HIEMA IMAGE

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HIEMA GARDEN

A SUCCESSFUL STORY OF AN ASSOCIATION IN MAINTAING INDUSTRIAL INFRASTUCTURE

HIEMA, Hebbal Industrial Estate Manufacturer's Association located in City of Mysore.The total area of the industrial estate is 70 acres. It is the first industrial Association in entire Karnataka maintaining infrastructure of its own like water supply, roads, street lights for last 12 years. The association was formed in 1987 with few members at present it has 292 Small Scale Industries.

In the year 2001, M/s. Karnataka Small Scale Industrial Development Corporations wants to revise the water rate from Rs. 12.00 to Rs. 15.00 per kilo liters. The Association Objected the rate revision. At that point of time M/s. KSSIDC has told the association that it is difficult for them to maintain the water supply at that rate. The association requested M/s. KSSIDC to hand over the infrastructure so that the association can maintain the same. In the year 2001 , M/s. KSSIDC officially handed over the infrastructure to the association.

The association is supplying the water even today at Rs. 12.00 per Kilo liter and supply 24 hours even during the peak summer. Additional 2 bore wells added last year keeping view of next 10 years water requirements. Even during the peak summer only 3 bore wells were run out of 5 bore wells available.

The Annual Maintenance cost were also not revised for the last 12 years. Roads are maintained very well and all 158 street lights are maintained properly.

The association after taking over the infrastructure has made its own building and one floor was rented to bank. It has developed own park in the estate. Bharat Ratna Sir M.Visweshwaraya's statue was installed in the park by the association. The association maintains minimum 70 lakhs Fixed deposits normally.

The association started sports club for its members by installing Table Tennis, Carrom games in the association building. Due to the demand of entrepreneurs additional Table Tennis Board had installed. Now the Association plan to have world class Shuttle wooden court in their premises.

The association also requested the government agencies to allot land for their HIEMA Bhavan to have skill development centre, hostel for both boys and girls. They plan to train rural youths & urban BPL youths for three years. In the three years time they will be trained 4 days in a week in the member units and two days they will attend the theory classes. By the end of three years there will getting their govt certificates. During the training time, they will be paid stipend which takes care of their complete boarding & food expenses.

The association conducts their annual meeting regularly and fulfilled all the government requirements till date. It pays their income tax as per norms till date.

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Bharat Ratna Sir M.Visweshwaraya's Statue

Well Maintained Roads

FLASH NEWS

KASSIA COOPERATIVE SOCIETY DECLARES DIVIDEND 18 %

TO BECOME MEMBERS OF KASSIA COOPERATIVE SOCIETY AT MYSORE CONTACT Mr. KUMAR , VICE PRESIDENT

FIVE BIGGEST ECONOMIC POLICY MISTAKES

Yes, we are in an economic crisis, How else would you describe a situation where economic growth has collapsed, industrial output has stagnated for two years, jobs are being shed, consumer inflation is close to 10 per cent, the current account deficit (CAD) in the balance of payments is nearly five per cent of GDP at last count, investment is fleeing abroad, external debt maturing in the current fiscal year exceeds $170 billion and the rupee is touching new lows (or highs against the dollar!) each week? It was all avoidable, if our policy-makers had been more competent and effective (and less venal, some might add). There was plenty of warning commentary by independent analysts (this columnist included) over the past five years as each major policy misstep was taken. For the record and for future lesson-drawing, it is useful to briefly outline the five biggest economic policy mistakes (out of a long list)

The fiscal blowout of 2008-09

In the six years to 2007-08 the combined (Centre and states) fiscal deficit had been brought down from nearly 10 per cent of GDP to four per cent. This remarkable fiscal consolidation was squandered in the single, pre-election of year of 2008-09 when the combined deficit (inclusive of off-Budget items) leapt to over 10 per cent of GDP. The central government budget deficit target of 2.5 per cent of GDP, presented by the current finance minister in February 2008, was massively overshot in the course of the year to yield an outcome of 8.2 per cent of GDP (including off-Budget items), easily the biggest overshooting in India's history

Exchange rate mismanagement since 2009

Although senior government spokesmen tend to project India's external deficit pressures as a recent problem, in fact, the CAD has been consistently above the prime minister's "safe benchmark" of 2.5 per cent of GDP since 2009-10. That means we are in the fifth year of a dangerously high CAD. A significant contributory factor has been the authorities' (government plus RBI) shift since spring 2009 to a relatively "hands off" policy towards the rupee's exchange rate. So, when capital inflows recovered since 2009, the rupee was allowed to appreciate sharply in 2009 and 2010, despite a clearly rising CAD. As some of us pointed out then, the authorities should have instead followed the well-tested, pre-2008 policy of limiting appreciation and building reserves through dollar purchases by the RBI. The failure to do this led to an overvalued rupee, which weakened India's international competiveness and helped fuel the pattern of rising external deficits that now haunt the economy.

The supply shocks of 2010-12

These were multiple, all reflecting policy and governance weaknesses. They include the sudden and damaging tightening of environmental regulations in 2010; the eruption of serious scams in 2G telecom spectrum allocation, coal-block allocations and various land scams (all with roots in earlier years) and their debilitating aftermaths in the impacted sectors; the sweeping judicial restraints on iron ore mining in Karnataka and Goa; the fiasco of missing coal and gas supply for many thousand megawatts of freshly completed power projects; the anti-investment tax measures of the 2012 Budget; completion and clearances of major projects.

While each of these supply-side problems had distinct characteristics and policy histories, together they constituted a major (and persisting) supply shock to the Indian economy.

The neglect of manufacturing

In marked contrast to the great majority of emerging nations, the share of manufacturing in GDP has stagnated at around 15-17 per cent for decades in India. While the problem is long-standing, the failure to enhance the share during the past decade was a significant contributory factor in the current economic crisis. In the high growth period, 2003-11, services (including construction) accounted for well over 70 per cent of all growth, while industry (essentially manufacturing and mining) accounted for less than 20 per cent. This lopsided pattern could not sustain high growth for long, and hasn't once services expansion started to flag. Slow industrial growth has led to limited growth of jobs for low-skilled labour and a steady widening of the merchandise trade deficit, which, in turn, widened the CAD.

Faulty monetary policies of July 2013

As everyone knows, between the 15th and the 23rd of July, the RBI announced draconian (if somewhat opaque) monetary measures, which effectively increased the short-term policy rates by 300 basis points and sharply reduced liquidity. The measures were taken ostensibly to defend the falling rupee by restricting "speculation". The diagnosis was fundamentally incorrect. The rupee was not weakening due to short-run "speculation" but because of a persisting high CAD, mounting short-term, external debt obligations and changes in the global environment for capital flows.

So the cure had little connection with the disease. As predicted, the measures did not solve the rupee's weakness; the rupee was trading at a lower value by end July compared to July 14. Instead, these measures significantly increased interest rates across the entire term structure, curtailed credit growth for productive purposes, made government borrowing more difficult and costly, weakened the health of banks (especially government banks) and, above all, further damped the outlook for recovery in output and investment. In the process, the policy steps may have inadvertently increased the incentives for withdrawal of equity investments by FIIs in the Indian stock market, thus adding to the rupee's weakness. Though described as "temporary", there is little prospect of reversal. The damage has been done and will continue.

Even a quick perusal of the above list of major policy errors suggests that it will take of lot of time and work to repair the damage to the economy; even more if further unsound policies are adopted, such as tighter import restrictions. So, the outlook for the rupee remains: Volatile with a downward bias.

The writer is honorary professor at Icrier and former chief economic adviser to the government of India.Views expressed are personal

28 banks fail to achieve priority sector lending

As many as 28 banks, including 16 from the public sector, have failed to achieve the 40 per cent target of overall priority sector lending which includes loans to MSMEs and agriculture, as on March 31, 2013. "As on March 31, 2013 domestic banks (both public and private) were below the target of priority sector lending," according to the Reserve Bank of India. The priority sector comprises a vast section of the population in sectors such as agriculture, micro and small enterprises (MSEs), education and housing.

Another Asian financial crisis to hit in next 12-18 months, there's no way FM can stop it now

Make no mistake, a second Asian Financial Crisis is on its way. This storm will not blow over soon. It originated in the US, when the Fed proposed to taper and end quantitative easing. The frightening thing is that this will happen in stages over the next 12-18 months, and each turn of the liquidity screw can cause a fresh financial storm. Nothing Chidambaram or Raghuram Rajan says can avert the storm.

Raghuram Rajan takes charge from Subbarao as new RBI Governor

Mumbai, Sept 4 (KNN) Raghuram Rajan, a former chief economist with the International Monetary Fund (IMF) and economic advisor to the finance ministry, takes over as the 23rd RBI governor today at a time when the country is battling against its worst crisis in over two decades.

In his inaugural remarks, he referred to the current economic storm right at the outset. "These are not easy times, and the economy faces challenges. At the same time, India is a fundamentally sound economy with a bright future. Our task today is to build a bridge to the future, over the stormy waves produced by global financial markets. I have every confidence we will succeed in doing that," the new RBI governor said on a note of hope.

He also laid considerable emphasis on inclusive development. "As the central bank of a developing country, we have additional tools to generate growth – we can accelerate financial development and inclusion. Rural areas, especially our villages, as well as small and medium industries across the country, have been important engines of growth even as large company growth has slowed. But access to finance is still hard for the poor, and for rural and small and medium industries. We need faster, broad based, inclusive growth leading to a rapid fall in poverty," he said.

Speaking about financial infrastructure, "For small and medium firms, we intend to facilitate Electronic Bill Factoring Exchanges, whereby MSME bills against large companies can be accepted electronically and auctioned so that MSMEs are paid promptly. This was a proposal in the report of my Committee on Financial Sector reforms in 2008, and I intend to see it carried out," he said.