



Confederation of Indian Industry

WESTERN U.P. BEAT

Edition: July 2011

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Message from the Chairman's Desk



Dear Friends,

With our on-going initiative to keep our membership involved, I am glad to share with you the first edition of our newsletter focusing on Western Uttar Pradesh. I am sure our members will find it relevant to their industry & will contribute to the forthcoming issues of the newsletter.

Being the first edition we have covered few economic updates & other news/announcements relevant to western UP. It also covers the initiatives which CII is doing in this region for their members. With an idea to highlight the good work done by our members in their units or for the society, we have a members section sharing few initiatives taken by our member companies. May I request you to share information to CII secretariat.

I thank you for entrusting me to lead CII Western UP for this year. I assure you of my best efforts in providing service to all fellow members of CII. The intent for the year is to deliver and I am sure the same would be feasible as we all join hands and forge ahead with team work.

We have planned to take several new initiatives for this year through focused core group in different areas.

I am sure the dedication and engagement of our members and staff will make 2011 – 12 another successful year for the council.

Warm regards,

MAYANK GUPTA

Government of U.P Abolishes Mandi Parishad Tax on Raw Leather

In an order which is set to boost the competitiveness of the leather industry in the state, the Uttar Pradesh government on Wednesday abolished the Mandi Parishad tax on raw leather. The order comes on the back of representations made by the leather manufacturers.

It may be mentioned that as per the existing Mandi Parishad Act, animal husbandry, including raw leather products in the state are governed by the Act but with a view to giving an impetus to the leather industry in the state, the UP government had, through an order in 2006, suspended the tax levy five years ago. But with the five-year relaxation period expiring on March 31 this year, the UP Mandi Parishad once again, not only levied the tax rates afresh, but has also demanded the repayment of arrears.

Levying 2.5% tax on the cost of raw hides would make the end product around 1.75% hamper possibilities in the international market. By abolishing the tax, the government has not only conceded to the demands of this acutely labour-intensive sector but will actually help make the sector more competitive in the international market.

The Supreme Court directs Uttar Pradesh government to return the 156 hectares of land which acquired in Shahberi village

The Supreme Court has directed the Uttar Pradesh government to return the 156 hectares of land it had acquired in Shahberi village to the farmers terming it inappropriate and unjustified.

In totality, about 2000 acres of land was taken from 11 villages by 25 builders who planned to build about 2.5 lakh apartments in the Noida extension area. In addition, about the 11 villages that come under NOIDA extension are Shahberi, Itaidha, Haibatpur, Rauja, Patwari, Emnabad, Tusyana, Saii, Khairpur, Chaugunpur and Bisrakh.

Planning Commission approves Rs 47,000 crore for Uttar Pradesh

The Planning Commission approved Rs 47,000 crore annual plan of Uttar Pradesh for 2011-12, Rs 5,000 crore higher than the outlay in last fiscal. The annual plan for the state was finalised at a meeting between Planning Commission and state officials. Besides, the state has also got an additional central assistance of Rs 1,100 crore.

Era Infra achieves financial closure for Rs 1,951 crore UP road project

Engineering firm Era Infra said it has achieved financial closure for Rs 1,951 crore Bareilly-Sitapur road project in Uttar Pradesh, awarded to it by the National Highways Authority of India (NHAI).

The 151-km highways project has achieved commitments for the entire debt component of Rs 1,350 crore-- Rs 675 crore each by State Bank of India and Union Bank of India.

The Delhi-based company had bagged the project for upgrading National Highways no 24 section last year.

The Rs 290-crore equity for the project on engineering, procurement and construction (EPC) basis would be infused by the company, while the NHAI will be contributing Rs 290 crore as grant

Under the plan the farmers whose Land is acquired will be paid annuity for 22 years

The Uttar Pradesh government has decided to tie up with the Life Insurance Corporation (LIC) to offer an annuity to farmers whose land is to be acquired.

The annuity is in keeping with the relief and rehabilitation package the present government had announced. Under the plan, Rs.23,000 per annum would be paid to the farmers for 33 years, with an annual addition of Rs 800. The payments would be made by the LIC under its Relief and Rehabilitation policy.

The payment to the beneficiaries would be made through bank transfer.

The state cabinet also decided to provide loans at 3% per annum to small farmers through cooperative societies. The state government proposes to disburse Rs.4000 crore for the purpose in 2011-2012.

Loans upto Rs.3 lakh would be given at an interest of 7%. The farmers would, however, be entitled to an interest subsidy of 3% from the Centre and 1% from the state, which would bring down the rate of interest to 3%

Inadequate coal supply gives rise to power crisis in Uttar Pradesh

Uttar Pradesh government demanded 6.4 Million Tones (MT) of coal for the 1320 MW Jawaharpur power project in July 2009 from the Central Government, 9.8 MT for the 1980 MW Sonbhadra Power project and 9.8 MT for the 2000 MW Yamuna Express project.

1980 MW Lalitpur thermal plant along with 13,000 MW power houses require more than 60 MT coal. Besides, the condition of rural electrification in the state is also crying for attention.

Under the Rajiv Gandhi Grameen Vidyutikaran Yojana, the state government needs atleast Rs 15,000 crore for the electrification of more than 1,25, 000 villages but the proposal by the UPPCL is yet to be cleared.

Corporate Tax Growth may slow down RBI

The RBI's 25 basis points policy rate hike may well help anchor inflationary expectations, but sluggish industrial output growth coupled with higher interest rates is likely to dent growth in corporate tax collections this fiscal Year.

There is likelihood of a slight slowdown in the corporate tax growth rate. RBI has again come out with an announcement of rate increase.

Factory output growth, measured in terms of index of industrial production (IIP), slowed down to 6.3 per cent in April 2011, from 13.1 per cent in the same month last year.

While there may be some concerns on the corporate tax growth rate front, however the Government is on a strong footing on the personal income-tax front.

There are indications of a slowdown in the growth rate in overall corporate advance tax payout for the first installment this fiscal. The Central Board of Direct Taxes (CBDT) is yet to compile the data on a national basis for Corporate India.

Economic growth is going to be affected to some extent by the central bank's monetary policy actions.

Scientist invent new species of gourd in Uttar Pradesh

It could bring cheers to vegetable growers, who are struggling for growing the veggies in deficiency of water in Uttar Pradesh, as agricultural scientists from the horticulture department of Sam Higginbottom Institute of Agricultural Technology and Science, Allahabad have prepared a variety of gourd which requires less water.

Of late, the ground water level has receded in Haryana, Uttar Pradesh and Madhya Pradesh forcing the farmers, who have been growing the gourd in these states, to migrate to South India.

According to scientists, the new species, which contains fiber and low in calorie, will be effective for those suffering from sugar, blood pressure, heart problems and stomach diseases.

In the last two years, more than 150 farmers from Allahabad have moved to Kerala, Andhra Pradesh and Tamil Nadu.

Despite favorable conditions, UP fails to attract foreign investments

According to Potential Index published in the World Investor Report, the state has favorable conditions for investments. However, the foreign direct investments in the state are very dismal whereas small industries are investing more in the state.

According to different economic parameters, it was found that UP's FDI-PI Index at 0.37 was similar to that of Karnataka and West Bengal. It was also found that UP has only 1.9 percent FDI, whereas the investments in Karnataka and West Bengal are at 8.9 percent and 2.9 percent, respectively.

This scenario has become a cause of worry for the state. The economists of Chaudhary Charan University are conducting research on the factors determining little investment in the state.

ECONOMIC UPDATES

- ◆ Agriculture growth has well surpassed the projected growth of 5.4% for 2010-11 by achieving a robust growth of 6.6%; a steep surge from a low growth of 0.4% in the previous year. Good monsoon during 2010-11 has led to bumper harvest of rabi and kharif crops resulting in substantial scaling up of third advance estimates of crop production as compared to second advance estimates. Total production for the reference period has been re-estimated at 235.9 million tones up by 1.6% from second advance estimates of 232.1 million tones. This is in fact the highest ever foodgrain production recorded, surpassing the earlier record of 234.5 million tones achieved in 2008-09. Strong revival by this sector has well supported the overall GDP estimate for 2010-11 by neutralizing the negative impact of slowdown in industrial growth.
- ◆ Inflation rose to 9.06% in May 2011, however it is marginally lower than 10.5% recorded during the corresponding period last year. Higher than expected rate is a result of firming up prices of mineral and manufactured products. Inflation in

minerals and manufactured products were 11.9% and 7.3% respectively in May 2011 on year on year basis. Inflation in Primary articles remained somewhat subdued on account of moderation in food inflation and non food inflation yet it was beyond comfortable levels. Except onion and fruits all other food products have seen

- ◆ Once again the global economy has shown signs of slowdown and the downside risks to global growth have increased amidst growing uncertainties. The global expansion remains unbalanced with advanced economies showing mild slowdown in the second quarter of 2011, while growth in most emerging and developing economies continues to be strong with some variations across regions. Global growth attained an annualized rate of 4.3% in the first quarter of 2011 despite some negative developments such as the devastating effect of the earthquake and tsunami on the Japanese economy, with supply disruptions weighing heavily on industrial production, and consumer sentiments and spending.

WESTERN U.P INITIATIVES

Session on Innovative Financing for SME's

20th May 2011, Noida

One of the key problems faced by an entrepreneur is arranging funds for expansion, modernization or establishment of any new projects. Many a times an entrepreneurs is not able to explore various agencies / financial institutions that can be approached for financial assistance. Against this background CII organised a session on Innovative Financing for SMEs in Noida.

Also traditional financing mechanisms have not been able to meet the requirements of the SMEs. Financial institutions are therefore coming up with innovative funding schemes.

Lack of knowledge about the various schemes available with these institutions & paucity of time is a major constraint for the SMEs said Mr Mayank Ajay Gupta, Chairman – CII Western UP Zonal Council

Representative from SIDBI, ICICI Bank, Axis Bank and Syndicate Bank presented the various schemes and options available. The session well attended by over 35 MSME's from Delhi & NCR.



Session on innovative financing
in progress

Workshop on Enhancing Competitiveness through Cost Management

24th June 2011, Noida



Workshop in progress

CII Western Uttar Pradesh Zonal Council organized a Training Programme on Enhancing Competitiveness through Cost Management on 24 June 2011 in Noida.

The programme focused on the various techniques for effective cost management, ways to increase profitability & creating in-house costing models with the use of tools like Activity Based Costing (ABC) & Activity Based Management (ABM).

Mr Harpreet Singh, Counsellor, CII – AVANTHA Centre for Competitiveness was the speaker for the training programme, who shared with the audience the ways to select the right improvement initiatives for their organization & how to calculate and report product & customer profitability.

The programme was well received by the participants.

MEMBERS SECTION

Xavient Software Solutions (I) Pvt. Ltd Leads the Way

Ensuring that corporate contributes back to the society, good corporate governance is incessantly practiced taking into consideration company's capabilities and expectations of the communities living in and around the areas of its operations. Corporate Social Responsibility, which is an effort to 'give-back' to the society, is central to what Xavient does. The Company recently took this forward by partnering with the Noida Traffic Police to host 'Drive Well & Organize Traffic' drive near NSEZ crossing.

Xavient Software Solutions (I) Pvt. Ltd. a member of CII took this initiative in association with Noida Traffic Police. to host '**Drive Well & Organize Traffic**' drive near NSEZ crossing.

There are many IT /ITeS companies within and around SEZ and employees working with these companies have been facing a lot of traffic related issues especially during peak hours.

Company has assigned few personnel exclusively to manage the traffic around NSEZ crossing. This will facilitate the traffic flow and reduce commutation time. The company has been fostering this initiative to making the traffic more organized. They are also received huge response from the companies within NSEZ appreciating this drive.

WELCOME NEW MEMBERS

- CTA Apparels Pvt. Ltd, Noida
- Evonik Energy Services (I) Pvt. Ltd, Noida
- K L Steels Pvt. Ltd, Ghaziabad
- Palogix Infrastructure Pvt. Ltd, Noida
- Techrevo Engineers, Ghaziabad

MAJOR INITIATIVES

Logistics Infrastructure



Conference on
Logistics Infrastructure
Key enabler for Sustainable Development
19th August 2011 at Hotel Radisson, Noida

It is estimated that the Indian logistics market is likely to witness consistent annual growth of around 8-9% during the next decade and reach the revenue level of about \$200 billion by 2020. This growth, fuelled by the central government's renewed thrust on infrastructure development, which is proven by the phenomenal budget increase from about \$10 billion in 2003 to \$30 billion in 2010, is poised to attract significant investment in the logistics sector.

India spends approximately 11%-12% of its GDP as logistics cost against the international average of 7%. While this can be seen as a hurdle in industrial growth, it also represents a massive opportunity that needs to be tapped at the earliest.

With more than 8% contribution to India's GDP in the financial year 2009-2010, Uttar Pradesh is the second largest state economy in India. The issues being currently faced by industries in Uttar Pradesh include infrastructure related factors like, quality of road and rail connectivity and available haulage capacity, as well as operational issues such as high transportation lead time, pilferage and high costs. The combination, of existing issues and the growing economy of Uttar Pradesh, necessitates substantial improvement and capacity augmentation of logistics infrastructure in the region.

CII Northern Region is organizing a **Conference on Logistics Infrastructure - "Key enabler for Sustainable Development"** on 19th August 2011 at Hotel Radisson, Noida.

Driven by the thought process as above, this conference has been conceived to critically examine the following:

- The need for an integrated logistics infrastructure
- The current state of logistics infrastructure and identify opportunities wherein the private sector can contribute
- The importance of cold chain logistics for a state like UP
- The potential of DFC to transform UP into a national logistics hub
- Issues faced by some of the key industries in UP due to poor logistics infrastructure
- The role of the national and state government to develop and promote UP as a major logistics hub

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INDUSTRIAL EXPO

EXPOCENTRE, NOIDA

22 - 24 September 2011

THEME: RE-ENERGIZING MANUFACTURING COMPETITIVENESS

1. Background

Indian economy has been witnessing a phenomenal growth since the last decade. India's GDP grew at 7.4 per cent in 2009-10. India's exports registered an year-on-year (y-o-y) growth of 35% to US\$ 16.1 billion in April 2010, driven by higher demand for Indian products.

With the objectives of helping industry meet these challenges **CII is proposing to organise the first of its kind Industrial Expo in Noida**. The exposition which promises to be a mega event would be held from **22-24 September 2011** at **Expo Center, Noida**. The event would provide the participants an opportunity to showcase their products and services to potential buyers and thus further explore business opportunities.

2. Objective

- Facilitate MSMEs to find markets for their products and services for business and technology tie-ups
- Help large and medium enterprises to identify and develop new vendors and suppliers
- Bridge the gaps of Innovation, Automation & Technology
- Facilitate skills development and focused human capital formation through PPP mode
- Provide a platform for dialogue with concerned government departments
- Promote Entrepreneurship in the State

3. Key Features

In addition to the exposition, some of the features have been proposed as:

- Buyer Seller Meet(s)
- Focused Conference(s)
- Vendor Development Programme

4. Focus Sectors / Exhibitor Profile /Visitor Profile

| Focus Areas | Exhibitor Profile | Visitor Profile |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none">• Electronics & Electricals• Machine & Tools• Power & Infrastructure• Automobile• Auto components• Automation• Services | <p>Manufactures of:</p> <ul style="list-style-type: none">• Electrical & Electronics• Engineering & Technology Products• Power Equipments• Hand Tools• Machine tools• Packaging, Printing & labeling equipments• Fire, Safety & security equipments• Building & Industrial Automation• Auto component• Industrial automobiles• Industrial consumables• Green Technologies & services• Others related to focus sectors <p>Service providers of</p> <ul style="list-style-type: none">• Industrial Maintenance• I. T.• Financial Services• Credit rating• Transport, Logistics & Warehousing• Consulting• Educational & Research Institutions | <ul style="list-style-type: none">• Heads of PSU's• Delegations from Governments Departments• Plant heads• Procurement heads• Maintenance managers• Maintenance engineers• Heads of service departments• Shop floor supervisors• Consultants• Researchers |

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FORTHCOMING ACTIVITIES

Interaction with Sales Tax Commissioner, Noida

Friday, July 15th, 2011: Noida: 1430-1530 hrs

Webinar on Aligning HR Practices with Organisational Goal, Noida

Tuesday, July 26th, 2011: Noida: 1500-1630 hrs

Conference on Logistic Infrastructure, Hotel Radisson, Noida

Friday 19th August, 2011: Noida: 0900- 1800 hrs

Industrial Expo, Expo center, Noida

22-24 September, 2011: Noida: 0900- 1800 hrs

24th Quality circle Competition: Preliminaries, Noida

Friday 30 September, 2011: Noida: 0900- 1800 hrs

We look forward to your comments and suggestions regarding the newsletter.

Please email us at:

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