



**THE INSTITUTE OF
Company Secretaries of India**

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

www.icsi.edu



February 20, 2018

Info Capsule

LIQUIDITY MEASURES FOR MARCH 2018¹

As stated in the Monetary Policy, while the system liquidity is currently in a surplus mode, it is moving steadily towards neutrality. With a view to address any additional demand for liquidity on account of increase in currency in circulation and advance tax payments by corporates and to provide flexibility to the banking system in its liquidity management towards March-end, the Reserve Bank of India stands ready to inject adequate additional liquidity using a combination of appropriate instruments, while continuing with its normal Liquidity Adjustment Facility (LAF) operations.

As a special case, Standalone Primary Dealers will be allowed to participate along with other eligible participants in the last regular term repo auction of the current Financial Year, to be conducted on March 28, 2018, within the usual notified amount. The notified amount shall be as announced in the fortnightly press release for Term Repo Auctions under the Liquidity Adjustment Facility.

KVIC HAS ACHIEVED MORE THAN 100 PERCENT TARGET IN PMEGP SCHEME, SAYS INDEPENDENT REPORT²

In the year 2016-'17, the Khadi and Village Industries Commission (KVIC) has achieved more than 100 per cent target of subsidy allotted by the Ministry of Micro, Small and Medium Enterprises (MSME) for implementation of Prime Minister's Employment Generation Programme (PMEGP). While the utilization of subsidy was less than 50 per cent in 2008-'09, it has risen to 100.37 per cent in 2016-'17.

Notably, the Ministry of MSME had set a target of Rs 1,100 crore for PMEGP in 2016-17, which was achieved by March 15 itself. The ministry added another Rs 100 crore to the target, which also was achieved on March 25. A further Rs 50 crore was added, but KVIC's overall achievement crossed that too, the annual figure being Rs 1,281 crore. Moreover, nearly 4 lakh new jobs were created, with an estimated project cost of Rs 4,800 crore, marking a huge growth of approximately 24 percent with respect to the financial year 2015-'16.

These are some of the findings reported by an independent evaluation study of the KVIC, done by Management Development Institute (MDI), Gurgaon. After physical verification of 10,044 PMEGP units (five percent of the total units) all over the country and collecting data from the beneficiaries, stakeholders and external sources, the evaluation study states that the average employment per project was 7.66 persons, with an average cost of Rs 94,855 for generating unit employment and an average cost per project of Rs 7,26,760. "The maximum and minimum costs for generating unit employment were Rs 2,65,412 (Nagaland) and Rs 25,070 (Tamil Nadu)," the report states.

¹ Available at: https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=43151

² Available at: <http://www.pib.nic.in/PressReleaseDetail.aspx?PRID=1520951>

The MDI study further indicates that the average age of the beneficiaries was 36.8 years and 42.39 percent of them were from SC, ST and OBC categories, while 5.8 percent were minorities and 10 percent were women. "With 53 percent and 45 percent of beneficiaries involved in manufacturing and services respectively, collateral taken by the banks over and above hypothecation of assets by banks were recorded 46 percent and 54 percent respectively," says the report.

The report observes that to a great extent, the key factors of Non-Performing Assets (NPAs) are disconnect among stakeholders and beneficiaries, lack of knowledge of various facets of running or setting up a unit among beneficiaries. These are facets such as 'importance of product quality' and availability of skilled manpower.

As regards the consumption, the report indicates that majority of the beneficiaries (79.53 percent) reported that their products/services are consumed only domestically. "Majority of the beneficiaries (75.07 percent) reported that the physical verification of their units had been done," the report further said.

Enthused with this report, KVIC Chairman Shri Vinai K Saxena said that the Central Government too had taken cognizance of the success rate of KVIC in implementation of PMEGP. "In the recent budget of 2018-19, we have got Rs 1,800 crore with respect to Rs 1,024 crore in the previous budget, which marks a growth of 78 percent. Since the Prime Minister Narendra Modi has a lot of affection with Khadi as he considers it a tool for economic **transformation** of the country, we will leave no stone unturned to follow and implement his vision," he said.

Team ICSI

Disclaimer : The information in the Info Capsules is developed according to the information available in public domain and for academic purposes only. Any person wishing to act on the basis of this document should do so only after cross checking with the original source.