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Made In India, Made For MSMEs



ONE YEAR ON

From Euphoria to Cautious Optimism

BLOCKBUSTER

DC-MSME's several achievements

FOCUS

Revival and Rehabilitation of MSME's

SPOTLIGHT

'Ease of Doing Business'

Leadership and beyond



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Publisher: Mokshart Print Production Pvt. Ltd.

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Design & Layout: Malhar Narvekar

Marketing & Branding: Nishchal Singh

Sales: Bhaskar Asthana

Circulation: Sanjeev Roy

Finance & Accounts: Priti Gupta

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Printed and published by Amrish Mehta on behalf of Mokshart Print Production Pvt. Ltd., Printed at Mokshart Print Production Pvt. Ltd. A-124, Akurli Industrial Estate, Akurli Rd., Kandivali [E], Mumbai – 400101 and Published at Mokshart Print Production Pvt. Ltd. A-124, Akurli Industrial Estate, Akurli Rd., Kandivali [E], Mumbai – 400101
Editor: Maayank Sharma

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One year of government: Mystic Modi



Human folks all across the world have always been intrigued by change or transformation. In the worst of times or extreme hopelessness, they always put their utmost faith in that messiah who would emerge like a phoenix and save the earth from perdition. Sometimes these exalted beings live up to that promise and sometimes they fail and fail miserably. Yet people don't stop dreaming or romancing of such characters who would usher in "acche din." Such has been the case with Narendra Modi. As he completes one year in office, India Inc. hails the performance of the government saying that the focus is non-adversarial, corruption-free and buoyed with hopes to see changes in the coming years. The corporates stalwarts applauded Modi for his desire to bring in change and for more decisive leadership than the previous regime. The industry lauded the government saying several reform measures focusing on a non-adversarial, corruption-free and predictable policy regime have buoyed investor's sentiment.

On the economic front, the GDP data is slowly looking up and both the World Bank & IMF predict that if all goes well, the Indian economy will be back on the 7% plus growth track. One would presume, this would have to come with riders – Modi would need to deliver on the promises he made on rolling out the next round of economic reforms.

He has taken the ordinance route to push through a few bills, and caps on FDI in insurance, real estate and defence have been increased. The idea to privatise some part of the railways is also good considering the train network remains the best means to keep India tightly knit, and thus the need to modernise it cannot be understated.

The industry also largely believes that one year of the government is too short a time to judge his performance. They have been feeling that the government has been laying the foundation for the next four years to come and they're confident of seeing changes on the ground in the next year.

There is also hope that GST bill would finally move towards a law. Meanwhile, PHD Chamber of Commerce and Industry termed the performance of Modi led government ever since it assumed office on May 26, 2014 as more than satisfactory, giving it 7.4 marks out of 10 since the macro outlook of Indian economy improved in terms of growth, inflation, FII front as well as growth of services sector and construction.

However, it remains to be seen how much of all this euphoria is truly out of clear-eyed vision and how much of it is merely optical illusion resulting out of a sense of despair. Is this real reform or a one-man show with personal agendas? According to laws of politics, in a democracy equal importance and positions should be given to ministers. However, that has not been the case with Narendra Modi. He has routinely rejected the presence of ministers or other power groups such as media. Also, some political experts feel Modi has weakened the foundations of democracy by routinely bypassing Parliament and taking decisions in complete disregard to popular sentiment.

As of now, Modi might have been that emblem of 'hope' for people. There has at least been freshness to his approach. Going forward, it remains to be seen whether he truly emerges as a saviour or yet another political bloodhound of the nation.

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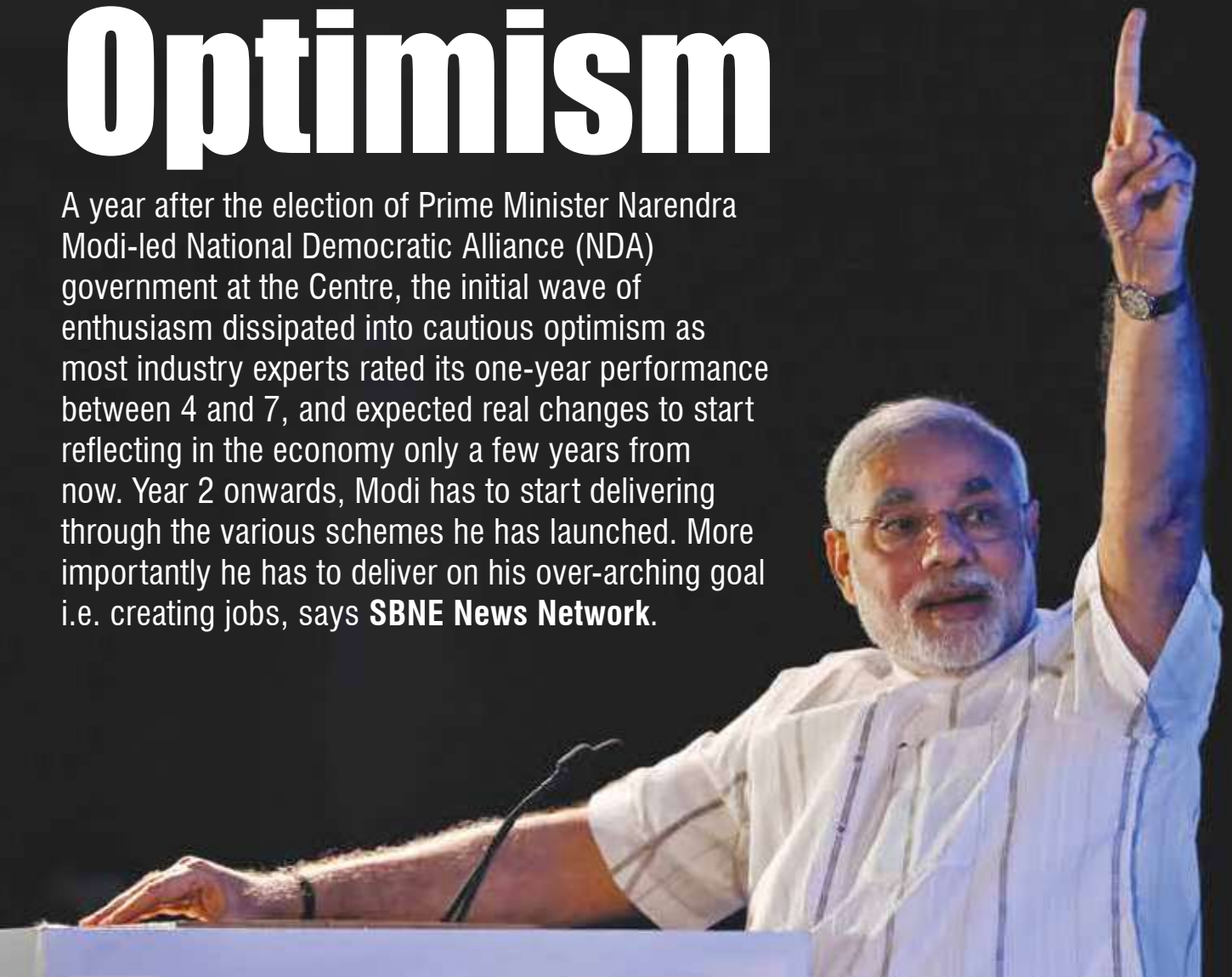


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ONE YEAR ON From Euphoria to Cautious Optimism

A year after the election of Prime Minister Narendra Modi-led National Democratic Alliance (NDA) government at the Centre, the initial wave of enthusiasm dissipated into cautious optimism as most industry experts rated its one-year performance between 4 and 7, and expected real changes to start reflecting in the economy only a few years from now. Year 2 onwards, Modi has to start delivering through the various schemes he has launched. More importantly he has to deliver on his over-arching goal i.e. creating jobs, says **SBNE News Network**.



Narendra Modi's election pitch of 'acche din aane wale hai' was so catchy that even school going kids were mouthing his slogans. This mega campaign got him the opportunity to lead the country in fine fashion with a thumping full majority. Winning on the plank of reviving the economy that was in shambles after a decade of UPA-rule, and his successful leadership of Gujarat had created a lot of expectation from Modi.

Now with the government completing a year in office, the people who voted Modi still remember the slogan and given half an opportunity would quip 'kahanhaiacche din?' (Where are the good days?).

On May 26, the Narendra Modi government completed a year, perhaps now is a good time to ask the proverbial question: "Have the good days come?"

Perhaps, the verdict of this first year of Modi sarkar could be summarised in a line: over-promised in May 2014; under delivered by May 2015. However, his government has performed better than the UPA-II. The promise of bringing about radical changes to kick-start economy and create conducive atmosphere for business is far away from reality.

Having said that, the business sentiment is still strong and positive, but it is clearly visible that it is not the same upbeat, buoyant business confidence that was seen a year ago. Not that we expected a sea change, but has Modi laid strong foundation for strong economic growth during his first year of governance? Would the policies that his government formulated cut the red tape for common man? Economists, analysts, industry leaders and common man have given mixed marks.

Let's take a stock of government's performance.

Acche Din for Aam Aadmi

Tax benefits: In the two budgets

FM Arun Jaitley highlights 9 achievements of NDA-government

Finance Minister Arun Jaitley rated his government's one-year performance as more than satisfactory, terming NDA's quick decision-making in the face of obstructionism as its biggest strength in this period. Addressing the media, Jaitley said his government's initiatives in sectors such as power, coal and mining shows its intent to run a transparent model for reforms, which he said is important for a country which is not ready to accept slow decision making. Here are key things that he highlighted about NDA government's one year in office:

1) Foreign policy: "Not only in India, but in the entire world, respect for India and PM Modi has gone up. Our PM visited 18 nations and interacted with world leaders, which is why India now occupies a pre-eminent place in the global arena."

2) On government functioning: "Initiatives undertaken in sectors such as power, coal and mining are noteworthy. They show a transparent model for reforms. The previous environment of gloom has been replaced by a climate of enthusiasm. Decisiveness even in the face of obstructionism has been an important hallmark of the NDA government. There is absolute clarity with regard to which the direction in which the government wants to go. Decisions have been taken to bring in transparent and principal-based, not person-based, decision."

3) On taxation: "India should have a tax on company profits that is more consistently applied than it is now and should bring down its effective rate to global levels. We must remove discretion; phase out exemptions and bring the effective rate down to global levels. I hope the Rajya Sabha would soon pass an enabling amendment that would make it possible to implement a new goods and services tax next April that would unify Asia's No.3 economy into a common market."

4) On administration and federalism: "A very important highlight of the government has been to give a corruption-free administration to this country. The government has strengthened the system of federalism. NITI Aayog has been constituted as an important pillar of the government's initiative to strengthen federalism. Revenue realized through coal auctions shall go to states, an example of cooperative federalism."

5) On fiscal deficit: "Management of the fiscal deficit as well as its quality is equally important. Resources for major infra projects are available in abundance, our capacity to spend them must now increase. Important parameters like fiscal and current account deficits, growth rate, revenue figures etc. have stabilised."

6) On black money and abuse of power: "The abuse of investigative agencies is now a thing of the past. Will continue to squeeze black money generation by passing more legislation in coming year."

7) On infrastructure: "Resumption of work on 16 stalled projects planned for coming year. Government has decided to increase public investment in agriculture (specifically irrigation) and rural infrastructure."

8) On Banking and insurance: "Banking sector was under a lot of pressure due to the global slowdown. Appointments of executives and board members of banks have been professionalized. The new insurance schemes launched by the government have reached 7.5 crore people in a few weeks. The insurance schemes will bring the benefits of insurance to the common man."

9) On Savings: "India is an un-pensioned society. Government schemes will improve upon the current pension cover of 11%. MUDRA Bank will bring finance to 5.7 crore small entrepreneur



finance minister Arun Jaitley has presented, the total deductions allowed under some of the most important sections of the Income Tax Act have been increased. The deduction under Section 80C has been increased from Rs 1 lakh to Rs 1.5 lakh. The deduction allowed on a home loan on a self-occupied property has been increased to Rs 2 lakh from Rs 1.5 lakh earlier. The deductions allowed for the payment of medical insurance premium has been increased from Rs 15,000 to Rs 25,000.

Interest rates and EMIs have fallen: In the last one year, interest rates and EMIs have fallen, but not significantly enough to get people to borrow and spend at the same time.

Reined-in Inflation: Food inflation affects the poor and middle class the most and hence it was critical to ease that burden off the common man. According to a report of National Sample Survey Organisation, 2011, an average Indian family spends half of their income on food. Hence spiralling food inflation hurts the most. Yes, inflation is down, as promised, but that clearly has more to do with low crude rates and crash in global commodity prices and less to do with any efficiency in

managing supplies and supply chains. Inflation as measured by the consumer price index averaged a very high 10.2% between 2007 and 2013. In April 2014, before Narendra Modi was sworn in as the prime minister, the consumer price index inflation was at 8.59%.

By April 2015, this number had fallen to 4.87%. Modi was lucky to get assistance from low crude rates and global crash in commodity prices, but it's not that he did not initiate any steps to ease the pressure. To contain food inflation, the steps taken by Modi's administration also helped on this front. One of the first steps taken by the government was to release 5 million tonnes of rice into the open market from the stocks maintained by the Food Corporation of India. News reports suggest that eventually only around 2 million tonnes was sold.

A slew of measures announced by the government include restriction on exports of onions. Apart from that the government also imported onions and dumped them in major onion markets at a price lower than the import cost. According to media reports, the minimum support price (MSP) of rice was raised by only Rs 50

per quintal or 3.8% to Rs 1360. The MSP is the price at which the government buys rice from the farmers, through the Food Corporation of India (FCI) and other state government agencies. This increase of 3.8% was much lower than the average increase of 9% per year in the MSP of rice since 2007-2008.

Marquee Financial Inclusion Schemes: Financial inclusion has been one of the more aggressive steps of the Modi government through various schemes from Jan Dhan Yojana to Jan Suraksha Program, etc. thus creating the social security aspect.

In Jan Dhan Yojana the government claims to have opened 15 crore bank accounts. This scheme allows the account holders an overdraft of Rs 5,000.

After completing the ambitious target of over 100 million bank accounts in record time, the government launched the second stage of its successful Jan Dhan Yojana. On May 9th, Modi launched the Jan Suraksha Programme offering people accidental insurance, life insurance and pension programmes. Under The Pradhan Mantri Jan Suraksha Yojana, policy holders shall get a 2 lakh

rupees accidental death/disability cover for an annual premium of just Rs12. Under the Pradhan MantriJeevanJyotiYojana, people would get a life insurance cover of Rs2 Lakhs for an annual premium of Rs 330. The third scheme for the public is the Atal Pension Yojana, under which the government seeks to provide social security to the masses. Based on their monthly contribution beneficiaries would be able to draw a pension for Rs. 1000 – Rs. 5000 post retirement.

Moving from Jan Dhan to Jan Suraksha, the government has set for itself a much stiffer target than stage one. In a country with very low insurance penetration, the Modi government seeks to provide insurance cover to a large proportion of the adult population. This stage is much more difficult for multiple reasons.

First, under JDY, the government wanted to reach out at the household level. But for insurance the target has been set at the individual level. The government will have to convince households about the greater health risks faced by women and the importance of getting

female family members covered. Second, the government will have to “sell” insurance to people who don’t understand the concept. People would need to be informed about the concept of protection against probable risks. Third, the government will have to ensure that the claim distribution is made convenient for the policy holders. Instances of non-payment of claim would deter people from renewing their policies.

Under the Atal Pension Yojana, the government would face difficulties in convincing people to allocate a portion of their current income for the benefits that shall accrue after two decades. The trust deficit between the government and citizens will also prove to be a hurdle for this scheme to go through. However, government should make the scheme lucrative by either offering the scheme as collateral for loans or allow marginal encashment.

Affordable Housing and Black Money undelivered: While nobody expects the huge problem of housing to be resolved within a year of any government, but the government hasn’t taken any steps

to formulate any policy to tackle this issue.

The election promise of Narendra Modi that Black Money will be brought back to the country and every citizen would find themselves richer by Rs 15 lakh. But let alone seeing that amount in our bank accounts, there has been no crackdown on the black money issue. In fact, several instances have come to light where several people in remote villages of the country signed up to open bank accounts because they were told that the government will get black money from the Swiss bank and their share would be credited in this account.

Acche Din for India Inc.

Last year around this time India Inc. was filled with euphoria on the back of the arrival of Narendra Modi in the PMO. However, today the feeling is muted, but optimistic. India Inc. hails the performance of the government saying that the focus is non-adversarial, corruption-free and buoyed with hopes to see changes in the coming years.

Captains of the industry compliment Modi for his desire to bring in change and for more decisive leadership than the previous regime. The industry lauded the government saying several reform measures focusing on a non-adversarial, corruption-free and predictable policy regime have buoyed investors’ sentiment.

“The government has exceeded our expectations and has achieved more in the first year than any other government in its first year. The government’s emphasis on lower tax rates and introduction of GST in coming year will greatly enhance competitiveness of the Indian industry,” CII President SumitMazumder said.

Since May 16 last year, when the election results were declared and it was clear that Narendra Modi would lead the next government,





stock markets soared with the key index now up by 17 per cent. Modi's rise to power thrilled the business world, and it showed. The benchmark Sensex zoomed to unprecedented levels and India became the most loved emerging market for foreign institutional investors (FIIs). Falling oil prices, moderating inflation and a smaller current account deficit also helped. That excitement has since cooled. FIIs have begun fleeing India, finding that nothing has really changed on the ground. A tax row with the government has only made matters worse. So far, the government has been lucky, capitalizing on falling oil prices and moderating inflation. But a combination of poor weather and weak demand is likely to delay economic recovery. Hence unless it does something more concrete soon to make India more business-friendly, the outflow of funds from India may continue.

There were improvements in

other parameters of the economy as well, notably on inflation that is now at historically-low levels, even as the rupee did not fall as much as other currencies against the dollar.

On the economic front, the GDP data is slowly looking up and both the World Bank & IMF predict that if all goes well, the Indian economy will be back on the 7% plus growth track. One would presume, this would have to come with riders – Modi would need to deliver on the promises he made on rolling out the next round of economic reforms.

He has taken the ordinance route to push through a few bills, and caps on FDI in insurance, real estate and defence have been increased. The idea to privatise some part of the railways is also good considering the train network remains the best means to keep India tightly knit, and thus the need to modernise it cannot be understated.

But grey areas remain – for example the 'Make in India' campaign has been much touted but the country hasn't made any improvement in the 'ease of doing business' index.

The industry largely believes that one year of the new government, which inherited a lot of trouble is too less-a-time to judge the performance. The industry feels that the government was laying the foundation for the next four years to come and they're confident of seeing change on the ground in the next year.

Meanwhile, India Inc. expects major initiatives over the next two quarters along with forward movement in key sectors such as road, power, coal, non-renewable energy, mainly led by public sector investment, according to industry body Assocham. Some major measures are also expected in the agriculture sector which needs huge public investment in areas such as irrigation,

rural infrastructure and power supply." Besides, the government is likely to continue with support in inputs such as fertilisers, the survey said. Having taken several initiatives to unclog infrastructure projects and improve ease of doing business, Prime Minister Narendra Modi's government is expected to give increased attention to the rural economy, although several of the financial inclusion programmes like the Jan Dhan Yojana would help the countryside," ASSOCHAM President Rana Kapoor said.

He pointed out that there are select sectors of the economy which are under stress, including housing, real estate, banking and telecom.

Of late, the merchandise exports are also causing some anxiety with slowdown in global demand. But some of the innovative initiatives like monetisation of gold would bring in much-needed stability in the country's balance of payment by way of reduction in gold imports.

"Besides, there are hopes that the GST Bill would finally move towards a law", Kapoor said. He also welcomed the formation of an expert committee on resolving taxation issues like Minimum Alternate Tax (MAT) for the foreign institutional investors.

According to the chamber's assessment, for kick-starting the economic growth, domestic consumer demand has to be revived with improving the sentiment on employment opportunities." Consumer demand and the employment prospects are closely connected. Sectors such as tourism, aviation are some of the low hanging fruits, which must be ripened and plucked. They will create huge employment opportunities along with creating an uptick for sectors such as construction and real estate", it said.

"A holistic view must be taken about the stressed assets in banks so that we are not left with large

and uncontrolled non-performing assets," it added.

Meanwhile, PHD Chamber of Commerce and Industry termed the performance of Modi led government ever since it assumed office on May 26, 2014 as more than satisfactory, giving it 7.4 marks out of 10 since the macro outlook of Indian economy improved in terms of growth, inflation, FII front as well as growth of services sector and construction.

PHD Chamber's President Alok B. Shriram while commenting on "One Year of the New Government", however, said that agriculture, industry and core infrastructure continued to witness deceleration due to host of factors as growth rate in agriculture fell to 1.1% in FY2015 against 3.7% in FY2014. Growth of core infrastructure, on the other hand, declined from 4.2% in FY2014 to 3.5% in FY2015. The President also pointed out that FII inflows which stood at US\$8.5 billion in FY2014, accelerated substantially, touching US\$45.4 billion in FY2015 though FDIs showed little improvements due to external factors.

The Chamber has recommended that reforms so far announced should see their implementation on ground level so that ease of doing business at grassroots is further facilitated. The co-ordination of the centre with states needs to be cemented for which the central government alone has to take a call.

Industrialist Adi Godrej hails the innovative steps taken by the government and feels the world is looking at India at the moment. He said, "The Government in the past year has taken unprecedented and innovative steps of a scale that could not have been envisaged earlier. They have succeeded in changing the economic calculus of the country by demonstrating that 120 million bank accounts could be opened at short notice or 4 lakh toilets could be built in schools in

a year and so on.

"The Make in India campaign is a multi-dimensional endeavour to boost manufacturing, targeting skill development, FDI, R&D, and most significantly, ease of doing business. Industry is greatly heartened by the many steps taken under the campaign. In addition, Swachh Bharat Abhiyan, Smart City initiative, Digital India, Clean Energy, etc. have set high targets and are progressing faster than expected. The world's eyes are on India at this moment, and Government and industry together could meet the expectations for fast growth."

Opposition's Jibes

As Prime Minister Modi completes one year in office, the Congress which was reduced to just 44 seats in the Lok Sabha, stepped up its offensive against Narendra Modi accusing him of weakening the democracy by running a "one-man show" government. The tirade led by senior congress leader and former Union Minister Jairam Ramesh said Modi scored maximum on arrogance and minimum on governance. While addressing media in Hyderabad last week, Ramesh said "Modi is running a government now where ministers don't count, where ministries don't count. It is a one man show and Modi is a one man government."

"... In the process he (Modi) weakened the foundations of democracy. Parliament is routinely bypassed and decisions are taken in complete disregard to popular sentiment," Ramesh alleged.

Ramesh claimed, "One year ago, Modi promised turnaround of Indian economy. But, one year later we don't have turnaround but a government of U-turns."

Stating that these were the five realities of the last one year of Modi government, Ramesh said the PM in the last one year has also had to eat his own words."BJP

opposed Indo-US nuclear agreement, but Modi has now supported the agreement and we welcome that. Modi opposed GST when he was Chief Minister of Gujarat and he is now championing the GST as Prime Minister and we welcome that.” He further said, “We welcome the facts that he has made these U-turns and taken positions as Prime Minister which were opposed to the positions which the BJP took when it was in opposition.”

Meanwhile, CPI (M) General Secretary Sitaram Yechury took on the government on its ‘Make in India’ slogan and said “the slogan should be ‘Make for India’, that is by India and for India”. “It (policies) cannot work. I will give you the reasons. You are giving concessions to attract more foreign investments. You are also giving concessions to Indian corporates to invest more.”

“The logic given by the government, even the Manmohan Singh government earlier, is that greater investments will create new job opportunities and thereby greater economic growth. But there is a serious flaw in this argument, why this can’t work,” he told an agency.

He added, “The aggressive pursuit of neo-liberal policies of economic reforms, the relentless onslaught on secular democratic foundations of the Indian republic by the sharpening of communal polarisation, and the movement towards an authoritarian rule through the erosion of democratic institutions are all getting aggravated.”

Even if this investment comes in, it would be “meaningful only if it comes into productive sector and not to loot our resources and expand their profits, without creating productive capacities in India.” “If they produce goods, these need to be sold. But where will you sell them? There is global stagnation; our exports have



declined by 26 per cent last year. You can’t sell these goods abroad, you can’t sell them in India because the people’s purchasing power is declining as a result of these policies and growing unemployment.

“So greater investment does not create greater growth, unless you economically empower our own people, which can only be done through a very high dose of public investment that has stopped for a long time,” Yechury said.

Ramesh added, promises were made during last year’s general elections and when reminded of these promises, BJP president Amit Shah said it was an “election gimmick”. “What we have seen in last one year is the complete betrayal of the convincing mandate that Modi got in 2014. And the track record of the Modi government to implement the commitments made in Parliament show a complete ‘betrayal’ of sovereign pledges made in Parliament,” he alleged.

Way Forward: Create jobs, jobs and more jobs

Prime Minister Modi in his first year in office made 18 foreign trips—probably a record. Another thing that he did in his first year was, he launched too many schemes and programmes probably in a bid to illustrate freshness in his approach to lead the country. From ‘Jan Dhan Yojana’ to ‘Namami Gange’ to Jan Suraksha to ‘Swachh Bharat’ to smart cities to Niti Aayog to his ambitious ‘Make in India’, etc. he announced a barrage of schemes with much display.

The challenge for Modi in the next four years is clear: If he has to go to polls with a ‘report card’ up to his voters to get re-elected in 2019, he has to deliver on the major promise that he made in 2014—creating jobs. All these programs and schemes would just remain on paper if ultimately they fail to create jobs. The central theme of the remaining four years of the Modi government must thus be job creation through enabling executive and legislative action. ■

WHAT THEY SAID

“Modi is 100 per cent on expectations. It takes a lot of time for us to turn a company around. And here we are talking about the whole country. It is reasonable to expect the government will take another year before we actually see an impact on the ground.”



- **Kumar Mangalam Birla**,
Chairman, Aditya Birla group

“Prime Minister Modi deserved a big thumbs-up for changing the mood from gloom to optimism. The growth momentum is picking up, albeit slowly. The irony is that there was very high expectation, which led to an expectation-delivery mismatch.”



- **Harsh Goenka**, Chairman, RPG Enterprises

“This government has taken a lot of steps and is free enterprise, growth and reform-oriented. It is facing some political issues, especially in the Rajya Sabha. However, I think it is clear that it would like to go ahead with the reform process. There is a lot to be done. A lot of work can be done. I am very positive on India’s future.”



- **Adi Godrej**, Chairman, Godrej group

“There have been distinct changes in the past year as far as the strength of the Indian economy is concerned. Now, the tables have turned. India is the poster child in the emerging market universe. Foreign investors cannot get enough of the economy. One should not lose sight of what India has accomplished or be distracted by the daily noise of the markets.”



- **Kalpana Morparia**, CEO of JP Morgan India

“While the government is indeed acting well on fundamental issues, some more demonstrative action is required to refute some of the charges. Because of the high expectations, it is now time the public starts ‘feeling good’.”

- **Dilip Piramal**, Chairman,
VIP Industries



“The government has exceeded our expectations and has achieved more in the first year than any other government has achieved in their first year. The government’s emphasis on lower tax rates and introduction of GST in coming year will greatly enhance competitiveness of the Indian industry.”

- **Sumit Mazumder**,

President, Confederation of Indian Industry



“We are highly encouraged by the series of actions and policy reforms taken by the government in the last one year. The government has been successful in improving the state of the economy and setting the foundation for long term higher growth and development. Several path-breaking measures have been announced, notably the introduction of social security net for all citizens, rationalisation of corporate tax rates and implementation of GST by April next year. We are confident that going forward too, the Government will maintain the growth momentum through continuous policy and reform actions.”

- **Jyotsna Suri**, President, FICCI



“Even as we credit the government’s accomplishments in its first year of office, it is imperative that we realise that structural changes to a country’s socioeconomic fabric do not materialise overnight. As such most stakeholders would need to be patient

so long as direction of change remains positive. The rural economy needs immediate support in the absence of market risks and unfavourable weather conditions, with attendant issues for a host of industrial sectors like farm equipment, motorcycles, sugar mills, food processing and fertilisers. Select sectors of the economy such as housing, real estate, banking and telecom are still under stress. Of late, merchandise exports are also causing some anxiety with slowdown in global demand.” -



- Rana Kapoor,
CEO and Managing Director, YES Bank

“Reforms so far announced should see their implementation on ground level so that ease of doing business at grassroots is further facilitated. The coordination of the Centre with states needs to be cemented for which the central government alone has to take a call. Implementation of Goods and Services Tax (GST) is of utmost importance for creation of single unified market and Land Acquisition Bill should be passed to enable Prime Minister Modi to fulfil his dream of accomplishing extension of reforms for factor markets since so far reforms have addressed the issue of product markets.”



-Alok B. Shriram, President, PHD Chamber

“The performance of this government has to be seen in terms of what was inherited a year ago. Towards the end of 2013, India was in a very despondent mood due to numerous issues. One area was corruption. Now in this last year, we have had no instance of a single scam. Corruption and crony capitalism has disappeared. Even a company will take at least two years to work out a turnaround. For decades, manufacturing has been non-competitive and industrial activity has not grown. It takes time to set it right.”



- R.C. Bhargava, chairman, Maruti Suzuki

“The Make in India and Swachh Bharat campaign are really good initiatives that have been undertaken. I see the Make in India programme as a reality which will immensely benefit the country. In the coming days, I am seeing 'achche din'. The government has delivered wonderfully in the spectrum auctions and the coal auctions while ensuring economic stability. The re-rating of India and its credit from international agencies has boosted the sentiment. I see growing confidence in the banking sector too. The feel in business sentiments on account of the government's initiative under Modi is very positive.”



-Sanjiv Goenka, chairman,
R.P. Sanjiv Goenka Group

“The Flagship Development Programmes undertaken by the Government accompanied by a series of policy reforms during its first year has laid a strong foundation for India's economic resurgence to become the fastest growing major economy globally over a long-term period as the quality of economic growth also improves significantly owing to social engineering initiatives like the Jan-Dhan Yojana and the social security schemes for insurance and pensions.”



- R Seshasayee, Past President, CII and Executive
Vice Chairman, Hinduja Group

“In its first year, the Government led by Prime Minister Shri Narendra Modi, has turned around investor sentiments and taken strong action across multiple sectors for scripting a new growth narrative. Policies have contributed to infusing more competition into the market, harnessing new levers of growth, and dispersing more powers to state governments in the spirit of federalism. The Government's well-strategised macroeconomic management for inflation and fiscal prudence, resulting in lowered interest rate regime, sets the stage for a new investment cycle.”



- Chandrajit Banerjee, Director General, CII



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DC-MSME's several achievements

Once a clear blueprint is set, reform is only two steps away. We clearly see this in case of DC-MSME as it went on to achieve milestones on important landmarks in a short span, which would definitely pave the way for success and growth story of small enterprises.



Over the last one year, DC-MSME has made several achievements. Those are categorized in five groups: Make in India; Zero Defects and Zero Effects; Skill Mapping; Skill Development; Policy and Institutional Anchoring.

Firstly, Make in India: For promoting 'Make in India' and developing ecosystem for the same.

Financial assistance to MSMEs:

- a) Collateral Free Loan in FY 2014-15- under CGTMSE guarantee have been given to 403422 MSEs (Manufacturing sector 125482 nos. + Service sector 277940 nos.) which amounts to Rs 21273.82 crores (Manufacturing sector 8882.85 +12391.97 Service

sector). Under CGTMSE Available Fund Exposure has reached the level of Rs 85,000 crore approx.

- b) Under Credit linked capital subsidy Scheme (CLCSS) 7,246 MSEs availed subsidy amounting to Rs.448.85 crores through nodal banks. Budget utilization was 100% percent. Two new banks Corporation Bank and Indian Bank have also been incorporated as nodal banks under CLCSS.

1) Creating Eco System:

- a) Under Technology Centres Systems Programme (TCSP) a Project of 400 Million USD through World Bank Assistance, 15 new world class

technology centres are being set up along with modernization of the existing Technology centers.

1st Phase of the programme (Design Phase) has been completed and 2nd Phase (Implementation Phase) has commenced w.e.f. 15.01.2015.

Detailed Project Report (DPR) of TCSP has been finalised and approved.

Establishing National portal to support ecosystem of world class manufacturing is in advanced state of finalization.

- b) Under Design Clinic Scheme: The Centre of Excellence has been established at IISc, Bangalore which was inaugurated by Hon'ble

Minister of MSME. The centre is a joint initiative of Ministry of MSME and IISc. IISc identified more than 110 technologies made available exclusively to MSMEs. Also, they are in the process of identifying about 35 import substitute products and their technologies for MSMEs. Technological Development projects starts culminating out of similar MoU signed with CSIR. 100 nos. of Design Projects and 22 nos. of Student project have been approved.

- c) Under scheme of Support for Entrepreneurial and Managerial development of SMEs through incubators 35 No. of new Host Institution / Business Incubator has been approved 143 No of Ideas approved.
- d) Under the scheme of IPR 3 new IPFC (Intellectual Property Facilitation Centres at Patancheru, Telangana, Lucknow U.P. and Bhubaneswar Odhisa) has been opened. IPFCs and IAs have conducted 78 Awareness programmes and 5 workshops of 2 days duration. 84 nos. Patent, 142 nos. of Trademark, 17 nos. of Industrial Design, 139 nos. of Copyright and 2 nos. of GI applications have been filed by IPFCs.
- e) Under the Schemes of



MSE Cluster Development Programme, the achievements are-

43 new clusters have been taken up for various interventions like Diagnostic Study – 27 Nos., Soft Interventions-11 Nos., Common Facility Centre (CFCs)- 04 Nos. and Infrastructure Projects – 01 No. 05 nos. of Common Facility Centre and 09 nos. of Infrastructure Development Projects have been completed under MSE-CDP.

236 nos. of units have been set in the various ID Centres.

2) Marketing Assistances:

- a) Under the scheme of Bar Code, 804 MSEs units were provided financial assistance to the tune of Rs 105.80 lakh by reimbursing 75% Charges paid by them to GS1 India for One Time Registration Fee and Annual Recurring Fee .154 No’s

of Awareness Programmes organized by MSME-DIs.

- b) Under Scheme on Vendor Development Programmes for Ancillarisation major achievement are as under- 375 Vendor Development Programmes (53 National and 322 State Level) organized in this year; which is highest ever. Over 1300 Buyers (CPSUs, large Industries etc.) and 20000 Sellers (Micro and Small Enterprises) participated in these programmes.
- c) Public procurement Policy for MSEs: Procurement data from CPSUs was collected; complied and subsequent communication was made.

One on One interaction Meeting by Secretary MSME, with 10 CPSUs & Railway Board have been conducted to sensitize procurement and detailed action plan for enhancing procurement from MSEs and capacity building of MSEs vendors to be executed jointly by CPSUs/Railway Board/ MSME-DIs & NSIC. The execution of joint Action has started.

Grievance received from MSEs has been redressed under Grievance cell of Public Procurement Policy and also Clarifications on Public Procurement Policy have been issued as to CPSUs & Individuals.

A window has been opened in website of office of DC-MSME for facilitating MSEs to communicate



their Grievances to Grievance Cell and same are being redressed.

For effective implementation of the Public Procurement Policy and particularly the mandatory provision of 20 per cent procurement from 1st April, 2015, "Public Procurement Facilitation Cell" are being established at all MSME-DIs. Letters from Hon'ble Minister of MSME to all Central Ministers for effective implementation of the Policy and enhancing procurement from MSEs have been issued.

- d) Under MDA Scheme (international trade fair component): 227 MSEs have been benefited for participation in various international trade fairs through O/o DC-MSME.
- e) Under Marketing Assistance and Technology Upgradation Programme which is a strategic initiative for adoption of Modern Marketing techniques by MSMEs consistent with the requirement of global market, 713 MSMEs have been given financial assistance.

B. Zero Defect-Zero Effect:

For promoting Zero Defects-Zero Effect manufacturing and developing ecosystem for the same, the following are some of the achievements during last one year.

a) Lean Manufacturing Competitiveness Scheme under NMCP: The scheme is up scaled with a Total Project cost of Rs 240.94 cr. (GOI contribution Rs 204.94 cr.) for 12th Five Year Plan for 500 Mini Clusters.

In approx. 1491 units, Lean manufacturing interventions have been initiated. Total 536 Mini Clusters have been identified & selected for Lean intervention across the country for sectors such as Auto Components, General Engineering & Fabrication, Textile, Hosiery & Readymade Garments, Pharmaceuticals, Chemical & Allied Products, White



Goods, Food Processing, Leather and Footwear etc.

Total 407 awareness programmes have been organised in order to spread awareness of the Lean Concept.

Total 4 National workshops have been organised at Delhi, Mumbai, Kolkata and Chennai

Total 357 Lean Manufacturing Consultants Empanelled with NMIUs (National Monitoring and Implementing Units)

Total 179 Mini Clusters/SPV has been formed for Lean Manufacturing (LM) interventions.

b) MSME-GEF-UNIDO Cleantech programme: The Project cost is US\$ 4 million.

Benchmarking criteria have been finalised for Awareness Generation in MSMEs for energy efficiency. Methodology for Energy audit has been prepared. Total 5 workshops were organised at Vadodara, Ludhiana, Kolkata, Chennai and Indore. Total three innovative MSME units in the field of Energy Efficiency (out of 183 applicants) attended in Global Cleantech Innovation Programme at California, USA on 12th Nov, 2014.

To spread mass awareness about the programme help has been taken from social media tools like Facebook, LinkedIn etc.

c) GEF MSME Project Titled Promoting Market Transformation for Energy Efficiency in Micro, Small & Medium Enterprises.

Finalized a new GEF-UNIDO-MSME-EESL project of project cost 35 million USD (promoting Market Transformation for Energy Efficiency in Micro, Small and Medium Enterprises). The project is likely to be approved by GEF soon.

d) Under QMS/QTT Scheme the major achievement are- 102 Awareness Campaign on QMS/QTT scheme of One Day duration have been conducted throughout the country.

Workshops on QMS/QTT of 2 days duration conducted at Metros (New Delhi, Mumbai, Chennai & Kolkata) Implementation of QMS/QTT in selected 07 Cluster (under progress).

e) Under Technology and Quality Up-gradation Support to MSMEs (TEQUP) major achievements are- 161 MSMEs assisted for EETs, 85 Awareness programme conducted, Product Certification Reimbursement for 135 MSMEs.

MoU with five Banks Signed besides SIDBI namely SBI, BoB, SBBJ, Canara Bank & PNB.

161 EET cases for Rs. 12.72 crore

f) ZED Maturity Assessment Model: for the assessment of MSMEs under various influencing factors of Zero Defects and Zero Effect Manufacturing a detailed ZED Maturity Assessment Model has been prepared and being assessed in selected MSMEs. SFC for the implementing ZED scheme of the Project cost to the tune of Rs. 481 crore is under preparation.

g) The Field formation of O/o DC-MSME engaged in testing, calibration and quality issues are MSME-Testing Centres (4 nos) and MSME-Testing Stations(7 nos). : their major achievements are-

Revenue earned by the Testing Centres & Testing Stations during year 2014-15 is Rs. 847.91 lakh.

6939 Nos of MSMEs and 7097 Nos. non-MSMEs availed the testing & calibration facilities at Testing Centres & Testing Stations.

h) ISO Reimbursement scheme; The application forms for claiming ISO 9000/14001/HACCP certification reimbursement has been simplified with the approval of SS&DC(MSME) to make the reimbursement procedure simple and applicant friendly.

Online application software has been developed by O/o

DC(MSME) during the year 2014-15 through NIC. MSME-DIs have been instructed to educate and encourage the applicants to apply online for reimbursement.

During the year 2014-15, a total of 970 applications amounting to Rs. 5.85 Cr. have been disbursed under the scheme through MSME-DIs.

C. Skill Mapping

1. District Industrial Profiles: For almost all the district of county District Industrial Profiles (607) have been prepared and uploaded in the website of O/o DC-MSME. These profiles give adequate picture of industrial scenario, clusters and skilling potentials.

2. Skill gap Analysis – Based upon District Industrial Profile of the districts an extensive activity has been carried out by o/o DC-MSME to assess the skill requirements and possible source for providing skill up-dation / training (soft skill as well as hard skill) District wise, across the Nation (30 states, 7 U.T. & 676 District) in consultation with all stake holders.

This Exercise will help in achieving the ambitious target set by GoI for providing skill enhancement training to 30 Crores youth by 2020 and make them employable.

District wise Skill Mapping exercise done incorporating all important factors viz. District, Name of Industry Cluster with size, Product of Cluster, Skill Development Needs as per the product, Name of the suggested Training programme including duration, Nos of Institutes capable of providing suggested training, Total training Capacity of these Training Institutes(Annually), Total Capacity of Clusters to provide employment to trained Manpower.

Skill mapping 3rd cut after updating list of clusters and machineries available with training institutes are sent to MSME Development Institutes for the up-dation/ verification and vetting from all stake holders like DIC, Industry associations etc.

D. Skilling India/Skill Development:

1. Tool Room & Technical Institutions The performance of existing 18 Technology Centres (Tool Room & Technology Development Centres) is as follows:

Training: 1,65,340 persons have been trained in short term(period upto 6 months), medium term(6-12 months) and long term(more than one year) Physical Performance of Scheme during 2014-15 (Targets and achievements). The courses are designed for school drop outs to M.Tech. level.

Unit Assisted: Technology Centers have assisted 36116 MSMEs for catering to their need of skilled manpower, precision & highly sophisticated components, tools & dies. MSMEs are also served by giving consultancy services in the area of Quality & Management Standards, Lean Management & Energy Efficiency, Design and IPR.

A new initiative has also been taken by MSME TCs for forming of consortium of MSME Units to increase their marketing



capabilities.

The group of 18 institutions have earned revenue of Rs. 257.28 crore with a profit of Rs. 102.75 crore.

Technology Centres participated in the International Exhibitions at Hannover, Germany and also in National exhibitions at New Delhi, Bangalore, Mumbai and Greater Noida to showcase their core competence in the area of Tool Engineering and related fields and skill development activities.

MSME Samsung Technical Schools at 10 locations (Ludhiana, New Delhi, Hyderabad, Ahmedabad, Aurangabad, Varanasi, Bhubaneswar, Chennai, Mumbai and Kolkata) have been established to provide hands on skill development activities to the technically educated youth.

A MoU has been signed with Samsung Electronics India Pvt. Ltd. for starting of MSME Samsung Digital Academy for development of Mobile Apps at the 10 locations where MSME Samsung technical Schools are working.

18 nos. of Management Courses have also been taken up for development in order to further enhance the employability of educated youth.

2. MSME-DIs: MSME-DIs have also organised a good nos. programmes which industry responsive and self-employment oriented too. Total Persons trained by MSME-DIs/TIs are 61639 nos. 84012 Persons have been motivated by DIs/TIs through Intensive Motivational Campaigns.

3. Modular Courses: 71 modular courses on various training topics (Basic, Advanced and CNC) have been developed MSME-TCs. These have been vetted by Industry. These have been translated in regional languages too.

Flavour and Fragrance Development Centre (MSME-TDC), Kannauj has also prepared 42 Modular coursewares.



E. Policy & Institutional Anchoring

1. Policy: 11th National Board for Micro, Small and Medium Enterprises (NBMSME) under Chairmanship of Hon'ble Minister for Micro, Small and Medium Enterprises organised on 10th March 2015 at Vigyan Bhavan New Delhi.

Conference of State Industry Ministers / UT Administrators under Chairmanship of Hon'ble Minister for Micro, Small and Medium Enterprises organised on 22nd August, 2014 at Vigyan Bhavan New Delhi.

A draft of Policy for MSME have been prepared by SS & DC-MSME and uploaded in the official website of DC-MSME for comments of stake holders/public. 1530 comments/suggestions have been received so far and these have been compiled too.

Census of MSMEs: Formalities to launch All India Census to assess the Health of MSME Sector are in the final stage for selection of agencies.

2. Institutional Anchoring
Cadre Restructuring of MSME-DO:

Since the establishment of Small Industry Development Organisation in 1954, there had not been any review or restructuring of the cadre has been done in this organisation.

With the objective to streamline

the promotional measure viz-a-viz future prospect of the officers working in MSME-DO (earlier called SIDO) and to develop dedicated manpower to meet out the increased challenges of the industry effectively, there was a need to build a strong cadre for industrial development professional and official who provide effective guidance for absorbing the appropriate technology and innovative ideas and economic scale to face the challenge of the global scenario, a proposal for constituting an independent cadre in the name of "Indian Enterprise Development Service" (IEDS) was prepared and submitted to DoP&T and same was approved by the DoP&T and Deptt. of Expenditure and finally it has taken the shape of cadre formation for which the CRC meeting is being proposed on 28.05.2015.

Development of Human Resource Management System (HRMS): In order to cope up with a changing scenario and to provide the need based effective services to MSMEs, human resources required to be properly organised, managed and channelized to meet the ever changing demands, accordingly IT based Human Resource Management System (HRMS) has been developed and being implemented.

Employment Exchange for Industry: IT enabled Employment Exchange for Industry has been developed and stabilized for functioning. ■

Big space for smaller business entities

At a time when virtual world is becoming the ultimate reality, online platforms such as SMEJoinup is changing the way entrepreneurs do business, network and communicate, mostly for the better. According to **SBNE News Network**, this strategy might prove to be the next game changer in the SME world of business. Also, follows interview of **Vivek Kumar**, director of SMEJoinup.

Want to find a solid investor? Want help to strategize your market entry and market value? Want to get those precious qualified leads? Want to become the most sought-after entrepreneur?

Raising these exact questions, **Pooja Kumar**, ex-Vice President of HSBC and founder of SME Joinup, explains how her online venture on SMEs, founded around five years ago, is a premier one stop online business mall to walk entrepreneurs through starting, running, promoting and growing small businesses. According to her, within a short span, SMEJoinup has developed Business Development Platform only for small businesses and has built a network of over 40,000 business-owners and decision makers, over 2,000 service providers across over 100 services and 400+ investors.

The portal uses the power of the online world and offline tools such as conventions; conferences etc. to help the founders of SMEs reach out to other businesses. It is an integrated platform for SMEs wherein they could look to grow their market reach, get funding and funding advice and look for experts to outsource their business operations. It links up enterprises and people through dinner meets for SME members, collaboration with associations such as INK Business Media which organises



Pooja Kumar, Co-founder & CEO, SMEJoinup

business meets and conventions to give members special discounts. It has also partnered with media outlets like Economic Times, Pune edition where the members of the portal would be given dedicated page to reach out to customers at a discounted rate.

SMEJoinup addresses several issues of the Service Providers such as: plethora of vendors for all services; promotion of costly websites; SEO and Google ads costly and complex; physical meetings with prohibitive costs; costly lead generation. The service provider could open a “business shop” on the platform and create visibility for free and could subsequently regulate rate and quality of business development both through lead generation and through connecting with desired profiles.

The management team at SMEJoinup team formed a

diversified network of business owners/decision makers, investors and the domain expertise and knowledge of the management team to raise funds and build a successful venture. They mainly have Do-It-Yourself fund raising; Advisory and positive investor introductions; outsource to investment banker: handholding program for fund raising; limited co-founder: designed to handhold early stage businesses and start-ups through their early years where strategic experience and market access are most required; business plans, documentation and consulting: for fund raising and market entry/expansion strategies.

At present, SMEJoinup team is looking to raise early stage funds. They are confident of handling the documentation and initial investors meetings themselves with advisory help and structured feedback. They want to raise cash upwards of one million US dollar and outsource the entire fund raising activity. However, their initial roadblocks are: limited experience- early stage business- all they need is all around assistance in go-to-market, technology, business strategy, business development and subsequently funding. They also need a business plan for fund raising, exploring new opportunities, understanding viability, go-to-market strategy, get-online strategy.

Vivek Kumar tells us about SMEJoinup.

Can you brief us about concept & conceptualization of SMEJoinup?

SMALL is BIG. The importance of being small is never in doubt. However it is quite established that small enterprises do business under much tougher conditions. Challenges in customer acquisition and retention, poor infrastructure and government apathy, access to technology, finance, input costs and manpower to name a few.

The concept of SMEJoinup thus originated from the belief that accessibility to services, information, know-how, mentorship, finance, events, etc. could dramatically improve the functioning of small businesses and start-ups.

Can you brief us about “India’s First Business Services Mall?”

SMEJoinup is India’s first, decision making portal for Buying & Selling Services.

Services now a Complex Decision making Process... Leading to

Inefficiency: In the amount of time spent by BOTH parties

Ineffectiveness: Non-optimal vendors executing the assignment



Vivek Kumar, Director, SMEJoinup

SMEJoinup thus offers



How SMEJoinup provides support to SMEs for business development?

On the flip side, SMEJoinup offers promotion and lead generation which is a huge challenge for Service Providers and addresses various issues such as:



Key HIGHLIGHTS at SMEJoinup.com

- 50,000 + business-owners, decision makers, entrepreneurs
- 3000+ service providers across 200+ services
- 400+ investors in the network
- 100 + self and partner events, regular newsletters, significant social media interactions
- A transactional platform; we now create over 500+ VERIFIED B2B requests for various services every month

A service provider can open a “business shop” on the platform and create visibility for free and subsequently regulate rate, and quality of business development-- both through lead generation and connecting with desired profiles.

How does SMEJoinup help SMEs to raise funds?

The management team at SMEJoinup team loves ENTREPRENEURS: We thus make available the large and diversified network of business owners/decision makers, investors, mentors, and the domain expertise and knowledge of the management team...to build a successful venture. We thus offer various options for fund raising and support around fund raising:

What is the offering	More DO-IT-YOURSELF fund raising: Advisory and positive investor introductions	Outsource to Investment Banker: Handholding Program for fund raising	Limited co-founder: designed to HANDHOLD early stage businesses & start-ups through their early years where STRATEGIC EXPERIENCE and MARKET ACCESS are most required	Business plans, documentation & consulting: for fund raising and market entry/ expansion strategies
Who is this for	Aggressively looking to raise early stage funds; and confident of handling the documentation and initial investors meetings yourself with advisory help and structured feedback.	Wanting to raise upwards of one million USD and wanting to outsource the entire fund raising activity	You are an early stage business, what you need is all around assistance in go-to-market, technology, business strategy, business development... and subsequently funding	Need a business plan for fund raising, explore new opportunities, understanding viability, go-to-market strategy, get-online strategy

How SMEJoinup connects Buyer & Sellers?

Buyers and sellers can connect through a sales feed or through a relationship team at SMEJoinup which helps set up business development appointments. ■

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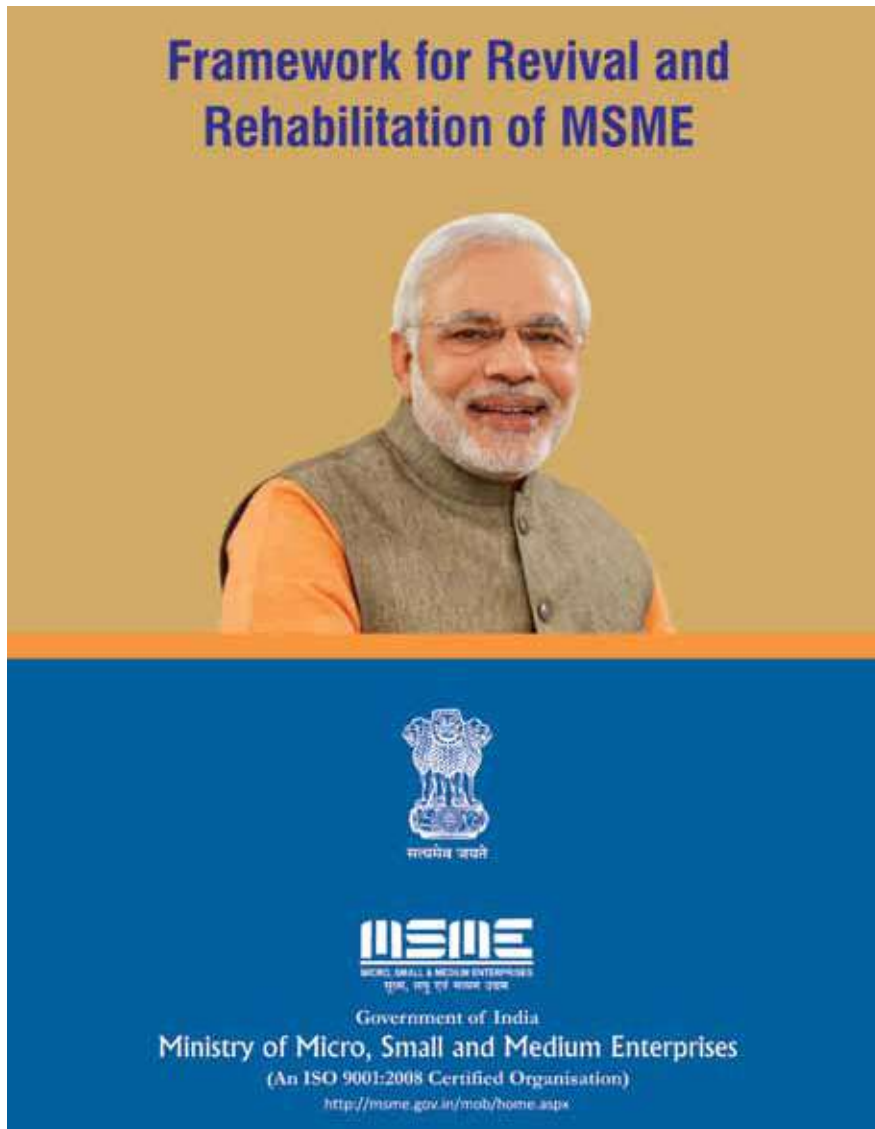
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Union MSME Ministry issued Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises

Over the years, the existing mechanism for addressing revival, rehabilitation and exit of small enterprises in India has been very weak. **SBNE News Network** in a detailed report analyses framework for revival and rehabilitation of MSMEs, under section 9 of the MSMEs act, 2006.



Union Minister for Micro, Small and Medium Enterprises (MSMEs), Kalraj Mishra on May 29, 2015 notified a framework for revival and rehabilitation of MSMEs, under section 9 of the MSMEs act, 2006.

The Framework shall come into force on the date of its publication in the official gazette, namely the Framework of Micro, Small and Medium Enterprise.

It is expected that this Framework will help a number of entrepreneurs to revive their units and get a lease of life. In India, the existing mechanism for addressing revival, rehabilitation and exit of small enterprises is very weak. The most recent Doing Business (DB) Report, a joint project of the World Bank and the International Finance Corporation, ranks India 137 out of the 189 economies for resolving insolvencies. It notes that resolving insolvency takes 4.3 years on average and costs 9% of the debtor's estate, of which the most likely outcome could be the company being sold as piecemeal sale.

Commenting on the same, Kalraj Mishra, said, "Pending a detailed revision of the legal framework for resolving insolvency/bankruptcy, there is a felt need for special dispensation for revival and exit of MSMEs. The MSMEs facing insolvency/bankruptcy need to be provided legal opportunities to revive their units. This could be done through a scheme for re-organization and rehabilitation, which balances the interests of the creditors and debtors. It is expected that above framework will help the lenders and debtors in revival and rehabilitation of enterprises and shall unlock the potential of MSMEs, besides improving our international ranking in Doing Business Index."

The framework complements the features of the existing RBI notification of 2012 and 2014. Before a loan account of a MSME turns into a Non Performing Asset (NPA), banks/creditors are required to identify

incipient stress in the account. Any Micro, Small or Medium enterprise may also voluntarily initiate proceedings under this order if enterprise reasonably apprehends failure of its business or its inability or likely inability to pay debts and before the accumulated losses of the enterprise equals to half or more of its entire net worth.

The main features of the framework which complements to the features of the existing RBI notification of 2012 and 2014 are as below:

Identification of incipient stress: Before a loan account of a MSME turns into a Non Performing Asset (NPA), banks/creditors are required to identify incipient stress in the account.

Committees for Distressed Micro, Small and Medium Enterprises: All banks shall constitute one or more Committees at such locations as may be considered necessary by the board of directors of such bank to provide reasonable access to all eligible MSE which have availed credit facilities from such bank.

Corrective Action Plan (CAP) by the Committee: The Committee may explore various options to resolve the stress in the account. The intention is to arrive at an early and feasible solution to preserve the economic value of the underlying assets as well as the lenders' loans and also to allow the enterprise to continue with its business. During the period of operation of Corrective Action Plan (CAP), the enterprise shall be allowed to avail both secured and unsecured credit for its business operations.

Options under Corrective Action Plan (CAP): The options under Corrective Action Plan (CAP) by the Committee may include: (i) Rectification - regularize the account so that the account does not slip into the non-performing asset (NPA) category, (ii) restructuring the account if it is prima facie viable and the borrower is not a willful defaulter, and (iii) recovery - Once

the first two options at (i) and (ii) above are seen as not feasible, due recovery process may be resorted to.

Restructuring Process: If the Committee decides restructuring of the account as CAP, it will have the option of either referring the account to Enterprise Debt Restructuring (EDR) Cell after a decision to restructure is taken or restructure the same independent of the EDR mechanism.

Prudential Norms on Asset Classification and Provisioning: While a restructuring proposal is under consideration by the Committee/EDR, the usual asset classification norm would continue to apply. The process of re-classification of an asset should not stop merely because restructuring proposal is under consideration by the Committee/EDR. **Willful Defaulters and Non-Cooperative Borrowers:** Banks are required to strictly adhere to the guidelines issued by RBI from time to time regarding treatment of Willful Defaulters.

Review: In case the Committee decides that recovery action is to be initiated against an enterprise, such enterprise may request for a review of the decision by the Committee within a period of fifteen working days from the date of receipt of the decision of the Committee. Application filed under this section shall be decided by the Committee within a period of thirty days from the date of filing. **Giriraj Singh, Minister of State of MSME,** said, "It is expected that this Framework will help the huge army of entrepreneurs to revive their units and get a lease of life. I hope and trust that state government and banking industry will do all that is necessary to make it happen."

Elaborating the same **Madhav Lal, Secretary (MSME)** explains, "All banks shall constitute one or more committees at such locations as may be considered necessary by the board of directors of such bank to provide reasonable access to all eligible Micro,

Small and Medium enterprises which have availed credit facilities from such bank. The committee shall comprise of representatives of the Bank, independent expert and representative of the State Government. The committee may explore various options to resolve the stress in the account. The intention is to arrive at an early and feasible solution to preserve the economic value of the underlying assets as well as the lenders' loans and also to allow the enterprise to continue with its business. During the period of operation of Corrective Action Plan (CAP), the enterprise shall be allowed to avail both secured and unsecured credit for its business operations."

The options under Corrective Action Plan (CAP) by the Committee may include: (i) Rectification - regularize the account so that the account does not slip into the non-performing asset (NPA) category, (ii) restructuring the account if it is prima facie viable and the borrower is not a willful defaulter; and (iii) recovery - Once the first two options at (i) and (ii) above are seen as not feasible, due recovery process may be resorted to.

Surendra Nath Tripathi, Joint Secretary, Ministry of MSME says about this framework, "In the pursuit to create a vibrant MSME sector Ministry of MSME, Government of India has taken multi-pronged strategy. The focus is not only on the issues related to starting and growth of MSMEs but ensuring that they sustain their business. However, due to various reason MSMEs are prone to sickness. There has been an increase in MSME sickness. There have been internal causes relating to Planning, Implementation & Production and external causes like Infrastructural bottlenecks, Finance Constraints, Marketing Constraints and other extraneous factors."

Industrial sickness affects not only the owners, employees and creditors but also causes wastage of national resources and social unrest. There have been a few



attempts to address this issue. However, the need to devise more robust mechanism for dealing with sick MSME units was felt so as to make suitable arrangements for detecting symptoms of industrial sickness at an early stage and take corrective actions to prevent sickness.

Any Micro, Small or Medium Enterprise may voluntarily initiate proceedings under this Framework if enterprise reasonably apprehends failure of its business or its inability or likely inability to pay debts before the accumulated losses of the enterprise equals to half or more of its entire net worth. The application for initiation of the proceedings under this Framework shall be verified by an affidavit of authorized person. When such a request is received by lender, the account should be processed as SMA-0 and the Committee under this Framework should be formed immediately.

The major loop hole here in this framework felt that all responsibilities regarding the same are given to Banks. Relationship of Banks and MSMEs are not very good earlier also, so how they will support MSMEs through this revival framework.

However, SME's are not taking too well to the revival framework suggestions proposed by the government. According to SME association, government has merely passed on its responsibility to the banks whereas banks should ideally only realize finance. It is also a fact that the corporations have just not shut down due to lack of money. There are several other reasons for the same.

The Reasons for corporations' shutdown:

Rajiv Chawla, Chairman, Integrated Association of Micro, Small and Medium Enterprises of India says the steps taken by the Central government are good yet the framework proposed has several flaws. "There are several reasons for the shutdown of the corporations. For instance, the machineries used by a company could be consuming excess of electricity. Or, the product manufactured by the company might not be selling much. The company might not be having efficient employees. Or, the company might be facing competition from cheap Chinese products. However, government has only left this industry at the mercy of banks," said Chawla.

Committee of experts should be formed with the participation from industry workers

Rajiv feels a committee of experts should be formed to revive the industry. In this, industry association chief should also be present with government or technical institute's heads. For each sector, there could be category heads too. But intense effort should be put in to revive the industry. There are several companies, which absolutely do not make any sense to revive.

Government forms committee

Alok Agarwal, Secretary of Kanpur Industries Association says government asks banks to form committee whereas government should himself do it and include banks into the committee. Only in case of equal participation from industrial association, this yojana could get ahead. ■

GOVERNMENT INITIATIVES ON 'EASE OF DOING BUSINESS'

Looks like Indian economy once again fizzled. India has dropped down two places in World Bank's 'ease of doing business' ranking. So, what's the game plan ahead? If India could only take wing it could fly high- it only needs to set the right business strategies and take bold reform measures. ***KR Sudhaman** explains in a detailed analysis the reaction to 'Make in India' campaign- and what lies ahead.



The make in India campaign, launched by Prime Minister Narendra Modi from the ramparts of Red Fort on Independence Day last year, will remain only on paper without government making concerted effort to improve the ease of doing business and justifiably this has received top priority of the NDA government during the last one year. India, which is among the

bottom in World Bank's index of ease of doing business, has dropped down two places to stand at 142nd out of 189 in World Bank's latest ranking, underscoring the tough task that lies ahead of government. The NDA government, which wants to make India a business-friendly country, has therefore initiated several steps in the last several months to put Indian economy back on rails.

In the ten metrics used to

measure ease of doing business in the World Bank's 2015 report, which covers the period from June 2013 to May 2014 (when the UPA was in power), India came close to the bottom in two categories. It stood a wretched 184th in the category Dealing with Construction Permits, and 186th in Enforcing Contracts. On the bright side, India stood 7th, an improvement of 14 places, when it came to Protecting Minority Investors. It is the only

category in which India has shown an improvement from 2013, when it was ranked 21 in this category and 140 in the overall ease of doing business.

India has a lot of potential of attracting international business but the 'ease of doing' business has to be improved, according to Bernhard Steinruecke, Director General of Indo-German Chamber of Commerce. German companies are very optimistic about India



Bernhard Steinruecke,
Director General of Indo-German
Chamber of Commerce

and it would be win-win for both the countries if only ease of doing business improved. India is setting up Industrial corridors like the Mumbai-Delhi, Chennai-Bengaluru, Chennai-Vizag and Ludhiana-Kolkata. Several Japanese, German, British, French, US and Chinese companies are keen to set up manufacturing units in those industrial corridors. But procedural hurdles delayed the process and Modi government has taken the necessary major first steps that are expected to bear fruit in the coming months and years.

Steinruecke, who is not alone in voicing the concerns of both domestic and foreign investors, said India's place in the list of ease of doing business is still in the wrong place and a lot of improvement has to come, particularly the rules and

regulations. The bureaucratic hurdles and harassment by revenue officials make investors wary. Despite the huge market foreign investors do not see India as top priority as a result.

With Modi Government coming to power things have changed for the good and this has been acknowledged by Steinruecke himself who said the approach of Modi to make things easier is the most important thing.

Tax rules are complex all over the world but the retrospective tax brought by the previous UPA government two years back following the Vodafone tax dispute caused more harm than good and NDA government particularly finance minister Arun Jaitley has given an assurance this would not be invoked by his government in future.

Aware of the perception about India, Modi government has promised to improve India's position 50th position by 2017 from present 142. The task is not going to be easy but the Indian Prime Minister has already taken big strides setting in motion several initiatives in this regard. The recent conduct of coal auction and spectrum auction in a transparent manner fetching government revenue over Rs 3 lakh crore is one such action. The insurance reform bill, that raised the FDI cap in the sector to 49 per cent has been passed in Parliament is another. The bill, which had been hanging fire for almost a decade has been passed and there are already forward movement by some of private insurers to raise foreign holdings. The reforms carried out by the Government since June one last year when considered for the doing business report next year will improve India's ranking considerably, according to Minister of State for Commerce and Industry, Nirmala Sitharaman. World Bank President Jim Yong Kim too had said as early July

last year after Modi government assumed office that India could jump 50 spot by just implementing the Gujarat Model of reforms.

The department of industrial policy and promotion has already taken number of initiatives to improve the environment for doing businesses.

They included simplifying the application form for industrial licences and making the process online through the eBiz website, exempting a large number of defence equipment from compulsory licensing, and extending the initial validity period of industrial licences from two years to three so that there is enough time to obtain necessary clearances from authorities. The government has also raised FDI cap for defence to 49 per cent and in hi-tech areas, it could consider up to 100 per cent on a case-by-case basis.

Apart from Insurance bill, the government has amended the companies act relax or drop some of the difficult provisions for business. It has raised FDI cap on pension funds to 49 per cent in line with insurance. The ordinance to allow e-auction of coal mines have been passed by Parliament and first set of e-auction of coal mines have already happened. The long awaited mines act too has been amended. The bill to amend land acquisition act, which was first brought in the form of an ordinance was recently passed by Lok Sabha. It could not be passed in the Rajya Sabha, where opposition parties are in majority as it had been referred to joint parliamentary committee and it is widely expected that it would get passed in the monsoon session of parliament after adopting some of the amendments of opposition. According to KPMG-CII survey on ease of doing business that lack of an effective land acquisition process is one of the key issues that came in the way of pushing



projects. The survey also identified unfavourable taxation regime some of the other reasons high cost of starting a business. India continues to falter on various sub-indices such as starting a business, dealing with construction permits, getting electricity, registering property, paying taxes, trading across border, enforcing contracts or resolving insolvency and rightly Modi government has initiated steps to deal with these issues.

The Goods and Services Tax, first proposed in 2004-05 has been hanging fire and missed several deadlines since 2010. It goes to the credit of Modi government for GST bill getting through the first hurdle with its passage in the Lok Sabha earlier this month. But the bill has been referred to a select committee in the Rajya Sabha resulting some delay but just as land bill, the GST constitution amendment bill is widely expected to be passed in the monsoon session, well in time to enable rollout of the game-changing indirect tax reform measure from April one 2016. Once rolled out, this destination based tax will bring about single common market in the country besides getting rid of the present system of tax on tax. Apart from widening the tax base, this will reduce overall incidence

of tax but at the same improve revenue collections of both states and the centre.

The Confederation of Indian Industry (CII) has already made certain recommendations to the Prime Minister's Office (PMO) on streamlining investment approvals and provision of utilities including an appropriate labour development ecosystem. The government has already moved on several issues and several states too have taken initiatives reform labour laws. The union government too is moving towards allowing unviable companies up to 300 employees to close down without permission. Recently government freed several PPP highway projects by providing exit route for some of the stuck projects. This has freed Rs 40,000 crore of stuck investments in highways for deployment other highway projects. Also government has taken several steps to get several stalled projects in the power and other infrastructure sectors get them going by clearing them at the highest PMO level. The Modi government has taken several steps to put the creaking railway back on track by adopting innovative funding and signing MOU with LIC for lending up to Rs 1.5 lakh crore for railway projects

in the next five years. Also FDI up to 100 per cent is allowed in some areas of railways. The government has taken the bold, though unpopular, measure of raising passenger and freight fares, with the plan to deploy the additional revenue to significantly upgrade safety, electronic signals and coach quality. Government has improved ease of doing business by clearing Rs 3.3 lakh of stuck infrastructure projects apart from Rs 6.6 lakh crore of projects cleared earlier.

The central government has decided to rank states on the basis of 'ease of doing business.' The system is expected to generate competition among the states and also help investors to choose the place to invest. The Department of Industrial Policy and Promotion (DIPP) has circulated 98 'action points' to state governments on 'creating an enabling framework for stimulating investments in manufacturing with specific timelines for each action.' The ranking, to be done with the help of a consultative agency, is expected to be in place by June 2015.

The Union Budget 2015 too announced steps towards ease of doing business in India. The budget proposed to introduce a regulatory reform law that will bring about a cogeny of approach across

Initiatives for Ease of Doing Business

CENTRAL GOVERNMENT INITIATIVES

Actions Completed

- Unified online portal (ShramSuidha) for:
 - Registration for Labour Identification Number (LIN)
 - Submission of returns
 - Grievance redressal
- Combined returns under 8 labour laws
- Online portals for Employee State Insurance Corporation (ESIC) and Employees Provident Fund Organisation (EPFO) for:
 - Real time registration
 - Payment through 56 accredited banks
- Online application process for environmental and forest clearances
- 14 government services delivered via eBiz, a single window online portal
- Investor Facilitation Cell established
- Dedicated Japan+ Cell established
- Consent to Establish/NOC no longer required for new electricity connections
- Documents reduced from 7 to 3 for exports and imports
- Option to obtain company name and DIN at the time of incorporation
- Simplified forms for
 - Industrial Licence
 - Industrial Entrepreneurs Memorandum
- Many defence sector dual use products no longer require licences
- Validity of security clearance from Ministry of Home Affairs extended to 3 Years
- Extended validity for implementing industrial licences
- No distinction between partial and full commencement of production for all products
- Colour-coded maps for locations requiring NOC from the Airports Authority of India hosted online

Measures Underway

- Eliminate requirement of minimum paid up capital and common seal
- Integrate processes for obtaining PAN, TAN, ESIC and EPFO registration with incorporation of company
- Single window clearance for import and export

STATE GOVERNMENT INITIATIVES

Actions Completed

- Online consent system for Pollution Control Board in Gujarat
- GIS based land identification system in Gujarat
- Online consent system for environmental clearance in Chhattisgarh
- Extended validity of consent under environmental provisions in Chhattisgarh
- Unified process with single ID for VAT and Professional Tax registration in Maharashtra
- Number of procedures and time for getting an electricity connection reduced in Maharashtra
- Commercial benches established in Mumbai High Court for Maharashtra
- Creation of Invest Punjab, as one stop clearance system for investment projects in Punjab
- 131 industries exempted from consent requirement by Pollution Control Board in Punjab
- Real time allotment of TIN – Taxpayer Identification Number in Delhi
- Online application portal for residential and industrial building permits in Delhi
- Commercial benches established in Delhi High Court for Delhi State
- Online portal for construction permits for institutional and commercial buildings in Delhi
- Static Check posts replaced by mobile squads in Uttarakhand
- Green industries exempted from inspection by Pollution Control Committee in Panducherry
- Check list for 86 government services and delivery timelines across 23 departments/ organisations made available on KarnatkaUdyogMitra, an online portal

Measures Underway

- Online portal for the grant of construction permits in Mumbai
- Joint inspection by all departments to grant NOCs for construction permits in Mumbai & Delhi
- Simplified procedures to install electricity connection in 15 days for Delhi

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To transform the business environment by providing efficient, convenient, transparent and integrated electronic services to business throughout the business life cycle. 14 governments of India services have been integrated.



various sectors of infrastructure. This will help infrastructure companies that have multiple businesses like ports, power, roads and airports.

The budget further simplified the procedures for Indian corporate to attract foreign investments. It has done away with the distinction between different types of foreign investments, especially Foreign Institutional Investor (FII) that comes under portfolio investments, and Foreign Direct Investment (FDI).

Among the states, the Andhra Pradesh government has inked an MoU with the National University of Singapore (NUS) and Confederation of Indian Industry (CII) to work on 'Ease of Doing Business' in the state. Under the Make-in-Maharashtra campaign, Maharashtra Chief minister, Devendra Fadnis, has also tabled a bill to amend the Maharashtra Municipal Corporation (MMC) Act to this effect. This means industries seeking expansion or new initiative in the Maharashtra Industries Development Corporation (MIDC) areas will not have to take permission from the local body or municipality in that district or town. Madhya Pradesh Chief minister, Shivraj

Singh Chouhan, has claimed that the state will be made number one in ease of doing business. Rules, laws and processes in the state will be simplified to boost industry and business, while unnecessary permissions will be abolished.

At the central government level, India has also reduced the number of mandatory documents required for import and export of goods to three in each case. The move will lead to reduction in transaction cost and time. Presently, around 10 documents are needed to fulfil the official obligations. Other initiatives include digitising the process of applying for industrial licences. The new five-year Foreign Trade Policy unveiled in April also included ease of doing business as a key focus area.

Prime Minister Modi's pragmatic governance approach has ensured that approvals for over 400 projects with investments over \$70 billion have been expedited. This will help expedite the approval of more than 400 projects, with estimated investments exceeding US\$70bn. A crucial administrative reform that has happened is to abolish 30 Groups of Ministers (GoMs) and empowered GoMs (EGoMs) set up by the previous United Progressive Alliance (UPA) government to

tackle cross-jurisdictional issues involving more than one ministry. These GoMs and EGoMs only slowed down decision-making considerably. Administrative aspects of such issues are now tackled by Cabinet Secretariat resulting in speeding up of project clearance. Those issues that are related while those related to policy aspects are now dealt with by PMO.

Another significant decision is to replace the Planning Commission, created in 1950 and inspired by Soviet-style central planning, with a think-tank of experts drawn from public and private sectors – one that is better aligned to meeting 21st century requirements. These are some of the positive steps taken government to improve ease of doing business and this would only improve further in coming months and years to get the Indian economy back on high growth path of 8-9 per cent annually to be fastest growing economy in the world in the next decade or two. ■

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Courtesy: PIB

Changing scenario and future prospects of MENTHOL MINT IN INDIA

A whiff of mint oil puts diseases at bay. Its fragrance could freshen up the weariest of souls. So much so, that even multi commodity exchange has adopted it as an essential oil. No wonder, it is supposed to be the prime source of livelihood for many a farmer in north India. This crop suits India's weather just right and proves to be highly beneficial economically too, says ***Ramesh Pandey**



Menthol mint/ Japanese mint/Corn mint (Mentha arvensis Linn. Susp . haplocalyx Briquest var. piperascens Holmes) is the backbone of livelihood for thousands of farmers across the northern plains of India. At present, India is global leader in mint oil production covering nearly 90% of total world

production out of which around 85% is spread out in Uttar Pradesh such as Barabanki, Fatehpur, Sitapur, Moradabad, Badaun, Chandausi, Rampur, Bareilly. The rest 15% is in Punjab, Madhya Pradesh and Bihar. This was all done through a systematic but economically driven total value chain right from development of variety to extension, survey



Ramesh Pandey,
Joint Development Commissioner,
Ministry of MSME,
Government of India.

To serve sustain & upgrade the status of farmer & industry engaged in essential oil, fragrance & flavour

Fragrance and Flavour Development Centre, Kannauj

of status of mint and there after introduction of multi commodity exchange for forward trading. Lot of MSMEs are involved in the distillation and trade related to menthol mint in India.

Historical background

Prior to 1940, Japan was the supplier of 70% of world's total requirement of Menthol mint, with a total production of 600 to 800 M tonnes per annum. During the Second World War the cultivation started in Brazil and it reached to 2800 M tonnes surpassing Japan. But in 1984 Brazil showed a sharp decline from 5000 M tonnes to nearly 100-200 M tonnes. And there after China reached at the top by producing 6000 M tonnes.

Mint in India

In India it was introduced in 1954 by Regional Research Laboratory Jammu (now Indian Institute of Integrative Medicine). In 1964 it all started in tarai region of Uttar Pradesh by M/s Hindustan Richardson Ltd., Mumbai. Subsequently it started increasing and reached to a level of 250 M tonnes in 1976. In 1980 the existing clone of Menthol mint started deteriorating, then variety development programme was taken up by Central Institute of Medicinal & Aromatic Plants (CIMAP), Lucknow. As a result CIMAP/MAS-1 was developed in 1983 and later Shivalik (1990), Gomti (1995), Himalaya (1996) and Kosi (1998) were developed.

Extension and outreach

Varietal development was done by CIMAP. The extension work was

taken by Fragrance and Flavour Development Centre (FFDC), Kannauj by distribution of suckers, organization of training-demonstration programme and outreach trainings in UP, Bihar and Gujarat. Simultaneously in 1995 Fragrance & Flavour Development Centre, Kannauj did the survey of Mint areas and industry which was funded by Development Commissioner (MSME) formerly Small Scale Industries, Govt. of India and as result the exact area and production of mint in the year, 1995 was done and a Technology Status Report of Mint Industry in India was made and published in year 1996 thereby for the first time indicating India to be global leader with a production of 6000 tonnes. With the effort of CIMAP and FFDC, now India is a world leader in production and export of mint oil from year 1998 and now is producing about 35,000 ton per year.



Intervention of FFDC on extension of mint

Since inception of the FFDC, Kannauj, the farmers and produces of essential oils are main focused area. However, the project for survey of mint from the Development Commissioner (SSI), Govt. of India in 1995 and a Technology Status Report of Mint Industry has come-up with the form of book published by FFDC in year 1996, during survey the farmers are awared about its cultivation practices and economics.

Apart from above work, FFDC has organizing regular Kisan Mela and Kisan Goshti at Kannauj, nearby areas and out stations with demonstration of the technology of nursery preparation, cultivation and distillation. The extension work on mint was speed-up in the year 2001-2009 in Uttar Pradesh (district Jalaun, Urai, Badaun, Barabanki, Faruhabad, Kanpur, Kannauj), Gujarat (district Valsad, Surat, Bharuch, Dahod, Narmada, Khedbrahma, etc.) and Bihar (Khagaria, Patna, Hazipur, Begusarai, E. Champaran, etc.). It is estimated that an area of Uttar Pradesh and Gujarat is 25,000 acres and in Bihar 45,000 acres was covered with the efforts of FFDC in above states.

In year 2009-2011, FFDC extended its services to the farmers of Gorakhpur, Hardoi and Kannauj, resulting area increased about 18000 acres. It is estimated that FFDC has extended the total area is about 88, 000 acres by own efforts through distribution of improved planting material, training-cum-demonstration,



out-reach training programme, Kisan mela/goshti and awareness camps.

Cultivation practices and Oil yield

The menthol mint is a short duration industrial crop of about 100-120 days and fits well within the traditional crop-rotation. Mentha is a small genus of aromatic herb belonging to family Lamiaceae (Labiatae) which yields essential oil on distillation. The crop becomes ready within 100-110 days for first harvest and 60-70 days for subsequent second harvest using late sowing and early maturing varieties. Two harvests are being

taken by majority of the growers in mint growing regions. The highest oil content has been reported to be at 0.8 to 1.2% of full blooming stage. Harvesting is done mechanically or manually by cutting the herbage 8-10 cms. from ground level. The average oil yield is about 80-90 kg. obtained from one acre of land form two harvests by hydro steam distillation.

Qualitative interventions to strengthen supply chain in Mint Dispersed distillation

The production of the oil is being done by farmers at field itself using field distillation unit (FDU).

The size of the unit varies from 250 kg to 1000kg per batch capacity depending on the size of the cultivable land and in number of cases it is being used by farmers on loan/job basis with farmers who does have such unit with spare capacity and where they sometimes pay the cash else they pay some quantity of oil itself as a price for cost of distillation. In a number of cases such oil so distilled in being purchased immediately by the farmers who distils his oil.

Quality production and its market value – The price of the oil depends on quality of oil





and it is being decided based on presence of l-menthol percentage, as the percentage of l-menthol increases the market price of oil also increases. As a result of FFDC intervention in analysis the farmer could now able to get better price which he was unable to get earlier and in number of cases the analytical report were used in way to benefit the buyer only who was also analysing the sample on his own laboratory and by single parameter of congealing point

Linkages with MCX

The menthol mint is the only essential oil adopted by Multi Commodity Exchange as a Commodity in the year 2003. However, it is commercially traded when MCX and FFDC has met in an International Seminar of Mint organised by Essential oil Association of India, at Lucknow and FFDC has made the specification of menthol mint for MCX which is more stringent to Bureau of Indian Standard (BIS).

After adoption of menthol mint by MCX farmers were more

attracted to mint cultivation because the prices of this commodity remained firm though out the year, before its adoption, the prices of mint was fluctuated from 300 to 3000. According to MCX statistics, between August, 2005 and February, 2007, mint oil future has an average daily traded volume of 2319.38 M. Tonnes with a record daily turnover of Rs. 142.83 Crore (USD 34 million). In third week of September, 2006, the contracts experienced record volume 30,000 M. Tonnes. Earlier, only 10-12 big player was in the market however, after adoption by MCX, millions of small investors benefited by this commodity. The presence has MCX has benefitted farmers a lot. As a result of such intervention FFDC analysed the samples as detailed below since 2005 and every year with number of samples kept on increasing from 1369 to 1876 though the lot size has been increased from 8 drums to 12 drums in 2009. The total number of mint sample analysed by FFDC are 12972 and they worth Rs.2332 Crore mint oil which was traded by Multi Commodity Exchange.

Introduction of Synthetic Menthol in International Market

Due to Introduction of synthetic menthol such as Symrise, BASF and Takasago in international market, the rate of natural mint oil and menthol and its oil has gone down and the acreage of cultivation of mint is slightly affected. At present, few MNCs are using synthetic menthol in their product. Before 2012, there were two main players in synthetic menthol, namely Symrise (Germany) with 3,000 to 3,600 tonnes per annum, and Takasago (Japan) with 2,000 tonnes. Now, BASF entered the market with a complete production facility in the third quarter of 2012 with 5,000-6,000 tonnes, which can be increased, to 10,000 tonnes. Earlier, BASF (Germany)

started manufacturing of citral, (the raw material for the aroma chemicals linalool and geraniol), with a capacity of 10,000 tonnes that reached 40,000 tons in 2004. In 2010, it announced plans to produce synthetic menthol with a production capacity of 5,000 – 10,000 tonnes a year. Assuming that natural menthol production remains constant at 25,000 to 30,000 tonnes per year, and demand increases by 9% per year. Assuming new production of synthetic menthol starts in late 2012, supply may exceed demand by 2016.

Conclusion

The oil is produced by most of the farmers as bonus crop when the field of farmers are unutilised between the existing crop rotations i.e. Paddy-Wheat, Paddy-Mustard, Paddy-Potato, Paddy-Sweet Pea, etc. So whatsoever they get is bonus for them. Normally, the 30 to 50 mandays are required for one acre of the land. Hence they get nearly Rs.49,000/acre. This crop suits very well in the existing crop rotation of the India. Hence it is so popular and economically beneficial without disturbing the serial crops. It is challenge of Indian R&D institutions to develop high yielding varieties of menthol for the benefit of Indian farmers to compete with the giants chemical companies who are producing synthetic menthol. The MSMEs involved in the distillation and trading will also face challenges with import of synthetic Menthol Mint in India. However, scope lies in similar value chain creation in other essential oils out of crop relating to aromatic plants such as Basil, Lemon grass, Palma Rosa and Citronella. ■

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ANDHRA PRADESH INDUSTRIAL POLICY 2015-2020



Aggressive Pitch to BOOST AP

In a bid to turn Andhra Pradesh into a highly industrialised state, the AP government plans to invest heavily into new industries in the state. **SBNE News Network** presents the blueprint for the development plan.

Armed with a new industrial policy for the period of 2015 to 2020, and sector specific policy for textile, automobile and biotechnology, the Andhra Pradesh government has made an

aggressive pitch for new industries in the state. The Andhra Pradesh government, which launched the new industrial development policy last month, in its policy stressed on 'ease of doing business' and has proposed to create a consolidated

land bank of one million acres for allotment to all industries.

Andhra Pradesh Chief Minister, N. Chandrababu Naidu said that the policy framework is aimed at simplifying the procedures and providing faster clearances

with a deemed clearance clause if permissions are not given within the stipulated timeframe. Deputing an officer of the rank of Industrial Commissioner, Naidu said he would serve as a single window interface for new investors, providing all necessary support.

Naidu said, “The vision of the policy is to make Andhra Pradesh a progressive and highly industrialised state... a State that is a centre of technology and innovation...And, a joyous population confident of its bright future...”

The policy targets to increase contribution of manufacturing to GSDP from 9.95 per cent in 2013-14 to 15 per cent by 2020 and raise industries’ contribution to GSDP from 20.7 per cent in 2013-14 to 25 per cent in next five years.

During his interaction with industrialists from over 25 countries, Naidu said that the



Chennai, Tirupati and Nellore region would be transformed into a major industrial hub packed with two ports at Krishnapatnam,

airports at Tirupati and Nellore and high-speed connectivity to these cities.

Unveiling the policy in

Under the new “Industrial Development Policy (IDP) 2015-2020”, the Government approved the following fiscal benefits covering the categories of Micro, Small & Medium Enterprises.

Fiscal Benefits for MSMEs

- Reimbursement of 100% stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use.
- Reimbursement of 100% stamp duty for lease of land/shed/buildings, mortgages and hypothecations
- Stamp duty will be reimbursed only one time on the land. Stamp duty will not be reimbursed on subsequent transactions on the same land
- GoAP is committed to supplying uninterrupted 24x7 quality power to all industries operating in the state.
- Fixed power cost reimbursement @ ₹1.00 per unit for a period of five years from the date of commencement of commercial production.
- Reimbursement of 100% net VAT/ CST/SGST for a period of 5 years from the date of commencement of

commercial production to Micro and Small Enterprises.

- Reimbursement of 75% net VAT/ CST/SGST for a period of 7 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier to Medium Enterprises
- MSME projects engaged in recycling waste into environment friendly products/energy (such as waste to energy, waste to bio-gas, waste to manure) will be brought under zero rated category schedule of the VAT Act.
- 35% subsidy on cost of plant & machinery for specific cleaner production measures limited to ₹35lakhs for MSME, provided the measures are certified by Andhra Pradesh Pollution Control Board (APPCB).
- 25% subsidy for sustainable green measures on total fixed capital investment of the project (excluding cost of land, land development, preliminary and pre-operative expenses and consultancy fees) for below mentioned green measures

with a ceiling of ₹50 crore.

- a) Waste water treatment: Constructing effluent treatment plant and sewage treatment plant and using recycled water for industrial purpose especially zero discharge systems.
- b) Green Buildings: Buildings which obtain green rating under the Indian Green Building Council (IGBC/ LEED Certification) or Green Rating for Integrated Habitat Assessment (GRIHA) systems.
- c) Use of renewable source of power (erecting captive sun, wind and biomass plants etc.).
- d) Installing Continuous Emission Monitoring System (CEMS) for red category industries. The information should be disseminated continuously to APPCB.
- e) Adopting rain water harvesting; restoring water bodies by de-stilting defunct water bodies.
- f) Any other environment management project approved by Empowered Committee of Secretaries.

An exclusive MSME Policy will be brought out separately to address the needs of MSME sector

Visakhapatnam last month, Naidu said AP would be made a most preferred logistics hub and India's gateway to East and Southeast Asia by 2029. The policy aims to bring an investment of Rs 2 lakh crore and create jobs to 10 lakh by 2020.

According to senior Andhra Pradesh government officials, the policy aims to establish state-of-the-art infrastructure, promote manufacturing, enhance inclusivity, foster innovation and create employment opportunities across sectors.

An official said, "The state intends to be the most preferred destination for investors by providing favourable business climate, excellent infrastructure, good law and order and peaceful industrial relations. The new industrial policy focuses on creating a conducive eco-system which makes industries based in

About Andhra Pradesh

Andhra Pradesh is strategically located on the Southeast coast of India and is a natural gateway to East & Southeast Asia. The state has a population of 4.93 crores (as per population census - 2011), accounting for 4% of country's population, residing in 4.9% of country's geographical area. Andhra Pradesh has abundant natural resources (Barytes, Limestone, Bauxite, and a number of minor minerals), fertile land and river basins, water resources, extensive canal system and suitable agro-climatic conditions. The State has the second longest coastline in India and is also one of the largest producers of marine products.

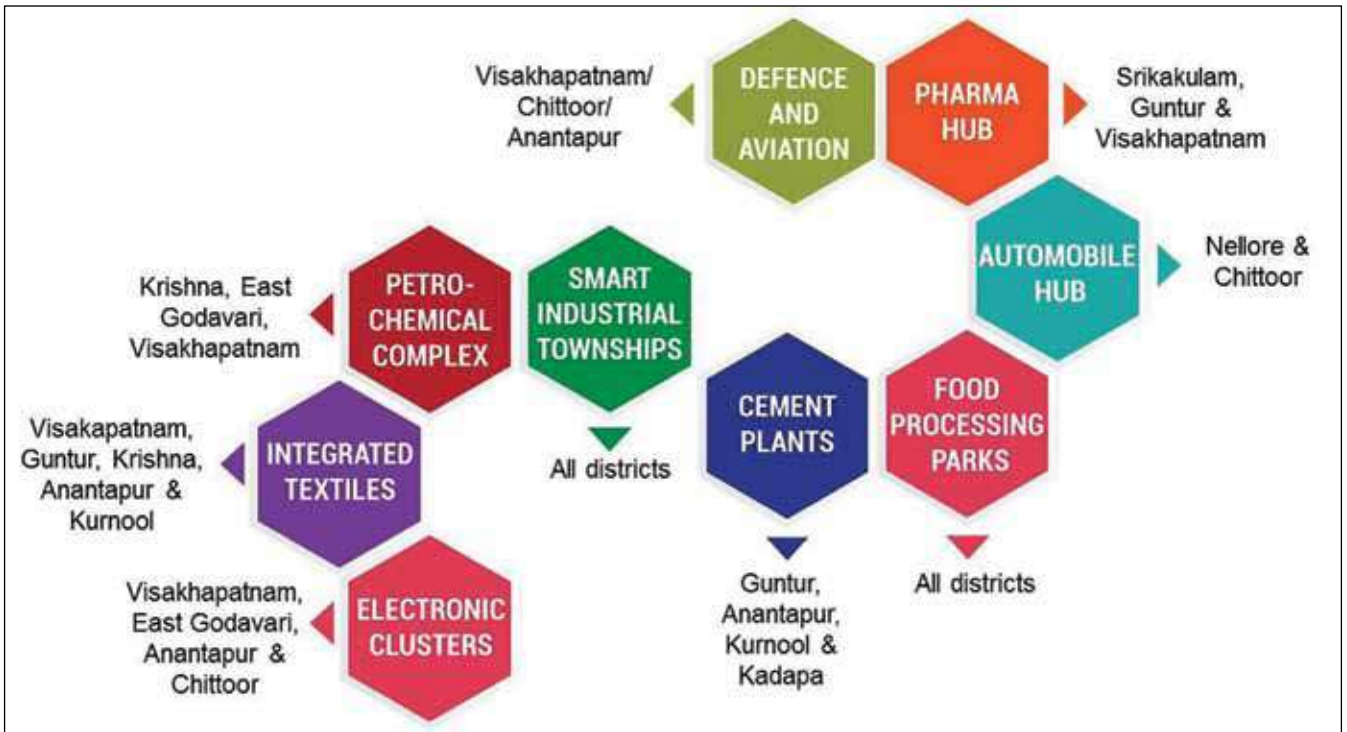
At current prices, the Gross State Domestic Product (GSDP) of Andhra Pradesh was ₹4,75,859 crores in 2013-14. Between 2004-05 and 2012-13, the average annual GSDP growth rate of Andhra Pradesh was 7.25% while the average per capita income at (current prices) increased from ₹46,345 in 2008-09 to ₹88,876 in 2013-14. Andhra Pradesh, over the years, has established a strong presence in agro and food processing, textiles, chemicals & petrochemicals, pharmaceuticals, metallurgy, electronics and electrical engineering sectors.

Andhra Pradesh innovative and globally competitive. Government of Andhra Pradesh (GoAP) lays utmost emphasis on sustainable industrial development anchored by capacity building at the grassroots level."

In line with the central

government's theme, this policy too seeks to create an investor-friendly climate by ensuring the highest ease of doing business and would provide all the clearances within 21 working days. Empowered committees and state-level bureau have been created for review and





monitoring the implementation of the policy, which is designed with spot approvals, deemed approvals and online application filing among other features.

Besides introducing single desk clearance, it promises to set up an international desk to attract FDI. The international desks will provide bespoke investor facilitation, handholding services in the form of local information and expertise besides a portal focusing on business opportunity related information.

The government has identified

10 thrust areas, which include agro and food processing, aerospace and defence, mineral-based industry, life sciences, leather, textile and apparel, electronics and IT, energy and petroleum and chemicals.

The policy earmarks various areas for development in product specific hubs. These include pharma hub in Srikakulam, Guntur and Visakhapatnam, electronic clusters in Visakhapatnam, East Godavari and Chittoor, food processing parks in all districts, integrated textiles in Visakhapatnam,

Guntur, Krishna, Anantapur and Kurnool, petrochemical complex in Krishna, East Godavari and Visakhapatnam, automobile hub in Nellore and Chittoor, smart industrial townships in all districts, cement plants in Guntur, Anantapur, Kurnool and Kadapa and aerospace and defence in Visakhapatnam, Chittoor and Anantapur, the policy states.

The government has already identified a land bank of three lakh acres and is in the process of including more areas so as to create a land bank of 10 lakh acres,



Auto & Auto Components Policy 2015-2020



WHY ANDHRA PRADESH

Andhra Pradesh's position as a manufacturing hub

The Automobile and Auto Components Industry has a strong presence in the State of Andhra Pradesh owing to a broad base of automotive component manufacturers and a large pool of highly trained and skilled manpower.

- The automobile sector in Andhra Pradesh has a potential for USD 2 billion investment and USD 3.50 billion output, according to a recent analysis by Automotive Components Manufacturers' Association of India (ACMA)
- Andhra Pradesh has to its credit, more than a 100 automotive component manufacturers (including first-tier suppliers and OEMs) which specialise in various auto components such as gears, pistons and axles
- Over half the cylinder liners and clutch plates in India are being produced in Andhra Pradesh

Tactical advantages that Andhra Pradesh offers

a) Excellent Port Logistics: Andhra Pradesh has 1 major (Visakhapatnam) and over 14 notified minor, deep water ports. This infrastructure provides ample opportunities to industries to develop export trade relations with various countries across the globe.

The State is actively encouraging the private sector to improve the port infrastructure and 6 ports are under various stages of development in the PPP mode. Additionally, Andhra Pradesh has prepared a perspective development of ports according to which a cargo of 200 Metric Ton would be handled by 2019-20 which is almost 4X the current figure of 58 Metric Ton.

b) Industrial Corridors (VCIC/ CBIC): Andhra Pradesh has the

unique distinction of being the only state in India being part of two of the three major industrial corridors presently under implementation in the country.

GoAP is in advanced stages of securing funding from the Asian Development Bank (ADB) for developing infrastructure in the Visakhapatnam-Chennai Industrial Corridor (VCIC) which shall stretch from Visakhapatnam to Nellore. Four important nodes have been identified along the corridor and intra/inter node connectivity and infrastructure projects are under advanced stages of planning.

Krishnapatnam has been identified as one of the three nodes in the JICA supported Chennai-Bengaluru Industrial Corridor (CBIC).

c) Large Land Bank: The State of Andhra Pradesh has an identified land bank of 3 lakh acres and is further in the process of consolidating an additional industrial land bank of approximately 7 lakh acres. This consolidated land bank of 10 lakh acres would give the State a strategic edge in attracting investments. This land would be administered in accordance with the New Industrial Policy 2015-20. It is proposed to set up at least 2 auto clusters in the State.

d) Reliable Infrastructure: The GoAP is committed to supplying 24X7 reliable, quality power to industry. While the State is currently power surplus, it has embarked on an ambitious plan to add another 16,484 MW of power generation capacity by 2019-20.

The State is also committed to invest in and ensure adequate and world-class infrastructure and common facilities across industrial parks, manufacturing zones, Industrial corridor nodes, etc.

e) Abundant availability of skilled manpower: Andhra Pradesh provides highly skilled resources which affirm its comparative lead with reference to skill sets required in the automobile sector.

The State has over 200 polytechnics and 225 engineering colleges that feed the industry's requirement for skilled manpower.

POLICY TARGETS AND OBJECTIVES

The proposed Policy targets and objectives are as follows:

- To make Andhra Pradesh one of the most preferred destinations for automobile and auto component investments.
- Attract new investments worth atleast Rs 20,000 crore in the sector by 2020
- Create additional employment opportunities for 200,000 personnel in the sector by 2020
- Attract mega automobile projects in the State and promote the establishment of new auto clusters
- Identify and address the existing infrastructure gaps affecting the automobile and auto components industry
- Promote innovation, research and development in the industry and ensure continuous technology upgradation
- Encourage skill development in the automobile domain with the help of PPP and Industry-Institution partnerships

EASE OF DOING BUSINESS

- The Government shall introduce a set of initiatives that will ease the compliance procedures for new and existing automobile and auto component companies.
- Labour Concessions: Subject to applicable laws, the Government will give permission to the automobile and auto components industry for 24x7 (three shifts) operations, employment of women in the night shifts, flexibility in employment conditions including working hours for women and shorter or longer shift timings and hiring of contract workers. The automobile industry will be declared to be a 'Public Utility' under the Industrial Disputes Act, 1947 in order to prevent flash strikes.
- Single Desk Clearance: GoAP shall create an e-platform for facilitating all industrial clearances in 21 working days. This platform shall integrate requisite pre/post commencement services and clearances provided by multiple state agencies/ departments through the investment lifecycle. Other similar initiatives as per the New Industrial Policy 2015-20 would be applicable to the Automotive / Auto Components Sector.

SKILL DEVELOPMENT INITIATIVES

- Impetus would be given to establish industry-academia partnerships (with state universities, IIT, IIIT and IIM) to promote apprenticeship model and R&D related to the industry.
- GoAP shall also strive to set up quality testing-cum-R&D laboratories in collaboration with leading global institutions. These facilities would be accessible to all manufacturers in



the sector (having manufacturing units in Andhra Pradesh) and would be set up on a PPP basis.

- GoAP has set up APSSDC on lines of the National Skill Development Corporation (NSDC), a not-for-profit company under the Companies Act, 2013.
- APSSDC will provide funding to build scalable, for-profit vocational training initiatives. It will also enable support systems such as quality assurance, information systems and train the trainer academies either directly or through partnerships.
- State will identify required quantum of skilled manpower, map industry specific skill sets and provide courses at different levels of education – matriculation and above.

AUTOMOTIVE SUPPLIERS MANUFACTURING CENTERS (ASMC)

- GoAP will strive to set up multiple world-class Automotive Suppliers' Manufacturing Centers (ASMC). These centers shall be industrial parks dedicated to Auto Component manufacturers and suppliers which shall help them meet the expectations of Auto OEMs in terms of product quality, reliability and cost competitiveness. Units which propose to engage in manufacturing of cutting edge products and innovative manufacturing practices, shall be given preference for allotment of facilities in the ASMC
- This center shall offer space, area development, shared business services and optimised logistics services in order to enable a "Plug and Play" business environment.

AUTO CLUSTER

- GoAP plans to set up 2 major auto clusters (apart from the Automotive Suppliers' Manufacturing Centers) which will cater to Automobile companies, in the PPP mode in districts of Nellore and Chittoor. These clusters shall have similar common infrastructure (like that of ASMCs) albeit on a larger scale. These clusters shall have integrated townships with schools, hospitals, housing etc. (to be developed on a PPP basis).
- The proposed Auto Clusters shall also house dedicated Skill Development centers which shall be set up by ASSDC in conjunction with industry associations for Automobile & Auto Components. This shall enable on-the-job training of labour and lowering of costs related to training for companies.

TEXTILE POLICY 2015-2020

Andhra Pradesh as an attractive textile destination

The state of Andhra Pradesh has well developed spinning and processing sector in the textile industry and is the one of the leading producers of cotton in the country. Guntur, Chittoor, Kadapa and Kurnool districts of Andhra Pradesh have many textile based industries such as ready-made garments, modern textile weaving, cloth weaving, hosiery and spinning mills. Brandix India Apparel City (BIAC) in Visakhapatnam, is an ambitious example of innovation, technology and efficiency that provides a platform for end-to-end apparel solutions. The breakthrough concept of seamless 'Fibre-to-Store' integration offers unmatched advantages for global apparel chain partners. Brandix is vendor of choice to marquee clients across the globe.

Tactical advantages that AP offers

- **Robust Infrastructure:** Andhra Pradesh has robust infrastructure in terms of good road network, 4 major ports, 4 active airports and 24X7 powers for industrial/commercial use. Additionally, the state is creating a land bank of 10 lakh acres to facilitate industrial development. Also mega projects like Vizag-Chennai Industrial Corridor (VCIC) and Chennai-Bengaluru Industrial Corridor (CBIC) will help develop new economic centres in the state, which will further give fillip to industries based in Andhra Pradesh.
- **Skilled Labour:** Andhra Pradesh with its legacy of handlooms and handicrafts has a strong skill base of weaving and textile related skills. In the recent past, skill sets of the textile workers have also moved up the value chain due to proliferation of modern technologies in this industry, enabling them to undertake a wide range of sophisticated tasks.



Policy Objectives

Government of Andhra Pradesh (GoAP) aims to promote and develop a robust textile industry that provides sustainable employment to weavers and posits Andhra Pradesh as a destination of choice to global textile majors. The policy aims to modernize textile manufacturing and improve productivity in order to ensure availability of quality fabric at affordable prices to cater to domestic and international demand.

Policy Targets

- Make Andhra Pradesh one of the most preferred destinations for textile & apparel activities
- Attract new investments worth ₹6000 crore by 2020
- Create additional employment opportunity for 3 lakh people by 2020 and 5 lakh people by 2025

the policy stated. Consolidation of industrial land will be done as per land pooling/acquisition policy. In a major departure from the previous practices, the government would allot land on 99-year lease instead of an outright sale, senior government officials said. State Industrial Promotion Board is empowered to consider outright sale for projects with an investment of over Rs.100 crore in backward areas with some conditions.

The state government also signed 46 MoUs with 46 companies from India as well as from countries like Japan, the UAE and Canada attracting investments worth Rs 35,745 crore. Addressing

a large gathering of investors, entrepreneurs and industrialists, Naidu urged foreign investors to make AP their second home and invest in the state, as power, water and land are abundantly available here and the required infrastructure is being created.

“Earlier, we had some power supply issues. Now there are no power cuts. We have now shifted our focus towards supplying high quality power by reducing the wastage from the present 12.5 per cent to the international standard of 6 per cent. We have set the target of obtaining one million acres of land across the state to keep ready for investors. For water supply, we are planning intra-linking of

Godavari and Krishna rivers,” Naidu said.

He further said that the required infrastructure is also being created for which the state government will be spending or investing Rs 12.5 crore by various methods within five years.

“We will develop airports, ports, roads, railways, inland waterways etc,” said Naidu. The CM said that, the present industrial sector contribution to the state’s GSDP is 21 per cent and he aims to enhance it to 25 per cent within five years through the new Industry Mission, which is one among seven ambitious missions. Naidu said he has plans to make AP the number one state in the country by 2029. ■

Spinning slow and Steady Tales

The fate of textile industry has been invariably tied to several external factors such as wildly fluctuating currency, change in government policies, among others. In the last one year the industry has been bobbing and weaving under the influence of Modi government. **SBNE News Network** looks at the textile sector closely to find out about its performance.



Over the last one year, textile industry has slowly and steadily progressed on the back of new reform measures initiated

by the government which includes 'Make in India' concept to boost manufacturing. This comes despite challenges on several fronts plaguing the sector such as

faulty tax structure in man-made fibres, inflexible labour laws and inconsistent raw material policy that existed in the past. There have also been inordinate delay in



processing subsidy claims under the TUFs, as of certain incentives for textile and garment exporters under the foreign trade policy (2015-20) have just hit the industry harder.

Against the target of \$45 bn for 2014-15, overall textile and clothing exports touched \$41.4 bn. There has been no resolution of pending subsidy claims worth Rs 3,000 cr under TUFs during the black-out period (2010-11). Textile vision policy is yet to be endorsed by the Cabinet even ten months after Ajay Shankar panel has submitted report. Not a single cluster was set up under Babasaheb Ambedkar Hastshilp Vikas Yojana.

However, on the brighter side, 17.5 lakh weaver families enrolled for health insurance; life insurance for 4.7 lakh weavers. 1,11,456 people were trained under skill development programmes up to December.

Some of the initiatives taken in the past months in the textile sector are as follows:

Setting up infrastructure for

Textile Industry under the Scheme for Integrated Textile Park (SITP) The Ministry has cleared 20 proposals for new Textile parks in different states of the country facilitating investments up to Rs. 4,500 crores and generating employment for 66,000 persons. Also, to enable a better and more meaningful participation of State Governments / State Industrial Development Corporations, Joint ventures by Industrial Development Corporations have been encouraged under the scheme.

Launching Organised Textile industry in the North East

With a view to generate productive employment opportunities for the youth in general and women in particular in the North Eastern region of the country, "Setting up centers for production of garment and apparels", in each of the Northern Eastern States was announced by the Hon'ble Prime Minister in Nagaland on 1st December 2014.

- Under the initiative, three units with 100 machines in each unit are being set up, with a financial implication of Rs. 18 crores per centre to be funded by Government of India on 100% basis.

- Foundation stones for the apparel and garment units for Nagaland at Dimapur, for Manipur at Imphal, for Sikkim at Gangtok were laid by Hon'ble Minister of State for Textiles (Independent Charge) in the presence of Hon'ble Chief Ministers and other dignitaries on 24th February 2015, 24th March 2015 and 25th March 2015 respectively. Construction, acquisition and installation of machineries in all the eight states have been started by the National Building Construction Corporation. This has generated lots of enthusiasm in the local youth in general and women in particular.

- Foundation stone for Apparel and Garmenting making



center in Assam is scheduled on 11th May 2015 and Foundation stone for Garment making Center and Silk Printing unit is scheduled in Tripura on 12th May 2015

Safeguarding interest of the Cotton growers

To safeguard the interests of domestic cotton growers, a well-planned, largest ever Minimum Support Operations were carried out by the Cotton Corporation of India in all the 11 cotton producing States by opening 341 centers. As result of close and constant monitoring over 86 lakh bales of cotton have been procured during the season (October 2014 – March 2015). On line payment directly to the account of cotton farmers was done as an innovative measure in Andhra

Pradesh in consultation with the State Government, which was appreciated by the farmers.

Revival of National Textile Corporation (NTC)

National Textile Corporation (NTC), a central public sector undertaking dealing with sick textile mills was turned around and was discharged by BIFR on 28th October, 2014, after several years on its network becoming positive. After the new government took charge, 10 more units have become profitable, taking the total number of profitable units to 13.

- Provisions of the NTC Act were amended under, the “The Textile Undertakings (Nationalization) Laws (Amendment and Validation) Act – 2014” for overcoming legal hurdles in dealing with

lease-hold land.

- Steps have been initiated for diversification of business, taking up garment production, technical-textile production and skill development for making it a strong and vibrant undertaking in a time-bound manner.
- The Hon’ble Prime Minister presided over the signing of the tripartite agreement by the Union Ministry of Textiles, the Government of Maharashtra and the National Textile Corporation, for transfer of 12 acres of land adjacent to the Chaityabhoomi in the Indu Mills Compound in Mumbai, where the last rites of BabasahebAmbedkar were performed, for construction of a Memorial for BabasahebAmbedkar.

British India Corporation (BIC) – Asset Utilization

- BIC, is a sick Company, under reference to BIFR since 1992.
- Efforts are being made to explore the possibilities of revival.

Promotion of Technical Textiles

- A new scheme (outlay Rs. 427 crores) was launched at Imphal on 24th March 2015 to popularize the use of Geotechnical textiles in the North Eastern States for providing quality infrastructure like Roads, Hill slope protection and efficient water usage by water reservoir lining.
- This will lead to optimal use of resources, generation of employment and growth of technical textiles.
- The 4th International Exhibition – Technotex 2015 was inaugurated by Hon’ble Minister of State for Textiles (Independent Charge) in Mumbai on 9th April 2015.

Skilling youth in Textiles

- To mark the occasion of ‘Good Governance Day’, on 25th December 2014, the Integrated Skill Development Scheme has been scaled up during 12th Plan with an allocation of Rs. 1900 crore to train 15 lakh persons.
- To meet the needs of the industry for a skilled workforce and thereby support its competitiveness, Ministry has trained 3.75 lakh youth in textile trades, particularly in the rapidly growing garmenting segment of the industry.

Welfare of artisans engaged in Pashmina in Jammu & Kashmir

- Pursuant to Hon’ble Prime Minister’s announcement, a scheme towards Pashmina Promotion and welfare of the nomads rearing Pashmina in the Ladakh region was



- formulated and launched on 08.10.2014.
- Empowerment of women through Sericulture: 54 women sericulturists from all over India were felicitated in one day conference on “Women Empowerment through Sericulture” towards improving quality and productivity of silk held in New Delhi on 17th September, 2014.

Safeguarding interests of Jute farmers and workers of Jute mills

- To safeguard interests of the producers and manufacturers of Jute and Jute products estimated at about 4.35 million families, the Government has, in January 2015, approved the orders for Mandatory Packaging of food grains in Jute bags and subsidy to Jute Corporation of India to support MSP operations in jute.
- For promoting more usage of value added diversified products, development of higher technology products and also to expedite the use of assets with state owned jute mills, the Hon’ble Minister of State for Textiles (Independent Charge) held a review

meeting in Kolkata with all stakeholders including the state government, on the 23rd February 2015.

Handlooms and Online Marketing

- Due to various policy initiatives and scheme interventions like cluster approach, aggressive marketing initiative and social welfare measures, the handloom sector has shown positive growth and the income level of weavers has improved.
- The sector provides employment to 43.31 lakh persons engaged on about 23.77 lakh handlooms.
- During the current year, seven Common Facility Centres each per block have been set up in the Benaras Mega Cluster.
- A Memorandum of Understanding with Flipkart for online sale of handloom products. Primary Weavers’ Cooperative Societies are being assisted for development of infrastructure for production of quality fabrics with new design which can be sourced through e-marketing.
- Introduction of India Handloom brand for quality product and development of group of weavers along with

required facilities will give a boost to e-marketing.

- Laying of foundation stone of one of the seven CFCs at Kardhana by the Hon'ble Minister of Textiles and Governor, U.P. is scheduled on 13th May 2015.
- "Indian Handloom Brand" developed to give distinct identity to handloom products and their quality

Handicrafts

- The Handicrafts Sector contributes substantially to employment generation and exports.
- The exports of handicrafts including handmade carpets have marked an increase of 23.16 % during the current year.

Powerloom

- Insitu Upgradation Scheme : 8500 low-end powerlooms upgraded: subsidy of Rs.9.98 crores given
- Yarn Bank – Total outlay is Rs. 4 crore, GOI share for per yarn bank is upto Rs.1 crore – 2 proposals from Surat (Rs. 50 lakhs each), 2 proposals from Coimbatore (Rs. 35 lakhs each) & one from Varanasi (Rs. 30 lakhs) approved
- Textile Venture Fund – Contribution agreement between Govt. of India and SIDBI has been signed on 03.10.14 ; Rs.11.50 crore allocated for 2014-15 released to SIDBI Venture Capital Ltd. (SVCL)

New Textile Policy

- The draft policy has been discussed further with concerned stakeholders. The revised draft New Textile Policy is under process for approval by the Government.

Special Focus

- Implementation of Plan Schemes : Spent 95% of RE in



2014-15 against 81 % last year, In respect of North East (NERTPS) spent Rs.116.25 Crores in 2014-15 (Rs.2.86 Crores in 2013-14). Scheme guidelines simplified in respect of SITP, ISDS

- Swachh Bharat Mission: Textile PSUs completed 64% toilets in schools, remaining by 15th May, 2015. Special attention to cleaning Office premises and HHEC installed eco-friendly Solar Energy System : to enable accrual of Carbon Credits
- Ease of doing Business :
 - 1) Towards Ease of doing business the Ministry has decided to join the DIPP e-biz portal for the Textiles sector and present one front face to a potential investor in the manufacturing sector. In this context, Hon'ble Minister of State for Textiles (Independent Charge) launched the Comprehensive Integrated Software Development (iTUFS) for Technology Upgradation Fund Scheme (TUFS) on 9th April 2015.
 - 2) Procedure for testing textile samples for import simplified in respect of countries where azodyes have been banned under statute: and for cases accompanied by certificate from accredited agency.
 - 3) Computer system of Textile

Committee integration with Customs and E-book on initiatives and schemes uploaded to the website to spread awareness of the Ministry's programme and efforts.

The textiles sector has witnessed a spurt in investment during the last five years. The industry (including dyed and printed) attracted foreign direct investment (FDI) worth US\$ 1,522.51 million during April 2000 to December 2014.

Some of the major investments in the Indian textiles industry are as follows:

- Reliance Industries Ltd (RIL) plans to enter into a joint venture (JV) with China-based Shandong Ruyi Science and Technology Group Co. The JV will leverage RIL's existing textile business and distribution network in India and Ruyi's state-of-the-art technology and its global reach.
- Giving Indian sarees a 'green' touch, Dupont has joined hands with RIL and Vipul Sarees for use of its renewable fibre product Sorona to make an 'environment-friendly' version of this ethnic ladieswear.
- Raymond has launched 'Regio

Italia', a luxurious, elite and finest Italian fabric for its customers. Regio Italia is a fine collection of fabrics from Italy with the latest designs that is carefully woven and specially handpicked assortment of the best designs in formal and occasion menswear suiting fabrics.

- Snapdeal has partnered with India Post to jointly work on bringing thousands of weavers and artisans from Varanasi through its website. "This is an endeavour by Snapdeal and India Post to empower local artisans, small and medium entrepreneurs to sustain their livelihood by providing a platform to popularise their indigenous products," said Mr Kunal Bahl, CEO and Co-Founder, Snapdeal.
- Welspun India Ltd (WIL), part of the Welspun Group has unveiled its new spinning facility at Anjar, Gujarat - the largest under one roof in India. The expansion project reflects the ethos of the Government of Gujarat's recent 'Farm-Factory-Fabric-Fashion-Foreign' Textile Policy, which is aimed at strengthening the entire textile value-chain.

Government Initiatives

The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route.

Some of initiatives taken by the government to further promote the industry are as under:

- Duty free entitlement to garment exporters for import of trimmings, embellishments and other specified items increased from 3 per cent to 5 per cent. This initiative is expected to generate an additional RMG exports estimated at Rs 10,000 crore (US\$ 1.61 billion).



- The government has also proposed to extend 24/7 customs clearance facility at 13 airports and 14 sea ports resulting in faster clearance of import and export cargo.
- The proposal for imposing duty on branded items was dropped providing relief to the entire value chain.
- The Ministry of Textiles has approved a 'Scheme for promoting usage of geotechnical textiles in North East Region (NER)' in order to capitalise on the benefits of geotechnical textiles. The scheme has been approved with a financial outlay of Rs 427 crore (US\$ 69.12 million) for five years from 2014-15.
- The Ministry of Textiles, Government of India plans to enter into an agreement with Flipkart to provide an online platform to handloom weavers to sell their products.
- The foundation stone of the Trade Facilitation Centre and Craft Museum was laid by Mr Narendra Modi, Prime Minister of India at Varanasi.
- Detailed arrangement for purchase of cotton from the farmers by the Cotton Corporation of India Ltd (CCI) under the Minimum Support Price Operation was monitored. 343 purchase centers were finalised in consultation with

the State Governments after meetings with officers of CCI and the cotton producing states, resulting in streamlining of operations.

The Indian textiles industry, currently estimated at around US \$108 billion, is expected to reach US \$ 141 billion by 2021. The industry is the second largest employer after agriculture, providing direct employment to over 45 million and 60 million people indirectly. The Indian Textile Industry contributes approximately 5 per cent to GDP, and 14 per cent to overall Index of Industrial Production (IIP).

The Indian textile industry has the potential to grow five-fold over the next ten years to touch US\$ 500 billion mark on the back of growing demand for polyester fabric, according to a study by Wazir Advisors and PCI Xylenes and Polyester. The US\$ 500 billion market figure consists of domestic sales of US\$ 315 billion and exports of US\$ 185 billion. The current industry size comprises domestic market of US\$ 68 billion and exports of US\$ 40 billion, according to Mr Prashat Agarwal, Managing Director, Wazir Advisors.

Apparel exports from India have registered a growth of 17.6 per cent in the period April—September 2014 over the same period in the previous financial year. ■

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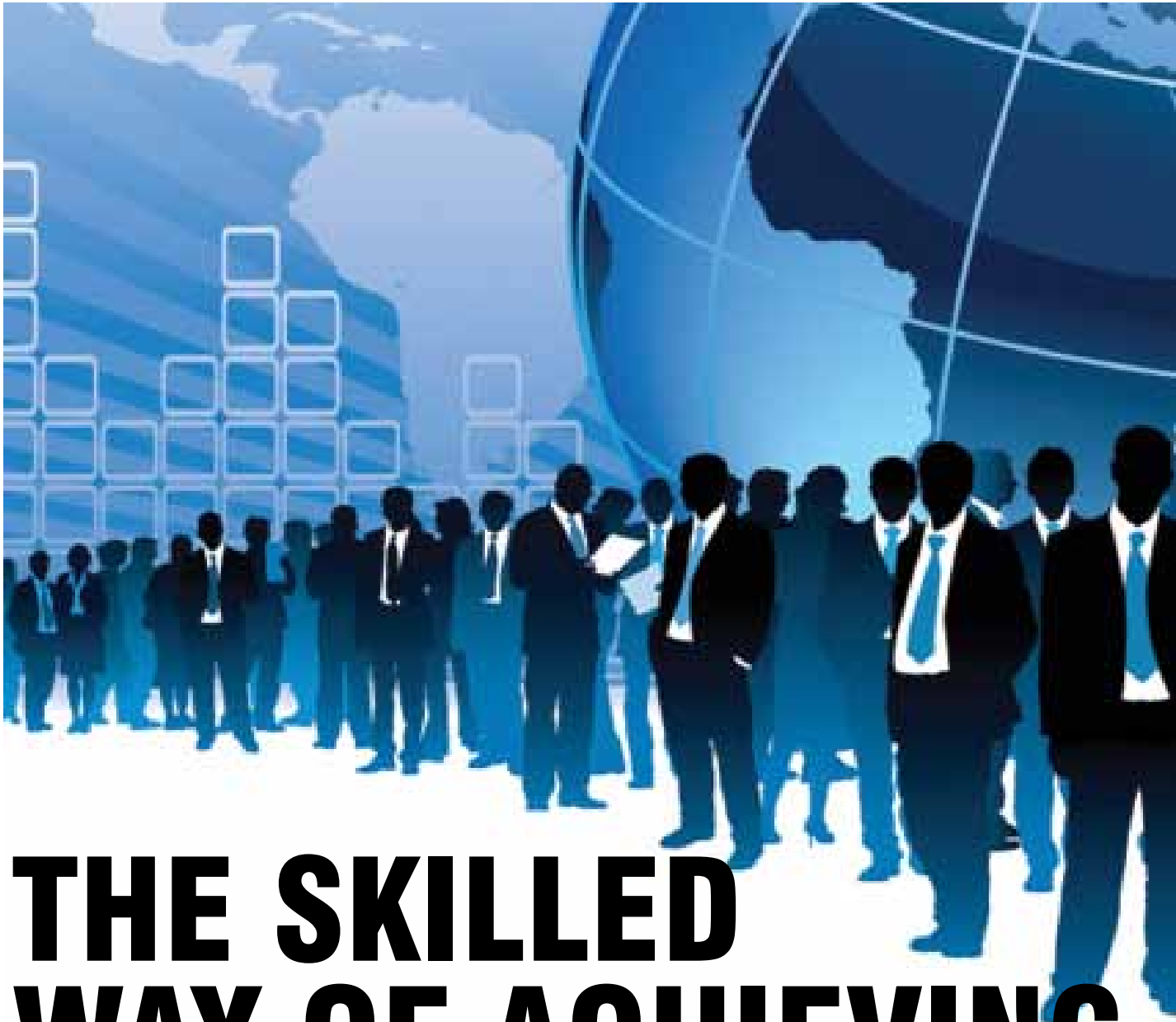
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THE SKILLED WAY OF ACHIEVING

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There is no better time to invest deeply into Skill development universities, with the burgeoning breed of entrepreneurs in India, especially in the digital

space. The vision for a 'Skilled India' is soaring with the formation of 'Ministry of Skill Development and Entrepreneurship' and relevant achievements by National Skill Development Agency (NSDA).

As per data collected by NSDA—over four million students have been trained in our country. There have been 207 private sector partnerships for training and capacity building, each to train at



least 50,000 persons over a 10-year period. 37 Sector Skill Councils (SSC) approved in services, manufacturing, agriculture & allied services, and informal sectors. Sectors include 19 of 20 high priority sectors identified by the Government and 25 of the sectors under 'Make in India' initiative. 1319 Qualification Packs with 6,625 unique National Occupational Standards (NOS). These have been validated by over 1000 companies.

Vocational training has been introduced in 10 States, covering 1290 schools, 2 Boards Community Colleges under UGC, benefitting over 2.5 lakh students. Curriculum

based on National Occupational Standards (NOS) and SSC certification. NSDC is working with 21 universities for alignment of education and training to NSQF. Designated implementation agency for the largest voucher-based skill development program, the National Skill Certification and Monetary Reward Scheme (STAR Scheme). Skill Development Management System (SDMS) with 606 training partners, 24092 training centres, 27047 trainers, 20 employment portals, 29 assessment agencies and 2808 empanelled assessors.

National Skill Development Agency (NSDA), National Skill Development Corporation (NSDC), National Skill Development Fund (NSDF) and 33 Sector Skill Councils (SSCs) were brought under the Ministry of Skill Development. The thrust of the Ministry is the co-ordination of

all skill development efforts across the country, removal of disconnect between demand and supply of skilled manpower, building of new skills and skill up gradation, and encouraging entrepreneurship. Overall approximately 58,72,800 people were trained by Central Ministries/Departments in the financial year 2014-15.

To create further convergence between the Vocational Training system through ITIs and the new Skill Initiatives of the government, two vertical from Directorate General of Employment and Training (DGET) - DDG (Training) and DDG (Apprenticeship Training) have been transferred to the Ministry of Skill Development and Entrepreneurship on 16th April, 2015.

In order to enhance private sector participation in the Skilling, NSDC has been working to enhance capacity of private training providers through provision of



loan, grant and equity funding. By end of March 2015, the NSDC Board had approved 203 skilling proposals and 37 Sector Skill Councils with total financial commitment of over Rs 2500 cr. In the last year, for the important sectors of Green Jobs, Persons with Disabilities etc., Sector skill councils were approved for focussed industry led approach in skilling in these sectors.

NSDC has developed a wide network for skilling with 207 NSDC approved training partners, 2,904 operational NSDC partner centres, including 676 mobile centres with coverage across 28 states and 5 UTs in 471 districts across India. In the last year, the NSDC ecosystem had trained 24,12,862 people in skill training programmes.

Central government would soon set up a 'Skill Development Center' in all forty parliamentary constituencies of Bihar, according to Rajiv Pratap Rudy, Union Minister of State for Skill Development and Entrepreneurship. Minister stated about the target of union government to make 50 crore employable people through skill development by 2017. He added that all technical training curriculum shall compulsory be linked with 'National Skill Qualification Framework' for the purpose of getting government jobs. Comparing the quantum of skilled youths in other countries, he said, only 3% youths in India are having proper skills. This is not adequate and to improve the situation,

NDA government at centre is taking various steps. Minister also informed that 12,000 ITIs are being updated and modernized for training of 6 lakhs youths.

On the achievement of NDA government at the centre, Rudy emphasised on the attainment in three major areas: Legislation, People Welfare and Infrastructure. He expressed that Union Government has shown courage to pass dozens of legislations in the Parliament in a single year which were not done in the past twenty years. On people welfare front, to achieve the target of maximum financial inclusion, schemes like-Jan Dhan Yojna, PM Suraksha Bima Yojna, PM Jeevan Jyoti Yojna & Atal Pension Yojna have been started.

He also outlined the various measures taken by Union Government to create conducive environment for infrastructure development in the country, increasing FDI & FII as well. He also mentioned the positive trends that have already been achieved in terms of containing inflation, growth in GDP and controlling fiscal deficit etc. so far as economy is concerned.

Union Minister stated that the Prime Minister Narendra Modi succeeded in establishing friendly relations not only with the neighboring countries like Bangladesh, but also with archrival China, apart from super powers like America.

Minister of State (Independent Charge) for Skill Development & Entrepreneurship Shri Rajiv Pratap Rudy has said that to cater to the needs of potential women entrepreneurs, who may not have adequate educational background and skills, the Micro, Small & Medium Enterprises Development Organization (MSME-DO), has introduced process/product oriented Entrepreneurship Development Programmes (EDPs) in areas like TV repairing, printed circuit boards, leather goods, screen printing etc. There are also several other schemes of the government like Income Generating Scheme, implemented by the Department of Women and Child Development, which provides assistance for setting up training-cum-income generating activities for needy women to make them economically independent.

In a written reply in the Lok Sabha Shri Rudy earlier said, the Small Industries Development Bank of India (SIDBI) has been implementing two special schemes for women viz; which offers developmental assistance for pursuit of income generating activities to women. Further, SIDBI has also taken initiative to set up an informal channel for credit needs on soft term giving special emphasis to women including training for credit utilization and credit delivery skills for the executives of voluntary organizations working for women. ■

KVIC Launches Green Stationery Exhibition on World Environment Day



The Khadi Gramodyog Bhavan, KVIC under the Ministry of Micro, Small and Medium Enterprises launched an Exhibition showcasing Green stationery items of handmade paper on World Environment Day.

Speaking on the occasion Shri K.S. Rao, Dy. C.E.O, KVIC informed the media that Handmade Paper is the traditional way of producing paper by using cotton rags and Agro and is totally wood free and eco-friendly. Uses of handmade paper save trees and forests and thus conserves the eco wealth.

On the occasion, , Shri Rajesh Malik, Special Police Commissioner, Delhi Police, Delhi Police announced that Delhi Police will be procuring Handmade paper file cover and stationery from Khadi Gramodyog Bhavan, New Delhi. The Bank officials present during the event have also assured that henceforth Banks will also support K.G. Bhavan and procure KVI Products Specially handmade paper stationery.

The exhibits at the Green Stationery exhibition includes carry bags, writing pad, Note book, Gift Envelop, Photo frame, Gift packs, etc. The exhibition will also give an opportunity to the manufacturers to get vast exposure of market specially marketing of green stationery and will acquaint the people about the use of handmade paper which has very positive impact on environment.

Union Government Is Paying Special Attention on North East Through Its Act East Policy

The Union Minister for Food Processing Smt Harsimrat Kaur Badal has said the union government is paying special attention to North East through its act east policy. Addressing a press conference after inaugurating the photo exhibition 'Saal Ek Shuruaat Anek' organised by DAVP, Kolkata in Gangtok today, the Minister said the centre has allocated Rs 53000 crore for development of NE states in the Union Budget including scholarship schemes for students and proposal to set up six agricultural universities

and upgradation of power transmission in NE states with the sanction of Rs 10000 crore. The Minister said the people of the country have given a decisive mandate and formed the Modi government with the hope that the country will now see good days ahead. Smt Badal said, the photo exhibition has depicted government initiatives and schemes in various fields and this is just the beginning. The minister said that there was no scam and corruption in the last one year and because of a decisive leadership, there was no policy paralysis. She said, the Prime Minister's visits abroad have increased the prestige and standing of the country in the international forum and Indians settled abroad have developed a sense of pride in their country. She said Make in India has become a reality with the world looking towards India with inflow of huge investment into the country. This will provide infrastructure and job opportunities to ensure growth and prosperity for everyone to develop equally with the concept of 'Sab Ka Sath Sabka Bikash'.



The Union Minister for Food Processing Industries, Smt. Harsimrat Kaur Badal addressing the media at the photo exhibition 'Saal Ek Shuruaat Anek', highlighting the achievements of one year of NDA Government, at Gangtok, in Sikkim on May 26, 2015. The State IPR Minister, Shri A.K. Ghatani and the Director, PIB, Gangtok, Shri C.K. Dorjee are also seen.

The Union Minister further said the 14th Finance Commission recommendation have been accepted by the government ensuring devolution of more fund to the states and less with the centre so that the states can charter its own future and this will help Sikkim in taking forward its Organic Mission. She also appreciated the peace and tranquillity of this Himalayan state. The minister said both the centre and the state should work together for the progress of the people of the state.

To mark the completion of the one year of the new NDA government at the centre, the Directorate of Advertising and Visual Publicity (DAVP) under the Ministry of Information and Broadcasting, Government of India is organizing a pictorial exhibition entitled 'Saal Ek Shuruaat Anek' at the Children Park complex in Gangtok from today.

The exhibition will highlight the achievements

of the Central Government in the last one year; the projects being undertaken and their execution with the goal of Saabka Saath Saabka Vikas. Government of India's financial Inclusion and Security – Jan Dhan-se-Jan Suraksha, farmer's Welfare including immediate relief to farmers affected by natural calamities, mainstreaming the deprived, Sushasan & Corruption free government, Saksham Bharat – Education and Skilling, Health Assurance to all, Swaach Bharat, Beti Padho-Beti-Bachao, Sansad Adarsh Gram Yojna, Vasudhaiva Kutumbakam – Friendship on equal footing, Development of the North East, Transportation for transformation and economic rejuvenation, Make in India are the major initiatives and achievements of the government in the last one year.

MSME-Samsung Digital Academy to offer young students a skill development course



The Union Minister for Micro, Small and Medium Enterprises, Shri Kalraj Mishra addressing at the signing ceremony of an MoU for MSME-SAMSUNG Digital Academy, in New Delhi on May 13, 2015. The President & CEO Samsung India Electronics, Mr. H.C. Hong and the Senior Vice President, Samsung India Electronics, Mr. H.W. Bang are also seen.

The Ministry of Micro, Small and Medium Enterprises and Samsung India today signed an agreement to open MSME-Samsung Digital Academy, to offer young students a skill development course based on the Tizen OS Platform.

As per the MoU signed by Mr. Amarendra Sinha, Development Commissioner, MSME and Mr. HW Bang, Senior Vice President Samsung India Electronics, the company will offer the Digital Academy course in collaboration with the Ministry and will seek to train youth on developing apps that run on the Tizen OS across a multitude of devices such as smart phones, televisions and tablets.

Speaking on the occasion the Union Minister for Micro, Small & Medium Enterprises Shri Kalraj Mishra said that in keeping with the Prime Minister



The Union Minister for Micro, Small and Medium Enterprises, Shri Kalraj Mishra and the President & CEO Samsung India Electronics, Mr. H.C. Hong signed the documents of an MoU for MSME-SAMSUNG Digital Academy, in New Delhi on May 13, 2015. The Special Secretary & Development Commissioner, Shri Amarendra Sinha and the Senior Vice President, Samsung India Electronics, Mr. H.W. Bang are also seen.

Shri Narendra Modi's vision of Make in India and skilling India today's collaboration between the Ministry and Samsung India is an endeavour in this direction.

The Minister further added that MSME Sector employs maximum number of people in India next to agriculture. To meet skilled manpower requirement in the sector, the Ministry of MSME is committed to create industry responsive manpower by giving thrust on employable skills and vocational training in partnership with Industry.

Various field establishments under the Ministry are regularly conducting skill development training programmes through which more than 6 lakh youth have been trained.

Shri Kalraj Mishra said, "Samsung India has been our partner since last year, when we signed an agreement for establishing MSME-Samsung Technical Schools at the MSME Technology Centres. That joint initiative is expected to help train approx 10,000 youth every year. These trained youth will have the opportunity to find placement in various appliances manufacturing organizations including Samsung. I also believe that many of them can also establish their own enterprises and Service Centres for repairing & maintenance of electrical & electronics goods.

Addressing media person Mr. HC Hong, President & CEO Samsung India Electronics said "India is increasingly emerging as a key player in the development of next generation technology ecosystems. We are pleased that through our collaboration with the Ministry of MSME, Samsung Digital Academy will also contribute to India's skill development mission from a digital perspective.

In its first phases the Samsung Digital Academy will be rolled out across the 10 MSME-Samsung Technical Schools which have been set up by Samsung and MSME Ministry following an MoU in August 2014. Each of these schools will run a four week long course in batches of 30 students. The programme will eventually be scaled up to include 68 other MSME Technical Centre across the country as well as Indian Institutes of Technology (IITs and IIITs) National Institute of Technology (NITs), and other key institutes of technical education and engineering in India.

With a strong mix of theory and lab-based training the inaugural Samsung Digital Academy course will cover topics such as an introduction to the Tizen platform, the Tizen app development process testing and debugging device Application Programme Interface (APIs) as well as packaging and installation of designed apps on various devices. Students will also be trained on how to migrate existing apps on to the Tizen platform. The curriculum will be developed by Samsung Research Institutes in Delhi and Bengaluru. Samsung will also provide the Tizen Software Development Kit (SDK) as well as Samsung Z1 phones for testing purpose.

Tizen is an open and adaptable platform offering multi-application capability across a wide range of devices, including smart phones, tablets and TVs. Samsung's first Tizen based smart phones- the Samsung Z1, was launched in India earlier this year.

Memorandum of Understanding between India and Sweden on cooperation in the field of Micro, Small and Medium Enterprises

The Union Cabinet, chaired by the Prime Minister Shri Narendra Modi, has given its approval for signing of the Memorandum of Understanding (MoU) between India and Sweden on cooperation in the field of Micro, Small and Medium Enterprises.

The objective of the MoU is to promote cooperation between the Micro, Small and Medium Enterprises of the two countries. It provides a structured framework and enabling environment to the Micro, Small and Medium Enterprise (MSME) sector of the two countries to understand each other's strengths, markets, technologies, policies etc. It also contains an agreement between the two countries to enable their respective MSMEs to participate in each other's trade fairs/exhibitions and to exchange business delegations, to understand policy and explore markets so that joint ventures, tie-ups, technology transfer etc. could take place. It does not contain or involve any financial, legal or political commitment on the part of either party. In no case does it attract any financial liability on the part of the Government of India.

This kind of cooperation opens up doors of new opportunities for the Indian MSME sector by way of new markets, joint ventures, sharing of best practices and technology collaborations etc. The Ministry of MSME has so far entered into long term agreements for cooperation in the MSME sector with counterpart Ministries/Organisations of 17 countries namely, Tunisia, Romania, Rwanda, Mexico, Uzbekistan, Lesotho, Sri Lanka, Algeria, Sudan, Cote d'Ivoire, Egypt, Botswana, South Korea, Mozambique, Indonesia, Vietnam and Mauritius.

Launching of Khadi Summer Collection Series

The Prime Minister in his Radio address "Mann ki Baat" had made an appeal to the Nation to promote Khadi. The Khadi and Village Industries Commission under the Minister of MSME has taken a number of initiatives to promote khadi. In this endeavour, Khadi Utsavas and Exhibitions were organized at various colleges of Delhi University to promote khadi amongst the youth.

Considering the unique characteristics of Khadi - a cool comfortable and environment friendly fabric - the Khadi Gramodyog Bhavan launched the Khadi Summer Collection Series.

The summer collection range comprises readymade kurtis, cotton shirts, ladies salwar kameez, kurta-payjama, cotton sarees, jackets, designers wears etc. Khadi Gramodyog Bhavan is also providing attractive discounts on selected items.

Record 60% Jump in the Sale of Khadi

Shri Narendra Modi, Prime Minister in his "Mann ki Baat" Radio address made an appeal to the Nation to at least buy one khadi garment and under the guidance of Shri Kalraj Mishra, Union Minister for Micro, Small & Medium Enterprises, Khadi Gramodyog Bhawan, New Delhi organized a special "Kurta Payjama Exhibition" on the occasion of 60th foundation day of Khadi Gramodyog Bhawan held on 13th April, 2015.

The total sales of Khadi Gramodyog Bhawan, for the period from 13th April to 28th April 2015 has increased over 60% as compared to corresponding period of previous year. The sale of readymade garments increased by record 86%. The purchases made by women and youth during the exhibition is remarkable and over one lakh customers purchased KVI products.

Shri K.S. Rao Deputy Chief Executive Officer, Khadi Bhawan informed that to reach out and popularize khadi amongst the youth, Khadi Bhawan has arranged the display of readymade garments

exclusively designed by students of National Institute of Fashion Technology (NIFT).

Shri Arun Kumar Jha, Chief Executive Officer, KVIC stated that Khadi is cool comfortable and environment friendly fabric ideal for Delhi summer. Shri Jha also added that keeping in view of overwhelming response of customers and considering quantum jump in the sale, Khadi Gramodhyog Bhawan is organizing another exhibition during this summer commencing from 16th May 2015 at its premier outlet at Connaught Place, New Delhi in which exclusive range of “Khadi summer collection” will be displayed and available to esteemed customers.

Visit of World Bank Group to Collect Data and Information for Doing Business Report, 2016

A two member mission of the World Bank Group is visiting India to collect data and information for Doing Business Report, 2016. The members of the Mission are Ms. Nadine Abi-Chakra and Ms. Baria Nabil Daye. A kick start meeting was convened on 8th June, 2015 at 3:30 PM in Department of Economic Affairs (DEA), Ministry of Finance, North Block in chairmanship of Additional Secretary Shri Ajay Tyagi. The meeting was attended by the representative of DEA, the World Bank Group, Department of Industrial Policy and Promotion (DIPP), Ministry of Corporate Affairs (MCA) and Central Board of Direct Taxes (CBDT).

The mission briefed about the objective of their visit and their forthcoming interaction with respondents and government agencies. Shri Tyagi welcomed the Mission and impressed upon the importance given by Government of India to improving regulatory environment across India. Shri Shailendra Singh, Joint Secretary, DIPP briefed the Mission about following reforms carried out by the government:

1. Requirement of minimum paid-up capital for companies removed.
2. Requirement of common seal for companies removed.
3. Requirement of filing declaration of commencement for companies removed.
4. Single step incorporation of companies through INC-29 Form.
5. Loans or guarantee to fully owned subsidiary company facilitated.
6. Process to approve related party transaction made simpler.
7. Board's resolutions taken off the disclosure requirements facilitating better functioning of companies.
8. Order to facilitate revival and rehabilitation of MSMEs issued.

9. Customs Clearance Facilitation Committees (CCFCs) constituted at ports to facilitate expeditious clearance of goods.

10. Only three documents are required for exports and imports.

The Mission appreciated the efforts made by the Government and promised to take note of initiatives taken by Government of India and State Government.

Big Push to Private Participation in Defence Manufacturing: Government Provides Level Playing Field with Defence PSUs

Defence manufacturing is one of the key sectors among the 25 sectors identified under the Make in India campaign launched by the Government of India. A number of initiatives have been taken by the new Government to incentivise private sector, including foreign OEMs to engage in the Defence and Civil Aerospace sector. A series of consultations have been held across Ministries / Departments under the mentoring of PMO to enable simplification of rules and procedures to promote private participation under defence manufacturing and exports. This is hoped to stimulate big ticket investments and incentivise Manufacturing.

There was a long standing demand of the Private Sector Manufacturers to bring parity between Domestic Private Players with Ordinance Factory Board and Defence PSUs in the matter of payment of Central Excise and Customs Duty. As a major game changer, Government of India has withdrawn excise and customs duty exemptions presently available to goods manufactured and supplied to Ministry of Defence by Ordinance Factory Board and Defence PSUs vide Notifications No. 23/2015-Central Excise and No. 29/2015-Customs dated 30.04.2015. This will provide a level playing field to Domestic Private Players bidding for the Government contracts by taking away the strategic advantage with PSUs for quoting lower rates in open bids. With this initiative, the Government has also fulfilled demand of foreign Original Equipment Manufacturers (OEMs) such as Boeing, Airbus, Lockheed Martin, BAE Systems etc. who are actively exploring the scope of future investments in India.

The Indian aerospace and defence market is among the most attractive globally as India is highest importer of defence items in world. As Prime Minister has famously said, this is one distinction India is not keen to have much longer. The Government has systematically opened up the sector for private investment by increasing FDI cap in defence to 49% and rationalizing conditions. Almost 60% items required for industrial licence have now been de-reserved. Business re-engineering process

EPCH elects new Chairman

Export Promotion Council for Handicrafts (EPCH) has unanimously elected Dinesh Kumar as its new Chairman, in the 144th meeting of Committee of Administration (COA), held on 11th May, 2015 in New Delhi.

Mr. Kumar, representing M/s Orient Art & Crafts, New Delhi, is a leading exporter of handicrafts from India. He has been associated with the handicrafts sector for more than four decades. Mr. Kumar runs retail business of handicrafts products and has manufacturing units as well. He has served in various capacities as member of the Committee of Administration, President - Trade Fairs, and Vice-Chairman - EPCH. Mr. Kumar is also one of the Directors of India Exposition Mart Ltd., Greater Noida.

Mr. Kumar expressed his gratitude to members of Committee of Administration of EPCH for electing him as Chairman of Export Promotion Council for Handicrafts, an apex organization for promotion of exports of handicrafts from the country.

The new Chairman said that international marketing initiatives, cluster development projects,



Outgoing Chairman of EPCH, Shri Lekhraj Maheshwari welcomes the new Chairman Shri Dinesh Kumar

design, product development and new policy initiatives have to be pursued more vigorously in order to sustain the growth in handicrafts exports.

The exports of handicrafts have shown an increase to Rs. 27,746.84 crores in the year 2014-15 from Rs. 23,504.42 crores in the year 2013-14, an increase of 18.05%. The handicrafts export has surpassed the target of US \$4468 million and has been US \$4537.98 million during the year 2014-15 - a growth of 16.81%.

has been effected across Departments and Ministries for a favourable manufacturing and export platform for private sector companies. The recent Notification from Department of Revenue will provide a definitive message to foreign OEMs that India is open to business for defence manufacturing.

Apparel and Garment Making Centre to come up in Tripura

As NDA government has given thrust to North Eastern States lots of happenings in the zone is seen. On 20th May, 2015 Minister of State for Textiles Santosh Kumar Gangwar in presence of Chief Minister of Tripura, Manik Sarkar laid foundation stone of an Apparel and Garment Making Centre at Agartala.

A Silk Processing and Printing Unit also inaugurated on the occasion, by the Union Textiles Minister and the Tripura CM. The project cost is Rs. 3.41 crore.

These units are expected to provide employment to a large number of people in Tripura and would lead the large scale production and processing of



The Minister of State for Textiles (Independent Charge), Shri Santosh Kumar Gangwar and the Chief Minister of Tripura, Shri Manik Sarkar unveiled the plaque to lay the foundation stone of Apparel and Garment Making Unit, in Agartala, Tripura on May 20, 2015. The Minister of Industries & Commerce, Tripura, Shri Tapan Chakraborty, the Secretary, Ministry of Textiles, Dr. Sanjay Kumar Panda, the Chief Secretary, Tripura, Shri Y. P. Singh and the Secretary, Industries & Commerce, Tripura, Shri M. Nagaraju are also seen.

garments in the region. The project contributes to the "Make In India" programme in textile sector, with particular emphasis to the North Eastern States. ■

The Appointments Committee of the Cabinet, Government of India has approved the following appointments:

Shri C.R.Viswanath, IAS, (AP:1981), Chairman and Managing Director, Food Corporation of India as Secretary, Department of Consumer Affairs, Ministry of Consumer Affairs, Food and Public Distribution in the vacancy of Shri K N Desiraju, IAS (UK: 1978) (Retired)

Ms. Vrinda Sarup, IAS(UP:1981), Secretary, Department of School Education and Literacy, Ministry of Human Resource Development as Secretary, Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution in the vacancy of Shri Sudhir Kumar, IAS(UP:1978) (Retired).

Dr.Subhas Chandra Khuntia, IAS (KN:1981), Special Secretary and Financial Adviser, Ministry of Petroleum and Natural Gas as Secretary, Department of School Education and Literacy, Ministry of Human Resource Development vice Ms. Vrinda Sarup, IAS(UP:1981) on her relinquishing the charge of the post.

Shri Anuj Kumar Bishnoi, IAS(UP:1981), Secretary, Ministry of Water Resources, River Development and Ganga Rejuvenation as Secretary, Department of Fertilizers vice Shri Jugal Kishore Mohapatra, IAS(OR:1979).

Shri Shashi Shekhar, IAS, (TN:1981), Special Secretary, Ministry of Environment Forests and Climate Change as Secretary, Ministry of Water Resources, River Development and Ganga Rejuvenation vice Shri Anuj Kumr Bishnoi, IAS (UP:1981) on his relinquishing the charge of the post.

Shri Sunil Soni, IAS (MH:1981), Secretary, Ministry of Overseas Indian Affairs as Secretary, Inter State Council Secretariat under the Ministry of Home Affairs vice Shri Hara Krushna Das, IAS (GJ:1980) (Retired).

Shri Anil Kumar Agarwal, IAS (WB:1981), Director General, Employees' State Insurance Corporation as Secretary, Ministry of Overseas Indian Affairs vice Shri Sunil Soni, IAS (MH:1981) on his relinquishing the charge of the post.

Ms. Rita A Teatota, IAS (GJ:1981), Special Secretary, Department of Telecommunications, Ministry of Communications and Information Technology as Secretary, Department of Commerce vice Shri Rajeev Kher, IAS (UP:1980) on his relinquishing the charge of the post.

Dr. Anup K Pujari, IAS (KN:1980), Secretary, Ministry of Mines as Secretary, Ministry of Micro, Small and Medium Enterprises vice Shri Madhav Lal, IAS (JK:1977) on his relinquishing the charge of the post.

Shri Balvender Kumar, IAS (UP:1981), Vice Chairman, Delhi Development Authority as Secretary, Ministry of Mines vice Dr. Anup K Pujari, IAS (KN:1980) on his relinquishing the charge of the post.

Shri Pradeep Kumar Pujari, IAS (GJ:1981), Special Secretary and Financial Adviser, Department of Agricultural Research and Education, Ministry of Agriculture as Secretary, Ministry of Power vice Shri Pradeep Kumar Sinha, IAS (UP:1977).

Shri Ameising Luikham, IAS (MN:1981), Secretary, North Eastern Council, Ministry of Development of North Eastern Region as Secretary, Department of Public Enterprises vice Shri Kapil Dev Tripathi, IAS (AM:1980).

Shri Satyanarayan Mohanty, IAS (TG:1980), Secretary, Department of Higher Education, Ministry of Human Resource Development as Secretary General, National Human Rights Commission vice Shri Rajesh Kishore (GJ:1980).

Shri Vinay Sheel Oberoi, IAS (AM:1979), Secretary Ministry of Women and Child Development as Secretary, Department of Higher Education, Ministry of Human Resource Development vice Shri Satyanarayan Mohanty, IAS (TG:1980) on his relinquishing the charge of the post.

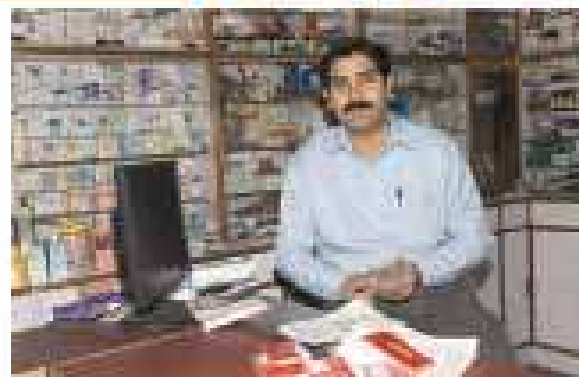
Shri V.Somasundaran, IAS (KL:1979), Secretary, Ministry of Civil Aviation as Secretary, Ministry of Women and Child Development vice Shri Vinay Sheel Oberoi, IAS (AM:1979) on his relinquishing the charge of the post.

Shri Rajiv Nayan Choubey, IAS (TN:1981), Special Secretary, Ministry of Power as Secretary, Ministry of Civil Aviation vice Shri V.Somasundaran, IAS (KL:1979) on his relinquishing the charge of the post.

Shri Devendra Chaudhary, IAS (UP:1981), Special Secretary, Ministry of Power as Secretary, Department of Administrative Reforms & Public Grievances and Department of Pensions and Pensioners' Welfare, Ministry of Personnel, Public Grievances and Pensions vice Shri Alok Rawat, IAS (SK:1977) on his relinquishing the charge of the post. ■

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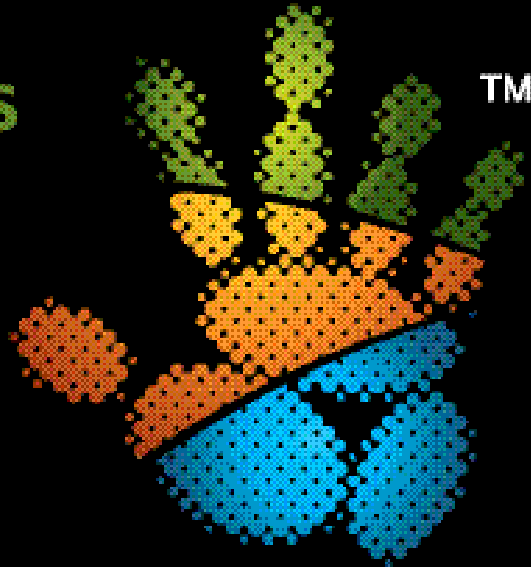
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