephone/Fax Nos, STD Code alongwith their Email IDs/Website.

A list of Executive Committee members of COSIDICI was also incorporated in the same. This initiative of COSIDICI has been much appreciated. Smt. Sheila Dikshit, Hon'ble Chief Minister of Delhi has also given a

Message wherein she has applauded the efforts of the council in thus furthering interaction among its Members which play a pivotal role in the development of the MSME sector.

The 'Directory' has received an enthusiastic response from the Member Corporations. COSIDICI hopes to make it a regular and yearly feature. COSIDICI would continue to support and serve its Members with other such initiatives so as to enable them to fulfill their developmental role in the future.



LETTER TO THE EDITOR

Dt.: 26th August, 2013

Dear Editor,

I am glad to note that the bi-monthly journal viz. COSIDICI COURIER gives cogent and interesting news regarding the Economy, News from various States, MSMEs, Manufacturing ,Infrastructure etc. In particular the proactive role played by the Financial Institutions in our Economic Development is highly commendable. The articles and news items published are very informative and also the write ups on successful Entrepreneurs are very inspiring. I congratulate you on bringing out such an informative Journal. All the best to COSIDICI's Team in all their future endeavours.

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

With best regards,



Shri M.L. Surya Prakash

Yours sincerely,

Sd/-

[M.L. Suryaprakash]

Director & Group Head (PM)
National Productivity Council
(Ministry of Commerce & Industry, Govt. of India)
Lodi Road, New Delhi-3

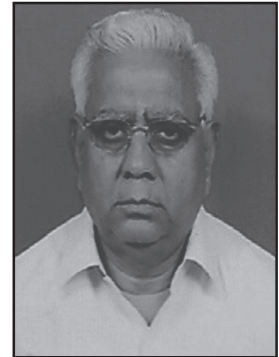


SUCCESS STORIES OF RFC ASSISTED UNITS

M/s Jagdamba Marbles & Granites Pvt. Ltd.

Shri Basant Kumar Lakhota is the Director of M/s Jagdamba Marbles & Granites Pvt. Ltd. It all began in the small town of Banswara where this first generation businessman got into the marble and granite manufacturing business and with active support from RFC through several loans.

Shri Lakhota, who was earlier working as a manager is now Director and Managing Director of three units and, one of the successful marble unit owners. He has never defaulted a single installment and extended his business from one unit to three units now. Today he is a Gold Card holder of the Corporation.



Shri B.K. Lakhota

All this can all happen, it only requires determination and a will to succeed.

M/s Joshi & Company

Shri Jagdish Prashad Joshi is the owner of M/s Joshi & Company. M/s Joshi & Company is an example of RFC's relentless support to its clients. Shri Joshi has diversified his business into various fields starting from a workshop to repair vehicles, opening a unit for manufacturing toothpowder and then setting up a highway establishment for manufacturing furniture.

His turnover increased from Rs 40 Lakh to Rs 1.5 Crores. He has sought about five loans from the Corporation in a phased manner and has been very regular in his repayments. His business is an apt case of success earned with hard work and persistent financial support from RFC.



Shri B.K. Lakhota

MEMBER CORPORATIONS - THEIR ACTIVITIES

MSME Vendor Development Programme

MSME Development Institute, Ministry of MSME, Government of India, Bangalore, had organized a National Vendor Development Programme—Seminar-cum-Industrial Exhibition in Shimoga. The programme was jointly organised by National Small Industries Corporation Ltd., Khadi and Village Industries Commission, Coir Board and Shimoga District Chambers of Commerce. The exhibition was held at Hotel Royal Orchid, B.H. Road, Shimoga on 16th & 17th of February 2013. More than 35 units representing foundry, automobile, food Industries sectors and also Government Departments participated in the exhibition. KSFC Branch Office, Shimoga was allotted a stall where its products and services were exhibited. Many industrialists visited to KSFC's stall and collected brochures. During exhibition many enquiries were received from visitors on various loan schemes operated by the Corporation.

Kerala entrepreneurs' week fete at Technopark

Finance Minister Shri K M Mani launched the Kerala Entrepreneurs' Week and inaugurated the Kerala Financial Corporation- Kerala State Entrepreneurship Development Mission (KSEDM) scheme by distributing sanction communication to 12 incubated companies of Technopark Technology Business Incubator (T-TBI) in September at the Park Centre, Technopark. The KSEDM scheme is a flagship programme of the KFC for promoting entrepreneurial spark in youngsters. In his inaugural speech, Shri Mani said that the government is committed to support the youngsters to come up with more enterprises and thereby strengthen the economy of the state. With the inauguration of the Kerala Entrepreneurs' Week, a week-long celebration has kicked off. Technopark Technology Business Incubator (T-TBI), Startup Village and NIT TBI, Calicut are jointly organising entrepreneurship awareness camps and programmes in colleges and schools across Kerala during this period. The inaugural function was also attended by Shri P H Kurian, Principal Secretary, IT & Industries, Shri P Joy Oommen, Chairman &



Managing Director, KFC, Shri K Ponnachan, Director, KFC, Shri K. G. Girish Babu, CEO, Technopark and Shri K. C. Chandrasekharan Nair, COO.

IFCI appointed global advisor for PSIDC stake sale in PACL June 26:

PSIDC is divesting the 44.26 percent stake that it holds in Punjab Alkalies & Chemicals Limited (PACL). The consulting firm IFCI Limited has been appointed as global advisor for divesting the state.

The decision was taken by Directorate of Public Enterprise and Divestment, Punjab. The Punjab State Industrial Development Corporation (PSIDC) has 44.26 per cent stake in PACL with 90.90 lakh equity shares. Its share price today rose by over Rs 2 to Rs 21.10 a share.

Besides PSIDC, other stakeholders in PACL are public, corporate bodies, mutual fund and banks with 55.74 per cent stake.

The company is engaged in the manufacturing of caustic soda, liquid chlorine, hydrogen and hydrochloric acid with capacity of 300 tonne per day. The product produced by the company is used in paper industry, vegetable oil, aluminium and textile sectors. PACL clocked net sales of Rs 285.59 crore as on March 31, 2013 as against sales of Rs 236.18 crore in corresponding period of last year. The company's net profit stood at Rs 2.81 crore in last fiscal, lower than that of Rs 4.39 crore reported in 2011-12.

MICRO, SMALL & MEDIUM ENTERPRISES

MSME Ministry Against Dilution of Sourcing Norms for Global Retailers

The Ministry of Micro, Small and Medium Enterprises has rejected a proposal to dilute local sourcing norms for foreign retailers, giving a jolt to the commerce and industry ministry's efforts to make the multi-brand retail policy more attractive for global retailers. The Department of Industrial Policy and Promotion (DIPP) had suggested that foreign retailers be allowed to continue to source goods from their suppliers to meet the mandatory 30% local sourcing condition, even if they outgrew the limits prescribed for small industry. "We are giving three year's time (to a foreign retailer to look for a new small enterprise). But to source forever from the enterprise that has become large is not required," MSME Minister Shri K.H. Muniyappa said. According to the foreign direct investment policy, goods can be sourced from a small industry, defined as one with investment in plant and machinery of up to \$1 million. The DIPP, which had proposed to raise this limit to \$2 million, said goods sourced from agricultural and farmers cooperatives could be included and the retailer could continue to source goods even if the supplier grew beyond the revised threshold.

Low IPR awareness costing Indian SMEs heavily

Thousands of small and medium enterprises (SMEs) in India are reported to be losing millions in revenues due to lack of awareness about IPRs (intellectual property rights). In the developed world, owing to high awareness levels, small entrepreneurs approach venture capital and private equity funds to meet the expenses incurred on cost of protection, enforcement and commercialisation of IPRs. In India, the lack of awareness among small players effectively denies them the fruits of the intellectual property they create.

About 40,000 IP applications are filed in India annually and 85 per cent of these are filed by multinational corporations. However, about 80 per

cent of China's patent applications are filed by small companies. This is the reason for China's global competitive advantage.



Exporters have to register a trademark of their brand in overseas markets to prevent competitors from copying these and selling counterfeit products. Various chambers of commerce and industry are now coming forward to disseminate awareness among Indian companies about the benefits of creating intellectual property and applying for patents. Many small players refrain from seeking patents owing to limited financial resources. But if they do a cost-benefit analysis they will find that it yields lucrative returns.

The patent laws came into full force in India after 2005. All states in India now have patent facilitation centres and SMEs should consult them to find out how they can benefit from them. The Federation of Indian Micro, Small and Medium Enterprises (FISME) has also set up intellectual property facilitation centres in Delhi, Bangalore and Hyderabad. The National Manufacturing Competitiveness Council has a programme to enhance the competitiveness of the SME sector, and building SMEs' awareness on IPRs is one of the components of this programme. The IP facilitation centres specifically aim to build greater awareness among SMEs about IPR issues and provide insights to them on the creation, ownership and protection of intellectual property.

Sidbi targets 10% loan disbursement growth in FY14

SIDBI expects a 10% growth in its loan disbursement during the current fiscal at Rs.44,000 crore. In 2012-13, it has disbursed directly and indirectly Rs.40,000 crore to MSMEs. "In the current fiscal, we have set

a 10% higher disbursement target”, SIDBI Deputy Managing Director Shri N. K. Maini said. Last year, SIDBI had identified four niche areas - risk capital, receivable financing, financing services sector and sustainable financing - where MSMEs need support.

MSME sector well funded now

While the MSME sector has been concerned about lack of finance which is a major handicap, the MSME Ministry actually has several well-funded programmes and initiatives in support of this sector. It is estimated that the credit gap for the MSME sector will increase from Rs.10,15,614 crore at the beginning of the 12th Plan (April 2012) to Rs.11,37,151 crore at the end of the 12th Plan (March 2017). The main reasons for low credit penetration among SMEs, according to industry experts, are insufficient credit information on SMEs and their low market credibility. The government has initiated several programmes to address this problem. The MSME Ministry was allocated Rs.10,330 crore during the 11th Plan (2007-12). This has been increased by the Planning Commission to Rs.24,124 crore in the 12th Plan (2012-17).

Then there are a number of schemes to promote entrepreneurship. For instance, under the Prime Minister's Employment Generation Programme (PMEGP), subsidy-linked bank loans are provided to new entrepreneurs; under the Credit Guarantee Scheme collateral-free bank loans are facilitated; and under the Rajiv Gandhi Udyami Mitra Yojana (RGUMY), the cost of Udyami Mitras providing hand-holding support to new entrepreneurs which is subsidised.

In his Budget presented in February, Finance Minister Shri P Chidambaram announced an increase in re-financing for the Small Industries Development Bank of India (Sidbi) from Rs.5,000 crore to Rs.10,000 crore. He announced the setting up a new fund of Rs.500 crore for supporting factoring services, and to incentivise the growth of MSMEs. They would also continue to enjoy the relevant non-tax benefits for three years after they had grown beyond a certain size.

The MSME ministry also allocated over Rs.8,000 crore in the 12th Plan under the PMEGP to set up about 3.39 lakh enterprises which will create 27.12 lakh jobs. The government is implementing various schemes - Credit Guarantee Scheme, Credit Linked Capital Subsidy Scheme, Performance and Credit Rating Scheme, among others - to facilitate credit flow to the MSE sector.

The India Opportunities Venture Fund (IOVF) that was announced in the Union Budget for 2012-13 was operationalised by Sidbi with effect from August 1, 2012. The IOVF envisages enhancing the availability of risk capital to the MSME sector. IOVF provides direct assistance to MSMEs as well as indirect assistance by way of 'fund of fund' operations. The National Commission on Enterprises in the Unorganised Sector (NCEUS) had estimated the credit gap for micro enterprises at Rs.6.31 lakh crore in end-March 2012, with the number of such unorganised micro enterprises estimated at 70 million with an average credit off-take of Rs.1.23 lakh per enterprise. In contrast, the MSME sector, which is estimated to have 32.2 million enterprises, had an average credit off-take of Rs.7.16 lakh in end-March 2012, based on scheduled commercial banks' data. At the beginning of the 12th Plan period, the outstanding credit gap for the MSME sector was estimated at 62 per cent, which is expected to fall to 43 per cent by March 2017, in view of the government's advice to banks to increase lending.

World Bank to help set up tool rooms for SMEs

To improve the competitiveness of micro, small and medium enterprises (MSMEs) in the manufacturing sector, the World Bank has joined hands with the Ministry of MSME to make quality tools and testing facilities available to these enterprises at reasonable cost, by setting up tool rooms in the public sector. The proposed project will increase the competitiveness of MSMEs and conduct training programmes to improve the skill set of the labour force in key high-value engineering sectors, including electronic systems design and manufacturing, plastics, automotive and aerospace industries. At the institutional level, the network of



hi-tech tool rooms and existing training capacity is insufficient to meet the growing demand in high-value engineering design, and needs a focused effort in order to address declining competitiveness, according to the notification. The manufacturing sector has been facing tough competition in the national and international markets, as most MSMEs cannot afford captive tool rooms. The cost of each tool room is estimated at \$20 million. Thus an outlay of \$300 million in external finance may be required for setting up the 15 tool rooms planned during the Twelfth Plan (2012-17), in addition to funds already being provided by the MSME ministry and the state government concerned. To foster the growth of the MSME sector, the Union government has set up 10 state-of-the-art tool rooms. These promote precision and quality in the development and manufacture of sophisticated moulds, dyes, tools and equipment. At present, the development commissioner for MSME operates 10 tool rooms and eight technology development centres. Several of these have been set up through collaborations with German and Danish agencies and the United Nations Industrial Development Organization (Unido). These technology centres have been providing technical and vocational training to more than 100,000 trainees annually. The project also envisages the scaling up of the tool rooms' training activities, possibly through a change in their organisational set-up, to help improve coordination between research and industry (public and private, domestic and international), and developing linkages with ITIs and polytechnics. According to the fourth All India Census of MSMEs, the number of enterprises and employment opportunities in this sector has grown by more than 25 per cent in the period 2006-07 to 2011-12, compared to the period 2001-02 to 2006-07.

MSMEs show the way in a sluggish economy

CRISIL has analysed the sales performance of 8,500 micro, small, and medium enterprises (MSMEs) from 2009-10 to 2011-12. The average sales per enterprise grew by 14.43 per cent to Rs.2,068.89 lakh in 2010-11 over the previous year, but sales growth declined marginally to 13.74 per

cent. Though the economic environment in the last couple of years remained subdued, owing to concerns about high inflation and interest rates, MSMEs have coped well due to their flexibility, strong cost-control, and their ability to adjust faster to the evolving business environment.

Growth in index of industrial production (IIP; base year 2004-05) declined sharply to 2.9 per cent in 2011-12 from 8.2 per cent 2010-11, while gross domestic product (GDP) at factor cost at constant prices registered a growth of 6.2 per cent in 2011-12 (revised estimate), as against a growth of 9.3 per cent in 2010-11. Despite a sharp decline in both IIP and GDP, the sales growth of MSMEs declined by less than one per cent between 2010-11 and 2011-12. This truly underlines the fact that MSMEs are engines of growth in India. If supported well by easing regulatory constraints and world-class infrastructure, MSMEs can play a pivotal role in addressing the unemployment issues of a young country like India.

KARVEN Fund For SME Sector

Karnataka Asset Management Company Pvt. Ltd., (KAMCO), who are the Managers of KITVEN Fund and KITVEN Fund 2 (backed by State & Central Government financial institutions) has operationalised its third Venture Capital Fund named Karnataka Venture Capital Fund (KARVEN fund) mainly to cater the needs of Small & Medium Enterprises (SMEs). This is for the first time Government of Karnataka backed financial institutions have mooted a VC fund exclusively for SME sector.

The fund proposes to invest in areas like agro processing, automobile components, aerospace engineering, clean energy, production of patented, products and such other sectors within the State of Karnataka.

KARVEN Fund is registered with SEBI with a corpus of Rs.10 crores and would undertake investment in the range of Rs.10 lakhs to Rs.100 lakhs per unit. The subscribers to the KARVEN Fund are Karnataka State Industrial & Infrastructure Development Corporation Ltd., (KSIIDC), Karnataka

State Small Industries Development Corporation Ltd., (KSSIDC) & Karnataka Udyog Mitra (KUM).

New investments in MSME sector

In the State of Karnataka, 24,208 MSME units were registered with the Directorate of Industries & Commerce during the year 2012-13 (April-March). These units involve investment of Rs.2,16,516 crores and provide employment for about 1.56 lakh persons. With these registrations, the cumulative number of MSME units registered upto 31st March, 2013 moves to 4.59 lakh units with investment of

about Rs.16,160 crores. These units provide employment for around 26.79 lakh persons.

The number of units registered during 2012-13 in the districts located in North Karnataka accounts for 33%, involving investment of about 23% of the State's total Investment. With regard to employment, North Karnataka region provides employment to 25% of State's total figure. The percentage of North Karnataka's share stands at 37, 29 and 32 with respect to number of units,, investments and employment respectively.

DO YOU KNOW !

FACTS ABOUT GLOBAL WARMING

- ◆ Global warming is the increase of Earth's average surface temperature due to greenhouse gases, such as carbon dioxide emissions from burning fossil fuels or from deforestation, which trap heat that would otherwise escape from Earth.
- ◆ Greenhouse gases keep heat close to the earth's surface making it livable for humans and animals. However, global warming is happening largely to an over-remittance of these gases and fossil fuels (natural oil, gasoline, coal).
- ◆ With the start of industry in the 1700s, humans began emitting more fossil fuels from coal, oil, and gas to run our cars, trucks, and factories. By driving a "smarter" car, you can not only save on gas, but help prevent global warming.
- ◆ There is more carbon dioxide in the atmosphere today than at any point in the last 800,000 years.
- ◆ In total, the U.S. emits approximately 6 billion tons of carbon dioxide every year. 40 percent of that comes from power plant emissions alone.
- ◆ The NRDC (Natural Resources Defense Council) proposed the Clean Air Act to cut power plant emissions by 26 percent in the next 7 years.
- ◆ In the last century, sea levels rose roughly 7 inches after not having changed noticeably in the previous 2,000 years. Sea levels rising are an effect of global warming and put many states at risk of existing in the near future.
- ◆ Consequences of global warming include drought, severe hurricanes, massive fires, and melting of the polar caps.
- ◆ Heat waves caused by global warming present greater risk of heat-related illness and death, most frequently among patients of diabetes who are elderly or very young.
- ◆ According to the U.S. Global Change Research Program, the temperature in the U.S. has increased by 2 degrees in the last 50 years and precipitation by 5 percent.
- ◆ Global warming puts coral reefs in danger as warmer water increases the possibility of coral diseases and the rising sea levels makes it more difficult for coral to receive adequate sunlight..



Foreign Investments in ARCs

The Reserve Bank has advised that -

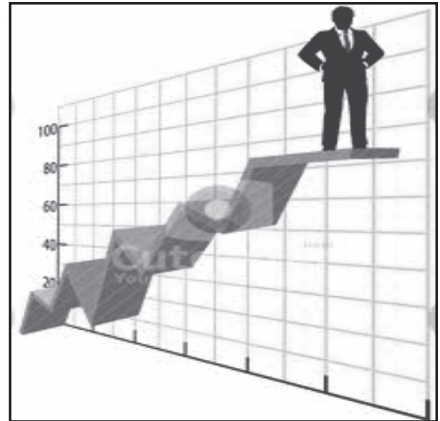
- (i) The ceiling for foreign direct investment (FDI) in asset reconstruction companies (ARCs) has been increased from 49 per cent to 74 per cent subject to the condition that, no sponsor should hold more than 50 per cent of the shareholding in an ARC either by way of FDI or by routing through a foreign institutional investor (FII). Foreign investment in ARCs should comply with the FDI policy pertaining to entry route conditionality and sectoral caps.
- (ii) With a view to protecting depositors' interest banks have been advised to give an acknowledgment at the time of receipt of Form 15-G/15-H. This will help in building a system of accountability and customers will not be put to inconvenience due to any omission on the part of banks.

IMF cuts India's growth forecast to 5.6% for F.Y. '14

The International Monetary Fund (IMF) in July scaled down India's economic growth forecast by

0.2 percentage points to 5.6 per cent for 2013-14. In its latest update on the World Economic Outlook, the multilateral agency did not directly refer to the rupee depreciation

against the dollar but cautioned emerging market economies against prolonged growth slowdown, particularly if the United States policy on withdrawal of stimulus would lead to reversal in capital outflows. Emerging market economies, it said, witnessed outflows of capital, decline in equity prices and currency depreciation because of developments in the advanced world. The IMF also advised developing economies that monetary easing might be the first line of defence against sliding growth. It, however, warned currency depreciation in emerging markets might constrain the monetary easing.



■■■

ANSWERS OF CYBERQUIZ~43

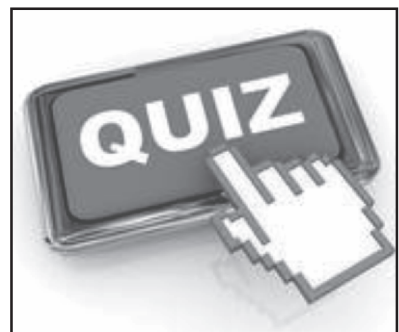
1.[b] **Abandonware** : Abandonware is often available from parties other than the creators as freeware or priced shareware. Many computer game enthusiasts collect abandonware and play them on refurbished systems or PCs running emulator software.

2.[b] **Waterfall model** : It has been named so because of its similarity with a waterfall - just as a waterfall cannot turn back after it has fallen off the mountain, in this model there is no turning back once a phase has been completed.

3.[b] **Intraware** : Groupware, also known as collaborative software, is application software that integrates work on a single project by several concurrent users at separated work-stations.

4.[d] **They supply bridgeware** : Bridgeware is any hardware or software that facilitates transition from use of one system to another that is not fully compatible with the previous one.

5.[b] **Shovelware** : The publishers of such CD-ROMs indiscriminately "shovel" the clutter of software from any source on to the CD to fill the large capacity of the CD without any regard for usability.



Bihar roads allotted Rs.4,130-cr

The Union Rural Development Ministry has approved Rs.4,130 crore for the construction of 5,700 km of rural roads, the highest allotment for the state under Prime Minister Gramin Sadak Yojna (PMGSY) in the past 12 years. From the funds allocated for all 38 districts, 2,400 rural roads and 190 bridges would be constructed.

MSMEs in flood-ravaged hills face losses

According to the Industry Association of Uttarakhand (IAU), large numbers of MSME units have been affected by the heavy rains, floods and landslides in the worst-affected districts of Rudraprayag, Uttarkashi, Chamoli, Tehri, Pithoragarh, Almora and Pauri. "Most of these MSMEs are facing financial and business losses mainly due to road blockades". A total of 19,550 registered MSMEs have been set up in these seven districts, entailing investments of Rs.531 crore. Besides, there are large numbers of people who are doing business in the unorganised sector also.

In 2010-11 too, the state had faced the fury of the monsoon, which adversely affected the investment scenario in the hills. After gaining momentum in the first two years of the Special Integrated Industrial Promotion Policy of 2008, investments went down due to heavy rains and floods. This was confirmed by official statistics provided by the Department of MSME. In 2009-10, the investments in the hills aggregated Rs.115.7 crore, with a total of 706 units being set up. But in 2010-11, when the monsoon rains wreaked havoc in the state, investments plunged to Rs.68.9 crore, mainly due to damaged roads.

Karnataka govt favours restarting STPI project

The Karnataka government is in favour of restarting the Software Technology Park of India scheme (STPI) to increase the sector's competitiveness and encourage small IT companies, chief minister Shri

Siddaramaiah said. "The Centre will be requested to restart the Software Technology Park of India Scheme to promote competitiveness and capacity of small IT companies to face global competition". While the STPI scheme has been discontinued, the Centre in April, had relaxed the minimum land requirements for IT Special Economic Zones (SEZs), a move that partially follows the STPI scheme. In annual supplement to the Foreign Trade Policy 2009-14, the government removed the minimum requirement of 10 hectare (25 acre) for an SEZ, while relaxing the minimum built-up area requirement. It had also included an exit policy to permit transfer of ownership and sale of SEZ units. The Karnataka state was aiming at IT exports of Rs.4 lakh crore by 2020 from Rs.1.35 lakh crore at present and create at least 20 lakh jobs.

The estimated total expenditure was Rs.1,21,611 crore in the budget, focusing mostly on sectors such as agriculture and education and housing. The government which announced several schemes for people below the poverty line, is planning additional resource mobilisation measures that include increasing excise duty on liquor and revising guidance rates for land transactions.



Karnataka State Unveils Aerospace Policy

Karnataka's Aerospace Policy 2013-2023, was unveiled on 6th February 2013, at the inauguration of the Aero India 2013 held in Bangalore. Sri A K Antony Hon'ble Union Defence Minister launched the Policy in the august presence of Sri Ajit Singh, Hon'ble Union Minister for Civil Aviation. Sri Antony complimented the State for bringing out the Policy, the first of its kind in the Country, as its proactive steps to strengthen the Aerospace Industry.

The policy envisions establishing Karnataka as a vibrant and globally recognized aerospace destination in Asia. The policy will be implemented in two phases Phase-I : 2013-18 Phase- II : 2018-23. The policy has a mission to attract investments of Rs.60,000 crore over a period of 10 years in the two phases and generate direct employment for about one lakh people.

It further plans to increase the contribution of the aerospace sector towards enhancing the share of the industry in the state GDP from 28% to 30% and from 30% to 32% in Phase-I and Phase-II respectively.

The other highlights of the policy are to make Bangalore a magnet for tier-1 suppliers and make Karnataka a leading maintenance, repair and overhaul (MRO) hubs in Asia.

The policy also proposes to create three clusters South cluster (Bangalore, Mysore and Mangalore), Central Cluster (Davangere and Chitradurga) and North cluster (Belgaum and Bidar) to focus on cluster approach.

In the South Cluster, a Bangalore Aerospace Park in Devanahalli, MRO at BIAL and Mysore, and a manufacturing cluster in Mangalore would be set up.

In the Central Cluster, an aerospace research and innovation centre co-located with IISc at Chitradurga, aerospace and an aeronautical university and flying training school in Davangere would be established. An aerospace training institute and manufacturing cluster is proposed in the North Cluster.

The policy lays special thrust on MSMEs, which have potential to form the backbone of the global aerospace supply chain. MSMEs in the Aerospace Sector shall have preference in Allotment of land in designated aerospace parks. At least, 30%- 40% of the land in Aerospace Park will be reserved for MSMEs. Further, for MSMEs, payment of costs towards KIADB land will be considered in instalments, with 40% as upfront and the balance 60% in 12 equal quarterly instalment. Policy also envisages setting up an Aerospace Venture Capital Fund with a corpus of Rs.200 crore to help MSMEs in Bringing required equity in the projects. To attract investments in Aerospace Sector and also to provide level playing field to the industries, enhanced package of Incentives & Concessions will be offered under the policy. As per the package anchor unit subsidy of Rs.500lakhs shall be offered to the first 10 Aerospace OE Enterprises with a minimum of investment of Rs.50 crore and direct employment of 100 persons. Other incentives like exemption from stamp duty, electricity duty, interest free loan on VAT reimbursement of CST, entry tax exemption are being extended broadly as per the Industrial Policy 2009-14. However, these incentives in Bangalore Urban, Bangalore Rural and Ramanagara Districts will be available for the units coming up in the designated Aerospace Parks only. A Govt. Order Vide No.CI 17SPI2012, Bangalore dated 06-02-2013 was issued announcing the Aerospace Policy and will be inforce till January 31, 2013.



HEALTH CARE !

VEGGIE SMOOTHIES CAN MAKE YOU HEALTHIER

Fruit smoothies can be a simple method for you to get your daily fruit intake, but if vegetables are absent in your diet, one may wish to think about trying a veggie smoothie. These smoothies mix vegetables along with fruits to make a nutrient-rich sweet and savory vegetable drink. Nutrition details for the vegetable juice is based on your ingredients.

Unhealthy calories

The actual calories in your vegetable drink fluctuate depending on your ingredients. A homemade juice that consists of fruits and vegetables, as well as flax-seed and powder of protein, consists of sixty-three calories for each eight-ounce serving. A canned vegetable smoothie, that additionally contains fruits and vegetables, consists of 140 calories for each eight ounce serving. If calories tend to be a issue, you could save a several by doing your own vegetable smoothie at home and including more greens than fruits.

Macro-nutrients

The calories in the veggie smoothie come through its carb and proteins content, with carbs supplying most of the calorie consumption. An eight ounce serving of a homemade veggie smoothie/juice contains 0 grams of fat, 14 grams of glucose and one gram of protein. The identical size serving of a canned vegetable smoothie is made up of 0 grams of fat, 33 to thirty four grams of carbohydrates and two grams of protein. A nicely balanced eating plan should get 20 to 36 % of its calories from fat, 45 to 66 % of its calories from glucose and at last 9 to 34 percent of its calories from protein.

Dietary fiber

Although fruits and vegetables are a nice source to fiber, the vegetable smoothie may not be the

most effective way for you to boost your fiber consumption. An eight-ounce serving of a home made vegetable smoothie consists of 0 grams of fiber, and the bottled smoothie contains 1 to three grams of fiber. Fiber is an necessary nutrient



you need to have for excellent health. Fiber can help eliminate waste from your body, as well as assist with appetite regulation. In addition, taking in a high-fiber eating plan may lower your risk of establishing heart disease and diabetes. You should aim for 22 to 37 grams of fiber per day.

Intake of sodium

In comparison to some veggie juice products, the veggie smoothie is significantly lower in sodium. 1 serving of the self-made vegetable green smoothie includes 7.7 milligrams of sodium, and the canned smoothies has 26 milligrams. On the other hand, an 8-ounce serving of numerous vegetable juices could have approximately six hundred milligrams of sodium.

Essential vitamins and minerals

Being a pureed veggie and fruit blend, the veggie smoothie can be a good supplier of a range of essential nutrients. One 8-ounce serving of a bottled veggie smoothie happens to meet 119 percentage of your daily value for vitamin A, 105% of your every day value for vitamin C and 26 pct of your day-to-day value for iron.



Government commissions study on SEZs

Concerned over waning interest of investors in SEZs, the government has commissioned a study by economic think tank ICRIER, which will look into issues affecting free-trade agreements (FTA) on these zones.

“We have asked them (ICRIER) to look into various facets of SEZs. In some quarters people have realised that free trade agreements are affecting these zones. So how does the FTA environment affect the SEZ. This is also one of the mandates which we have given to them,” Joint Secretary in the Commerce Ministry Shri Rajeev Arora said here at a function.

The study will also look at the various schemes available for exporters outside the SEZs. The SEZ developers and units have demanded from the government that the export promotion schemes should be extended to the units in these enclaves as well. SEZs are losing sheen because of global economic slowdown and imposition of minimum alternate tax (MAT) and dividend distribution tax (DDT).

SEZs norms relaxed

As part of the Annual Supplement (2013-14) to the Foreign Trade Policy 2009-14, a package of measures has been formulated to revive investors' interest in SEZs and to boost exports.

The salient features of the package are:-

In view of the acute difficulties in aggregating large tracts of uncultivable land for setting up SEZs, while ensuring vacancy and contiguity, it has been decided to reduce the Minimum Land Area Requirement by half. For Multi-product SEZ from 1000 hectares to 500 hectares and for Sector-specific SEZ from existing 100 hectares to 50 hectares.

To provide greater flexibility in utilizing land tracts falling between 50-450 hectares, it has been decided to introduce a Graded Scale for Minimum Land Criteria which would permit a SEZ an additional sector for each contiguous 50 hectare parcel of land. This will also bring about more efficient use of the infrastructure facilities created in such an SEZ.

Further flexibility to set up additional units in a sector specific SEZ is being provided by introducing Sectoral broad-banding to encompass similar/related areas under the same sector.



On the issues relating to Vacancy of Land, while the existing policy allows for parcels of land with pre-existing structures not in commercial use to be considered as vacant land for the purpose of notifying an SEZ, it has now been decided that additional to such pre-existing structures and activities being undertaken after notification would be eligible for duty benefits similar to any other activity in the SEZ.

The present requirement of 10 hectares of minimum land area for IT/ITES SEZ has been done away with. Now there would be no minimum land requirement for setting up an IT/ITES SEZ. Only the minimum built up area criteria would be required to be met by the SEZ developers.

The minimum built up area requirement has also been considerably relaxed with the requirement of one lakh square meters to be applicable for the 7 major cities viz: Mumbai, Delhi (NCR), Chennai Hyderabad, Bangalore, Pune and Kolkata. For the other Category B cities 50,000 square meters and for remaining cities only 25,000 square meters built up area norm will be applicable.

The present SEZ framework does not include an Exit Policy for the units. It has now been decided to permit transfer of ownership of SEZ units including sale.

It may be noted that, the exports from SEZs during 2012-13 were at Rs.4,76,159 crore representing a growth of 31% over the exports of the corresponding period of 2011-12. Further, it is to be noted that of 577 approved SEZs in the country 389 have been notified and 170 are in operation. The remaining 219 SEZs are yet to become an operational.

■■■

Excise duty blow to firms selling goods below cost

Companies selling products below manufacturing cost to enhance market penetration will now have to pay excise duty on the normal price (production cost plus profit). The finance ministry decision follows the Supreme Court (SC) ruling of last year that upheld excise demand on sales of carmaker Fiat's discounted Uno brand.

This could be a twin blow for companies in sectors like automobiles, oil marketing, fast-moving consumer goods (FMCG), consumer durables, information technology (IT) hardware, fertiliser & chemicals — some of those already selling products at a loss to penetrate a fiercely competitive market. These companies might soon get notices from the excise department. The Central Board of Excise & Customs (CBEC), however, is finalising safeguards so that there is no blanket application of the SC judgment on all companies. It will clarify that the excise duty would be levied at discounted prices when a product is sold below cost due to a sudden increase in raw material cost or increase in interest rates, or under some government mandate.

The Society of Indian Automobile Manufacturers (Siam) and some industry bodies have provided CBEC with details of situations other than market penetration when products are sold below cost. They have suggested the ruling should not apply retrospectively and senior officials of a company should not be summoned by revenue authorities. SIAM Director-General Shri Vishnu Mathur said the Ministry had been urged to provide relief to companies that had built up huge inventory due to difficult market conditions — as is the case at present - and were having to sell at discounted prices.



In its representation to Revenue Secretary Shri Sumit Bose recently, the industry sought a relief from the SC ruling. CBEC, however, has made it clear that it is not possible to do so without an amendment to the Central Excise Act. It has ruled out amending the law, justifying the SC ruling and, instead, suggested the industry consider changing its processes.

Govt to give Rs.1.15-lakh crore push to infra sector

In a renewed effort to give a fillip to the infrastructure sector, the Prime Minister in July 2013 set a target of awarding projects worth Rs.1.15 lakh-crore through the public-private partnership (PPP) model by the end of this financial year.

A steering group will be formed to monitor the award and implementation of mega projects that have been stuck in the pipeline, including the Rs.30,000-crore-Mumbai Elevated Rail Corridor and power projects worth over Rs.40,000 crore. While the announcement was made in a bid to boost the steadily declining investor sentiment, industry members are still skeptical and believe there are many issues on the ground that need to be resolved first.

Infrastructure sectors like road were the worst hit with the road ministry managing to award only 14% of its 9,500-km target for FY13, which has now been scaled down to about 5,000 km (about 4,028 km to be done by NHAI and 900 km by the ministry).

Rate of interest subvention for exporters increased to 3%

The government raised the rate of interest subsidy for exporters to 3%, from 2% w.e.f. August 01, 2013 and promised to clear pending claims expeditiously. "A number of steps are under way to augment exports and additional funds of Rs.2,000 crore have been provided by the Government of India." Currently, the benefit is available to sectors like MSME, handlooms, handicrafts, carpets, toys, sports goods, processed products and some engineering and textiles items. Shri Chidambaram has said Rs.1,550 crore was the last year's balance which would be paid under various incentive programmes this year. The government is also considering raising the Plan allocation for Market Access Initiative, Market Development Assistance and Central Assistance to states for Developing Export infrastructure and other Allied Activities (ASIDE) Scheme.

PM sets timeline for leaps in manufacturing

To boost economic growth and provide many more jobs through manufacturing, a Prime Minister-headed committee on Tuesday set a target of raising annual steel production capacity to 300 million tonnes by 2025 and to increase textile exports by 30 per cent this year. It also decided to work out a strategy to manufacture civilian aircraft in India and develop public transport systems on alternative

fuels. Amid deteriorating macro economy parameters, including a sharp depreciation of the rupee against the dollar, Prime Minister Singh chaired a meeting of the High Level Committee on Manufacturing. He regretted the country hardly has any manufacturing capabilities in electronics and telecommunications. "Often, our production is at the lower end of the value chain. Our exports consist of raw materials and primary goods, and our imports consist overwhelmingly of manufacturing," he said, in the wake of a trade deficit of over \$20 billion in May. "If we have to grow at eight-nine per cent (yearly), this has to come through sustained growth in manufacturing, particularly labour-intensive manufacturing. Manufacturing and manufacturing alone can absorb all those who need better livelihood opportunities."

Some of the targets set by Prime Minister-chaired high-level committee on manufacturing are as under :-

- ◆ Steel ministry to prepare roadmap on hiking India's steel production capacity to 300 million tonnes by 2025 against 120 mt at present
- ◆ An inter-ministerial meeting under Textiles Secretary to work out action plan in four weeks for raising textile exports by 30 per cent this year
- ◆ High-level steering group to work out modalities to manufacture civilian aircraft in India
- ◆ An inter-ministerial group to work out implementation modalities in four weeks for the first pilot project for alternative public transportation.



WHY BANKS NEED TO FOLLOW KYC RULES ?

Money laundering by banks and insurance companies is more widespread than earlier thought, another expose by an online news website has revealed. This development is bound to force banks to undertake a fresh round of verification of the identity of almost all account holders, an exercise called 'Know your Customer'.

WHAT IS KYC?

Banks undertake this exercise to verify the identity of their customers. The KYC exercise aims to prevent banks from being used, intentionally or unintentionally by criminal elements, for money laundering.

DOES KYC APPLY TO ALL CUSTOMERS?

Yes. KYC is applicable to every individual who wants to have any business relationship with the bank. This means, any individual wanting to open an account (savings or current account and recurring or fixed deposit), get a bank draft, open a locker, receive any benefits on account of financial transactions, remittance or wire transfer, and apply for a loan.

DOES IT HAVE ANY LEGAL BACKING?

Yes. The KYC norm has been validated under Section 35A of the Banking Regulation Act, 1949, and Rule 7 of the Prevention of Money-Laundering Rules, 2005. Any violation of these norms could attract severe penalty under the BR Act.

WHAT IS NEEDED FOR A KYC CHECK?

KYC has two components: identity and address. While PAN and voter card, driving licence and any other identity document that satisfies the banks requirements serve as proof of identity, a copy of passport, electricity or phone bill or bank account statement are accepted as proof of address.

DO BANKS OPEN ACCOUNTS FOR THOSE WITHOUT AN ADDRESS PROOF?

Yes. But such individuals have to submit an identity document along with a utility bill of the relative with whom the prospective customer is living and a declaration from the relative that the said person is a relative.



CAN KYC NORMS BE RELAXED?

To ensure financial inclusion, a low-income group customer without identity and address proofs can open a bank account with an introduction from another account holder who has fulfilled the bank's KYC procedure. However, the balance in all his accounts taken together is not expected to exceed 50,000 and the total credit in all the accounts taken together is not expected to exceed 1 lakh. The introducer's account with the bank should be at least six months old and should show satisfactory transactions.

IS KYC COMPLIANCE A ONE-TIME EXERCISE?

No. Banks can ask customers to re-submit fresh identification and address proof to update their records. They can also ask for additional documents if they have doubts about some transaction in order to prevent the account from being used for money laundering, terrorist or criminal activities.

HAVE BANKS BEEN PENALISED FOR KYC NORM VIOLATIONS?

Yes. The RBI has penalised HDFC Bank, ICICI Bank, Citibank and Standard Chartered Bank.

**SHRI R.C. MODY, FORMER SECRETARY GENERAL, C.O.S.I.D.I.C.I. & ALSO EDITOR OF 'COSIDICI COURIER'
HONOURED DURING GOLDEN JUBILEE OF RBI'S STAFF COLLEGE AT CHENNAI ON JULY 04, 2013**

Shri R C Mody who was Secretary General of COSIDICI for 14 years (1984-98) during its most formative period and also editor COSIDICI Courier was honored on July 4, 2013 by the Governor Reserve Bank of India, Dr B. Subba Rao, on the occasion of Golden Jubilee of RBI's Staff College at Chennai. Shri Mody was the Principal of this College for 3 years during the course of his long and distinguished service of over 35 years in RBI (*before he took over as Secretary General of COSIDICI*).



RESERVE BANK STAFF COLLEGE - Chennai 600 018

GOLDEN JUBILEE CELEBRATIONS – JULY 3, 2013

(FORMER PRINCIPALS OF THE COLLEGE WITH TOP MANAGEMENT OF THE BANK)



SITTING (L-R) : S.KARUPPASAMY, T.R.DEVARAJAN, O.P.SODHANI, S.VENKATARAMAN, Smt.CHITRA CHANDRAMOULISWARAN, ANAND SINHA (DG), Dr D. SUBBARAO (Governor), R.C.MODY, P.K. BISWAS, M.JESUDASAN, Dr J SADAKKADULLA, Ms UMA SUBRAMANIAM (Principal).

STANDING (L-R) : Dr (Smt) DEEPALI PANT JOSHI (ED) , G.GOPALAKRISHNA (ED) , P.VIJAYA BHASKAR (ED), B.MAHAPATRA (ED), G.PADMANABHAN (ED), H.R.KHAN (DG), DEEPAK MOHANTY (ED), R.GANDHI (ED), JASBIR SINGH (ED).

The College according to the Governor had a “formidable reputation for the quality of its training programmes” which he said was “a tribute to the Principals and Faculty members of the College”. Dr. C. Rangarajan Chairman of the Economic Advisory Council of the Prime Minister called it “an outstanding institution of training”. With a gamut of programmes, it had trained officers not only of RBI but also other financial institutions, including SFCs. During past 50 years many had passed through the portals of this institution, some rising to become Deputy Governors and Executive Directors in the Reserve Bank.



*Shri R.C. Mody addressing the august audience.
Dr. B. Subba Rao, Governor, RBI is on his left.*

As the oldest living ex-Principal, Shri Mody was called upon to address the august gathering which had assembled at the College for its Golden Jubilee. They comprised, top management of the Bank (its Governor, Dy. Governors and Executive Directors), members of its Central Board, leading bank executives in Chennai, representatives of the media, besides senior RBI staff. He spoke about the times 40 years ago when he was the Principal of this College and now, about the progress the country had made during these four decades and the great future that lies ahead for it, despite the difficult phase through which it was currently passing. His speech was warmly applauded by the gathering.

