

# संपदा

## SAMPADA

# UNION BUDGET 2021-22

An Analysis of the  
Union Budget

Tribute to  
Mangesh Kale

Conversations  
about AI



Mahratta Chamber of Commerce, Industries and Agriculture

# HR Tech Innovators Conclave Friday, 19<sup>th</sup> February 2021

2:00 p.m to 5:00 p.m



### Key Tracks:



**A Global Perspective on  
Technology enabled HR**



**Best Practices in Adoption  
of Technology in HR**



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# Editorial



Dear Readers,

This Issue of Sampada focuses on The Union Budget of 2021. As business activity picks up pace in Pune and other parts of India, The budget also brings hope for the business community.

The budget ensures policy certainty and taxation stability along with a high amount of government spending including a relatively large amount of CAPEX. The emphasis on divestment and the many announcements to help the industry including the FDI ceiling increase in the insurance sector, the creation of textile parks, the doubling of spending for MSMEs, the reduced custom duties on metals and the introduction of the Scrappage policy are all welcome moves that will help Industry. Along with this the decriminalisation of offences in the LLP Act is another affirming step.

Of course, while there are many hits, there will be a few misses. Inside this issue you will find articles by eminent experts aimed at deciphering this budget and its possible impact on the economy.

Over the last few months, we have organised several programmes for the benefit of our members including, The Family Business Series, The Sustainability Dialogue 2021, Finance for MSMEs and interactions with key government officials related to crucial aspects of business operations (eg. Employee State Insurance and Factory Returns).

In the coming weeks, we have organised a few activities, including the second edition of the Pune International Business Summit, a series of special programmes to assist MSMEs in entering the Defence Supply Chain, The HR Tech Innovators Conclave, A special course on HR and IR and the next edition of the Leadership Summit.

I hope to see many of you attending some of these Events.

Please keep an eye on MCCIA's communications through email and regular posts on social media to stay up-to-date and benefit from our events and new initiatives.

We look forward to your feedback on this issue. Write to us over email on [sampada@mcciapune.com](mailto:sampada@mcciapune.com)

A handwritten signature in blue ink, appearing to read 'Prashant Girbane'.

**Prashant Girbane**  
Director General, MCCIA and Editor, Sampada  
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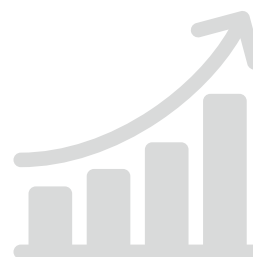
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## MCCIA Reactions to Union Budget 2021-22

**O**n 1<sup>st</sup> February 2021, The Maharashtra Chamber of Commerce Industries and Agriculture, organised a screening of “The Union Budget 2021-22.”

After the screening, the dignitaries shared their first impressions of the budget with media representatives from both print and electronic media and answered their questions.

*“The budget is important for what it doesn’t do than for what it does. No change in direct taxes shows that we are moving towards a tax stable regime, which is a positive indication. By and large, the GST rates have been left alone, which means there is stability on that front.”*

- **Mr. Sudhir Mehta, President, Maharashtra Chamber of Commerce, Industries and Agriculture**

*“In the budget, most of the areas that are important for the betterment of the economy are covered. I feel that the budget will have a positive effect on the economy. I am not going into each sector. I find that tax stability is visible and infrastructural development, which is important, is taken care of. MSMEs should be generally happy. Railways are also getting good allocations. Every worker to be covered under Minimum Wages Act.”* - **Mr. S.K. Jain, Former President, Maharashtra Chamber of Commerce, Industries and Agriculture**

*“Looks like FM has forgotten startups. Extending the Tax Holiday and Capital Gains tax to 2022 were the only startup specific steps and are welcome steps.*

*The Startup/ MSME sector has been expecting multiple fiscal initiatives from the budget. Some of these are: ESOP Taxation, Angel Tax, Allowing Institutional Investors (like LIC) to invest in startups, GST reverse charge, Removal of Capital Gains Tax for new venture investments ( like in US/ UK), Waiver of surcharge on Capital Gains from Startup investments. The EODB – Ease of doing business is a perennial demand of startups.*

*While we have not heard on many of these, some of the following announcements are interesting from Startups point of view Launch of Fintech Hub is a*

*great idea. This has been sector where startups have really taken off.*

- *The residency requirements reduced to 120 days means that our NRI brain trust can more easily set up companies here.*

- *MCA 3.0 can aid the EODB*

- *Loosening of OPC requirements – means more people can start ventures.*

- *Gig workers / Contract workers – covered in protection*

- *Increased focus and funding of NRF – the research fuels innovation and hence startups*

- *Encouragement of Digital Transactions*

- *No tax audit till 10 Cr turnover.”* - **Vishwas Mahajan, Chairman, Startups and Incubation Committee, Maharashtra Chamber of Commerce, Industries and Agriculture**

*“i. Including women in all categories of the workforce and in night shifts as well will be a welcome move to attract more women in the workforce.*

*ii. Need to promote non-discriminatory practices of work like- EQUAL PAY, CAREER PROGRESSION, IMPROVE WORK INCENTIVES, MEDICAL & SECURITY BENEFITS for females.*

*iii. Family friendly work environment was encouraged.*

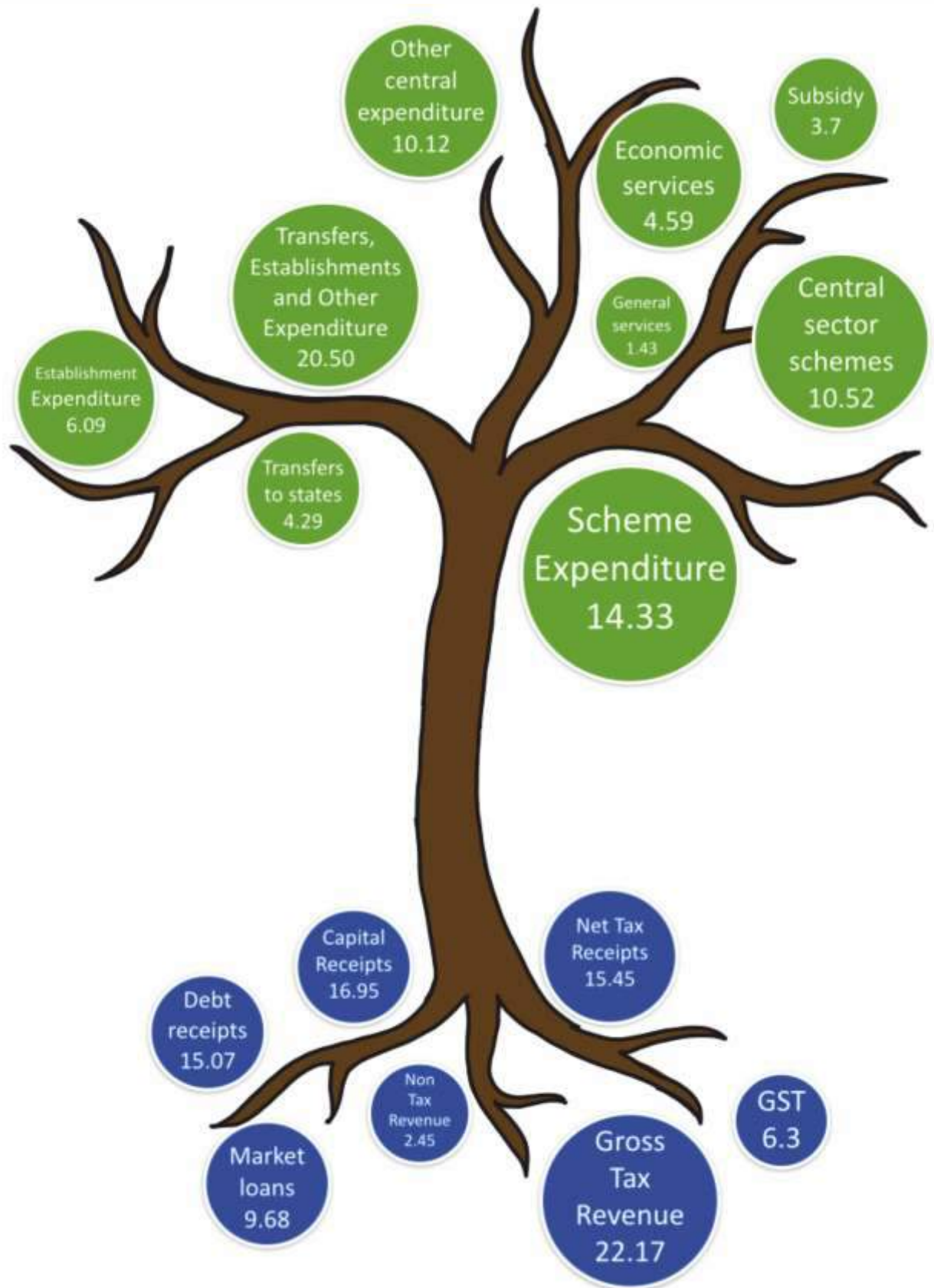
*iv. Paid paternal leave, equal pay for women employees, career progression are huge impetuses.*

*v. The government has mentioned they will invest in institutional support for affordable and quality of child care facilities, and support for elderly care which will help more women to join the labour force.*

*vi. Margin money requirement reduced to 15% from 25%, which will encourage more women to take up entrepreneurial journeys.”* - **Rujuta Jagtap, Director, Maharashtra Chamber of Commerce, Industries and Agriculture**

*“With the launch of the National Education Policy in July 2020, this year’s budget on education shows a strong focus on Research, Innovation and other aspects mentioned in the NEP. Rs. 50,000 crores to the National Research Foundation will boost up research in higher education institutes. 9 cities have been selected which are hubs of higher education institutes where an umbrella structure will be*





Figures in Rs. Lac Crores



created, but the autonomy of individual institutes will be maintained. The legislation on an umbrella Higher Education Commission will be created this year. 15,000 schools will be strengthened which will further mentor other schools. 100 more Sainik Schools will be established. The NEP mentions an allocation of 6% on GDP. Let us see how much allocation will actually be given.” - **Dr. Vidya Yeravdekar, Director, Maharashtra Chamber of Commerce, Industries and Agriculture**

#### KEY HIGHLIGHTS OF UNION BUDGET 2021-22

- Rs. 5.54 lakh crore capital expenditure — an increase of 34.5% over BE 2020-21
- Rs. 2,23,846 crore outlay for Health and Wellbeing— an increase of 137% over BE 2020-21
- Rs. 35,000 crore for COVID-19 vaccine
- Voluntary vehicle scrapping policy to phase out old and unfit vehicles
- Rs. 1.97 lakh crore in next 5 years for PLI schemes in 13 Sectors
- Rs. 1,18,101 lakh crore, highest ever outlay, for Ministry of Road Transport and Highways – of which Rs. 1,08,230 crore is for capital
- Increased the permissible FDI limit from 49% to 74% and foreign ownership and control with safeguards allowed
- Rs. 20,000 crore in 2021-22 to further consolidate the financial capacity of PSBs
- Ensured MSP at minimum 1.5 times the cost of production across all commodities in agriculture.

“A very focused budget in general. As far as customs duties are concerned, an initiative to strengthen ‘Make in India’ by protecting MSME products by increasing customs duty is seen. The other aspect is the time line presented for dispute disposal in customs matters.

Major impact on customs duty can be seen as on 1.10.2021, when 400 more exemptions would be reviewed. Regulating import from countries with which India has a Preferential Trade Agreement has brought in certain operational difficulties in customs clearances. However, these revised Rules of Origin are intended to ensure that other countries do not misuse the benefits available for products imported from countries with which India has Preferential Trade Agreements. This will benefit the Indian industry in the foreseeable future. Faceless

assessment has some intrinsic problems and needs attention.” - **Mr. P.C. Nambiar, Chairman, Foreign Trade Committee, Maharashtra Chamber of Commerce, Industries and Agriculture**

“Introduction of PneumoCoccal Vaccine in the national Immunisation Program is a big move for health for all. We could not offer PCV till now as it was Rs. 4500 per dose. Now we have our own version at Rs. 800. 70% of Indians have dormant TB and with PCV, this will start falling when all children get it. All seniors should also take PCV if they are above 50 years of age. They should also take the BCG vaccine because it is established that BCG saved lives for us in the pandemic.” - **Harish Radhakrishnan, Dep. Director, EXIM Serum Institute of India**

“After presentation of 5 budgets (!) for 2020-21, this is the first for 2021-22. No change in the tax structure and no fresh tax burden on rich tax payers is welcome. Taxpayers should be happy that the policy is being driven towards taxing in the terms of money and not in terms of time and efforts. Non- adversarial tax regime will set in. Relaxation to senior citizens, paperwork, housing sector, non-residents will provide much needed relief to respective sectors without sacrificing revenue. Easing out company law and decriminalisation of LLP Act provides tension free era to entrepreneurs. In a given situation, a commendable budget.” - **CA Chandreshkhar Chitale, Chairman-Direct Taxation Committee, MCCA**

“Amidst Covid affected challenging times the Union Budget 2021 is expected to foster innovation, self-reliance and support virtualization. More infusion of funds in Capital projects will indirectly help the hardware and electronic sector. Focus on startups with extension of tax holidays and capital gains will help a lot. Skilling fund of Rs. 3000 crores, will help supply of skilled IT manpower. Increase in import duty on some parts of electronic devices, mobile charges will promote domestic manufacturing. However, with work from home being the new normal, expenses made at home should be chargeable on the employer’s side.” - **Dr. Deepak Shikarpur, Director, Kinetic Communications, Member of Executive Committee, MCCA**

# 2021-22 साठीचा अर्थसंकल्प आणि आयकर

सी.ए. चंद्रशेखर चितळे

**सा**. अर्थमंत्री निर्मला सितारामन यांनी 2021-22 चा अर्थसंकल्प हा अभूतपूर्व पार्श्वभूमी असलेला म्हणता येईल. कारण कोव्हिडच्या महामारीने शहर - देश नव्हे तर संपूर्ण जग रोगाच्या खाईत लोटले गेले. अनेक देशांमध्ये सर्व व्यवहार काही महिने बंद ठेवावे लागले.

सरकारला कोव्हिडच्या साठीचा मुकाबला करण्यासाठी लोकांच्या जीवाच्या काळजीने पैसा खर्च करावा लागला. तर, दुसरीकडे व्यवहार थंडावल्याने सरकारी महसूल मोठ्या प्रमाणावर घटला. या परिस्थितीत केंद्रीय अर्थसंकल्प तयार करणे ही तारेवरची कसरत होती.

सरकारी खर्चाचा प्राधान्यक्रम ठरविताना अर्थमंत्र्यांनी खालील मुद्द्यांना प्राधान्य दिले आहे :

- आरोग्य आणि स्वास्थ्य
- भौतिक आणि आर्थिक भांडवल तसेच पायाभूत सुविधा
- महत्वाकांक्षी भारतासाठी सर्वसमावेशक विकास
- मानवी क्षमतांचे पुनरुत्थान
- कल्पकता आणि संशोधन व विकास
- कमीतकमी शासन, जास्तीत जास्त प्रशासकीय कारभार या दृष्टीने खर्चाचे प्रकल्प सादर केले आहेत.

यामध्ये कोव्हिड लसीकरणसाठी रु. 35,000 कोटी, जीवन जल योजना ( रु. 2.87 लाख कोटी ), स्वच्छ भारत योजना, हवेच्या प्रदूषणावर नियंत्रण, रस्ते, महामार्ग, रेल्वे, जलवाहतूक, ऊर्जा, शेती, पूरक उद्योग, सौरऊर्जा, हॉस्पिटल, शिक्षण, उज्वला योजना आदी तळागाळातल्या व्यक्ती आणि उद्योगांच्या प्रगतीसाठी अनेक योजना आखल्या आहेत.

सन 2021-22 च्या अंदाजपत्रकावर चालू आर्थिक वर्षाच्या बिकट परिस्थितीची छाया पडली आहे. 2021-22 साठी अपेक्षित खर्च रु. 34.50 लाख कोटी आहे व वित्तीय तूट एकंदर राष्ट्रीय उत्पादनाच्या 9.5% राहिल. 2021-22 साठी अर्थमंत्र्यांनी प्रस्तावित खर्च रु. 34.83 लाख कोटी तर वित्तीय तूट एकंदर राष्ट्रीय उत्पादनाच्या 6.8% एवढी अपेक्षित आहे.

सरकारने स्वतःवर 3% महसुली तुटीचे कमाल बंधन घातले आहे. ते या वर्षी पूर्ण होणे अपेक्षित होते परंतु, महामारीने हे गणित बिघडले. सरकारने या कमाल तुटीच्या मर्यादेस 2024-25 पर्यंत मुदतवाढ करून घेतली आहे. कोरोनावाढील खर्चाच्या पार्श्वभूमीवर आणि घटलेल्या सरकारी महसूलामुळे अतिश्रीमंत व्यक्तींना जास्त कर भरावा लागेल आणि सर्व करदात्यांवर कोव्हिड

अधिभाराचा बोजा पडेल अशी अटकळ होती. परंतु, 2021-22 या आर्थिक वर्षासाठी वैयक्तिक अथवा कंपनीच्या कराच्या दरांमध्ये काहीही बदल करण्यात आलेला नाही.

## वैयक्तिक कर दर

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2.5 लाख - 5.0 लाख	5%
5.0 लाख - 10.00 लाख	20%
10.00 लाखावर	30%
कंपनी कर ( सर्वसाधारण )	25%
नव्या उत्पादक कंपन्या	15%
भागीदारी / एल. एल. पी.	30%

सरचार्ज व शिक्षण आधिभारामध्ये देखील काही बदल नाही. त्यामुळे करदात्यांमध्ये आनंदाची लहर पसरली आहे. अर्थात या उत्साहाचे टॉनीक अर्थव्यवस्थेत फायदेशीर आहे असेच म्हणता येईल. सरकारच्या या स्थिर धोरणामुळे भारताची जागतिक पातळीवर पत वाढण्यास मोठी होईल.



याच धोरणाचा सरकारने पाठपुरावा करणे गरजेचे आहे.

### व्यावसायिक

लहान व्यावसायिकांना हिशेब ठेवण्यामधून सुटका देताना त्यांची उलाढाल रु. 50 लाखापर्यंत असावी आणि उलाढालीच्या 50% उत्पन्न समजून कर आकारणी करण्याचा इरादा आहे. आगामी कालावधीमध्ये या तरतुदीचा लाभ मर्यादित भागीदारी संस्था कायदा 2008 नुसार स्थापन झालेल्या संस्थेस म्हणजेच एल.एल.पीस मिळणार नाही.

### गुडविल

फायदेशीर व नीतिमान व्यवसाय करणाऱ्या उद्योगांचे प्रती 'सद्भावना' किंवा गुडविल प्राप्त होते. असे गुडविल व्यावसायिकाने खरेदी केल्यास सदर मालमतेच्या मूल्यावर घसाऱ्याची वजावट मिळावी असा न्यायालयाचा निवड आहे. अर्थसंकल्पीय प्रस्तावानुसार यापुढे 'गुडविल' च्या रकमेवर घसाऱ्याची वजावट प्राप्त होणार नाही. 'गुडविल' ची विक्री केल्यास विक्रीची किंमत 'भांडवली नफा' समजली जाईल आणि खरेदीची किंमत वजा करता उर्वरित नफ्यावर भरावा लागेल.

### खोटी पावत्या

खोटी किंवा बोगस पावत्यांचा वापर करून कर चुकवेगिरी चा प्रयत्न केल्यास मोठ्या दंडाच्या रक्कम भरण्याची वेळ करदात्यावर येऊ शकते. उत्पन्नाची छाननी, दंडा संबंधी कामकाज सुरु असतानाच संबंधित करदात्याची मालमत्ता जप्त करण्याची मुभा आयकर अधिकाऱ्यास दिली जाईल. यामुळे, दंडाची रक्कम वसूल करणे शक्य होईल. याची करदात्यांवर जरब बसेल.

### पगारातून कपात

व्यावसायिकांना आपल्या कर्मचाऱ्यांच्या पगारा मधून भविष्य निर्वाह निधी, इ. एस. आय ; इ. कारणाने कपात केली जाते. काही व्यावसायिक कपात केलेले पैसे वेळेवर भरण्यात टाळाटाळ करतात. त्यामुळे, कर्मचाऱ्यांना व्याजाचा फटका बसतो. मालकाची सांपत्तिक परिस्थिती बिघडल्यास अशी रक्कम देखील बुडीत निघते.

कामगारांच्या हिताकडे लक्ष पुरविण्यासाठी नियमांमध्ये कडक तरतूद करून पगारा मधून पी. एफ. इ. एस. आय; इ. चे कपात केलेले पैसे संबंधित कायदानुसार दिलेल्या मुदतीमध्ये न भरल्यास ते मालकाच्या करपात्र उत्पन्नामध्ये समाविष्ट होतील. म्हणजेच, या कपातीच्या रकमेचा भरणा करण्या व्यतिरिक्त या रकमेवर आयकर भरण्याचा फटका बसेल.

सरकारने स्वीकारलेल्या नितीनुसार आयकर कायद्यामध्ये अन्य उद्दिष्ट साध्य करण्याचे प्रयत्न करू नयेत या या तत्वाचे पालन या प्रस्तावामुळे होत नाही.

तसेच, केवळ पैसे उपलब्ध नसल्याने मालक कपातीचे पैसे भरत नाहीत आणि सामान्यतः अशा व्यक्तींना व्यावसायिक तोटा झालेला असतो. त्यामुळे, या तरतुदीचा कर्मचाऱ्यांना मोठा लाभ संभावत नाही. त्या ऐवजी संबंधित कामगार कायद्यांमध्ये बदल करून मालकास व्याज भरणा करण्याची तरतूद करून ते पैसे कर्मचाऱ्यांना द्यावेत.

### आगाऊ कर

सुरु असलेल्या आर्थिक वर्षामध्ये त्या वर्षासाठी होणाऱ्या उत्पन्नाचा अंदाज घेऊन चार हप्त्यांमध्ये 15 जून, 15 सप्टेंबर, 15 डिसेंबर आणि 15 मार्च पर्यंत अनुक्रमे 15%, 45%, 75% व 100 % एवढा आगाऊ कर भरणा होणे अपेक्षित आहे. करपात्र उत्पन्नामध्ये कंपन्यांकडून प्राप्त झालेल्या लाभांशाचा देखील समावेश होतो. परंतु, या रकमेचे अनुमान करणे शक्य नसते. त्यामुळे, करदात्यास देय आगाऊ कराच्या रकमेपेक्षा कमी कर भरणा झाल्यास द. म. 1% दराने व्याज भरावा लागतो. प्रस्तावित तरतुदीनुसार लाभांशाची घोषणा झाल्यानंतर प्राप्त झाल्यानंतर येणाऱ्या आगाऊ कराच्या रकमेमध्ये लाभांशावरील कर भरल्यास आधीच्या हप्त्यांवरील कमतरतेवर व्याज आकारणी होणार नाही.

### भागीदारी

भागीदारी विसर्जित केल्यास आणि त्याच्या घटनेमध्ये बदल झाल्यास भागीदारास दिलेली रोकड वा मालमतेच्या मुल्यावरील भांडवली नफ्यास भागीदारी संस्थेस आयकर भरावा लागतो. भांडवला एवढ्या रकमेची मालमत्ता भागीदार दिल्यास, मालमतेच्या खरेदी किंमतीची वजावट जाता उर्वरित रक्कम करपात्र ठरेल. परंतु, भागीदारास भांडवलाच्या रकमेपेक्षा अधिक रक्कम वा मालमत्ता प्राप्त झाल्यास, फरकाची रक्कम ही करपात्र ठरेल व भागीदारी संस्थेला त्यावर कर भरावा लागेल. अर्थात, भागीदाराला प्राप्त झालेल्या रकमेवर आयकर भरावा लागणार नाही. नवीन तरतूद समजण्यास अत्यंत क्लिष्ट आहे. यासंबंधी मोजमाप करण्याचे नियम आल्यानंतरच यावर अधिक भाष्य करता येईल.

### सी.ए. चंद्रशेखर चितळे

अध्यक्ष

प्रत्यक्ष कर समिती

मराठा चेंबर ऑफ कॉमर्स, इंडस्ट्रीज अँड अॅग्रिकल्चर

# Customs Related Provisions in Budget 2021-22



- YPS Rao

All changes in rate of Customs duty take effect from 2<sup>nd</sup> February 2021, unless otherwise stated.

The remaining legislative changes would come into effect only upon the enactment of the Finance Bill, 2021.

## Important Amendments in the Customs Act, 1962

1. IGCR Rules have been amended to allow job work on imported goods and also to allow disposal of goods at payment of duty on depreciated value.

2. Section 25 of the Customs Act, 1962 to be amended prescribing that all conditional exemptions, unless otherwise specified or varied or rescinded, shall come to an end on 31<sup>st</sup> March falling immediately two years after the date of such grant or variation.

The existing conditional exemptions in force as on the date on which the Finance Bill, 2021 receives the assent of the President (unless having a prescribed end date), shall come to an end on 31<sup>st</sup> March 2023 (if not specifically extended/ rescinded earlier). This will be after REVIEW.

3. Sub section (3) of Section 46 is being amended to mandate filing of bill of entry before the end of the day preceding the day (including holidays) of arrival of goods. Prior to this it was (excluding holidays).

4. A new Section 114AC is being inserted in the

Customs Act to prescribe penalty in specific case where any person has obtained any invoice by fraud, collusion, willful misstatement or suppression of facts to utilize Input Tax Credit on the basis of such invoice for discharging any duty or tax on goods that are entered for exportation under claim of refund of any duty or tax.

5. Section 149 is being amended so as to introduce a second proviso which would allow amendments to be done through the customs automated system on the basis of risk evaluation through appropriate selection criteria and introduce a third proviso so that certain amendments, as may be specified by the Board, may be done by the importer or exporter on the common portal.

6. Chapter XVII is being amended so as to insert a new Section 154C for notification of a common portal for facilitating registration, filing of bills of entry, shipping bills, any other document or form prescribed under the Customs Act or under any other law for the time being in force or the rules and regulations made thereunder, payment of duty and for carrying out such other functions and for such purposes as may be specified

## Amendments in the Customs Rules

1. Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017 ["IGCR Rules"] are being amended to provide the following facilities:

> To allow job-work of the materials (except gold and jewelry and other precious metals) imported under

concessional rate of duty

> To allow 100% out-sourcing for manufacture of goods on job-work

> To allow imported capital goods that have been used for the specified purpose to be cleared on payment of differential duty, along with interest, on the depreciated value. The depreciation norms would be the same as applied to EOU, as per Foreign Trade Policy.

### Agriculture Infrastructure and Development Cess

> New cess is being imposed on imports of certain items at specified rate. Simultaneously, basic customs duty is being reduced on the items being brought under new cess. This new cess is also being imposed as additional duty of excise on petrol and diesel. At the same time, Basis Excise Duty and Special Additional Duty of Excise are being reduced.

> For the purpose of calculating the AIDC, the import value of such goods shall be calculated in the same manner as the value of goods is calculated under the provisions of Section 14 of the Customs Act, 1962.

> Social Welfare Surcharge (SWS) would be levied on AIDC. However, exemption from SWS on AIDC has been given to gold and silver.

> Further, goods imported under Customs duty exemptions available under FTA and EOU as well as under advance authorization schemes are being exempted from AIDC.

### Finally

Another important technical change is the adoption of the new version of Harmonized System of Nomenclature (HSN) with effect from 1st January 2022. Businesses whose products are undergoing a change of classification due to the new version of HSN should evaluate the impact of such change on duty rates, exemptions available, any regulatory restrictions and benefits of Free Trade agreements.

Some proposed actions of the government are notable for their potential impact in making India's Trade and Customs regime more friendly and

intelligible. The budget has touched multiple facets of international trade and Customs, ranging from Customs duty levies to governance easing.

**YPS Rao**

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# A Broader Perspective on a Promising Union Budget

- Ashish Kulkarni

Enough and more has been written on the Union budget since it was announced on the first of this month by our Finance Minister. The luxury of writing an article such as the one you are about to read is that one gets to reflect on both the budget itself, but also on all of what has been written about the budget. This luxury allows one to distill points that are important, but perhaps have not received as much coverage as they should have. And if we may be permitted to stretch this point about the luxury of time a little bit further, it also allows one to think about the budget along two dimensions:

How does this budget fit in within a horizon of not just the year that lies ahead, but the many years to follow? What is the set of complementary policies that need to be put in place for the aspirations set out in the budget this year to become reality?

And from this perspective, perhaps the very best analysis of the budget that we have read was penned by Dr. V. Anantha Nageswaran, a member of the Economic Advisory Council to the Prime Minister, Government of India.

Written on the 5th of February, 2021, the blog post raises some truly interesting points that merit further attention from all of us who are interested in the Union budget. The real challenge, he states, is in the regulatory and compliance maze - these are, as he puts it, the growth inhibitors in the medium run.

We couldn't agree more, and it is an opinion shared by every person who has ever tried to run a business in India.

This Union budget can be analyzed from a variety of perspectives, but if one were to take the slightly long term view - say, over a five year horizon - it is clearly a budget that starts us down the path of increased disinvestment. In addition, there is enough in the budget to indicate that the government intends to finally start monetizing some of its long dormant assets (most notably land). As with every budget in living memory, the implementation is another story,

and how this implementation pans out over the coming year will be fascinating to see. But as has been mentioned, the intention is very much there.

But even if the intention to proceed with the steps above were to metamorphose into implementation - and let's hope it does - it will still all come to naught if not backed up by the set of complementary factors that we mentioned at the start of this article, and especially so the "regulatory and compliance maze" that Dr. Nageswaran refers to.

And considered from this viewpoint, the intentions of the budget need to be read together with Chapter Six of the Economic Survey. The unassuming title of the chapter is "Process Reforms: Enabling decision-making under uncertainty". It holds, if you ask us, perhaps the most important announcement to emerge from North Block this year.

As the survey points out in this chapter, we are excellent at making regulations and following due processes - out of 145 countries for which this data was tracked by the World Justice Project, we rank a middling 45th. When it comes to the effective enforcement of these regulations, we slip to a 104!

## **Take just three of the many promising initiatives and reforms announced in this budget:**

The tax extension and exemptions awarded to start-ups with a turnover of less than Rs. 100 crores  
The long-awaited, much-needed promotion of the incorporation of One Person Companies (OPC's)  
Further reforms on debt resolution issues for MSME's.

All are, without a shadow of a doubt, excellent initiatives. It is the pace and effectiveness of their implementation that is the stumbling block, and both the Economic Survey and Dr. Nageswaran are agreed in spirit that this, more than anything else, is where we run into stormy weather.

As Asit Ranjan Mishra and Jayshree P. Upadhyay pointed out in an article written for the Livemint last

year, an average firm in Maharashtra has to deal with 3,657 compliances, submit 215 filings and comply with 67 Acts regulating business in the state.

As the sixth chapter in the Economic Survey points out, even death doesn't do a regulator and a firm apart.

A study done by the Quality Council of India for the Economic Survey points out that "the time taken from point of decision of closure to actually the company getting struck off from the Registrar of Companies is 1570 days (i.e. 4.3 years), even if all paperwork is in place and the company is not involved in any litigation or dispute. This is the best possible case of a routine Activity." (emphasis added)

A little more than three out of these 4.3 years is just getting clearances from various departments in various ministries!

And if you're looking for comparisons, The Economic Survey states that voluntary liquidation takes about 12 months in Singapore. We agree that Singapore is an extreme example, but surely we should aspire to not be four times as bad.

**The solution to the problem that the Economic Survey highlights is contained within the same chapter:** less regulation, and more supervision. Rather than attempting to lay down a byzantine mess of regulations that covers every single last eventuality - and any businessperson will tell you that this is an activity doomed to be a failure - the government should instead focus on assigning more discretionary authority to the bureaucracy.

**References:**



Ultimately, of course it all boils down to effective execution and implementation. Both the steps and initiatives announced in the budget, and indeed the broader perspective that Chapter 6 of the Economic Survey provide are welcome, but without the actual implementation, nothing really changes on the ground.

And in this regard, we don't think there is a better way to conclude than by quoting Dr. Nageswaran himself:

"At the same time, when people talk of execution and implementation being critical, they are not saying anything new. It has always been the case for all governments, the world over. In essence, execution success depends on expending political capital. It is needed to carry people along in all possible ways."

Watching how this process unfolds is perhaps going to be the most fascinating part of FY 2021-2022 for anybody interested in studying India's economy.

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# GST – 13 Amendments proposed in Budget 2021 you must know!

- CA Pritam Mahure and CA Sahil Tharani

To strengthen the ecosystem of Goods and Services Tax (GST) and curb the menace of fake / bogus invoicing, various amendments are proposed in the GST law. The amendments in CGST Act and IGST Act span out from section 99 to section 114 of the Finance Bill, 2021.

The amendments will be effective from a date to be notified except few amendments which will be effective retrospectively from 1 st July 2017 (such as amendment in section 7(1), Section 50 and Schedule II of CGST Act).

Let's decode the key amendments!

## 1. Supply includes transaction between persons and its members

Section 7 of the CGST Act deals with 'Scope of Supply'.

Now, Section 7(1)(aa) have been inserted via retrospective amendment w.e.f. 01 st July 2017, to broaden the scope of the term 'Supply' and it shall now include transactions between a person (other than an individual) and its members for cash, deferred payment or other valuable consideration.

It appears that this amendment is brought in view of the Apex Court judgement in the case of CALCUTTA CLUB LTD [2019-TIOL-449-SC-ST-LB]. The Apex Court judgment had set off a series of debates as to whether this judgment, which was given in the context of Service Tax, will apply to GST. Now, through this amendment, the Government intends to set this debate to rest.

However, whether this amendment will really set this debate to rest or will further the debate is an interesting aspect to witness in days to come (as the retrospectivity, overruling of Apex Court judgment etc can may be subject to challenge). [refer clause 99 of Finance Bill, 2021]

## 2. ITC can be now claimed only if vendors have filed their GSTR-1

Section 16 of the CGST Act deals with the eligibility

and conditions for claiming ITC.

Now, Section 16 (2) (aa) is inserted, adding one more layer for claiming ITC i.e. details of the invoices should also be furnished by the suppliers in their return under section 37 (in their GSTR-1).

It may be noted that the aforesaid condition is already being imposed vide GSTR-2B (which has details of invoices only if the suppliers have filed their GSTR-1 before the due date). Now, through the amendment, provisions such as Rule 36 (4) or Form 2B is set to get a substantive statutory force. [refer clause 100 of Finance Bill, 2021]

## 3. Removal of requirement of getting books audited by professionals

Section 35 of the CGST Act deals with maintenance of Accounts and Records under GST and sub-section (5) dealt with getting the books audited by a CA or CMA if the turnover exceeds a certain threshold.

Now, Section 35(5) have been omitted which means that there would be no requirement to get the accounts audited from professionals (i.e. GSTR-9C). It may be noted that the CBIC, through Tweeter, has clarified that the GST Audits for FY 2019-20 will continue to be applicable. [refer clause 101 of Finance Bill, 2021]

## 4. Self-Certified reconciliation of Annual Return with Audited Financial Statements

Section 44 of the CGST Act deals with Annual Return to be filed by the taxpayers.

Now, Section 44 is being amended to provide for filing of the annual return, inter-alia, on 'self-certification' basis along with re-conciliation of such Annual Return with the Audited Financial Statements. This means in days to come the Annual Return form will get lengthier. Further, now, the taxpayers need to be more cautious as the onus of furnishing appropriate details will be on the taxpayers.



The amendment further provides for the Commissioner to exempt a class of taxpayers from the requirement of filing the annual return. Given this, taxpayers below a specified threshold, may not be required to file Annual Return. [refer clause 102 of Finance Bill, 2021]

### 5. Interest on Net Output liability

Section 50 of the CGST Act deals with interest payment in case of short payment of output liability. Over the last two years, one of the heavily debated topic was whether interest is payable in gross or net

GST liability (i.e. after setting-off the credits). In this regard, the 39 th GST Council meeting had decided that interest will be applicable on the net liability (i.e. cash component only). Accordingly, now, Section 50 is proposed to be retrospectively amended w.e.f. 01 st July 2017 and as a result of which, interest would be levied on the cash component of GST liability. However, the Proviso is not appropriately worded and thus, it appears that interest will be payable on net liability only in certain cases. **The following table will throw some light in this regard:**

Sr.	Particulars	Liability of	Return Filed?	Whether 73/74 proceedings initiated?	Interest on?
1	Return filed after delay	April	October	No	Net i.e. Cash
2	Return filed within due date (however, certain GST liability not reported)	April	20 <sup>th</sup> May (within due date)	No	Gross
3	Return filed after delay	April	October	No	Gross (as Sec. 73/74 proceeding initiated)

It is surprising to note that this amendment does not address the issue whether interest will be applicable in cases where a taxpayer wrongly avails credit but does not utilizes the same. [refer clause 103 of Finance Bill, 2021]

### 6. Seizure and confiscation of goods to be different from recovery

Section 74 of the CGST Act deals with cases where tax is not paid or short paid on account of fraud or suppression of facts.

Now, clause (ii), in Explanation 1 of Section 74 have been amended to remove Section 129 and 130 which deals with seizure and confiscation of goods.

It signifies that proceedings under Section 129/ 130 will continue even if proceedings against the main person have been concluded under section 73 or section 74. [refer clause 104 of Finance Bill, 2021]

### 7. Self-assessed tax shall include invoices declared in GSTR-1

Section 75 of the CGST Act deals with determination of tax payable.

Now, an explanation have been inserted at Section 75 (12) of CGST Act to provide the meaning of the term 'self-assessed tax'. Now, 'self-assessed tax' is

said to include the invoices declared in GSTR-1 but the tax on such invoices not paid in GSTR-3B. Given this amendment, now, once GST liability is declared in GSTR-1, without Show Cause Notice, unpaid tax amount and interest can be recovered under section 79. One of the rational for this amendment appears to be the judgment in the case of Kabeer Reality Private Limited [2019-TIOL-2813-HC-MP-GST] [refer clause 105 of Finance Bill, 2021]

### 8. Property including Bank Account can be attached in several instances

Section 83 of the CGST Act deals with provisional attachment of property to protect the interest of revenue up to one year of passing the order.

Now, Section 83(1) has been amended to include other instances where the Commissioner can provisionally attach the property including bank account such as provisional assessment, scrutiny of returns, inspection of goods in movement, tax collected but not paid to Government, etc. This enlarges the provisional attachment to much larger extent. [refer clause 106 of Finance Bill, 2021]

### 9. Payment of 25% of the penalty to file appeal against seizure of goods

Section 107 of the CGST Act deals with filling of appeal to the Appellate Authority against an order.

Now, proviso has been added in Section 107(6) which means that appeal can be filed against order passed on seizure of goods after payment of 25% of the penalty amount. [refer clause 107 of Finance Bill, 2021]

### 10. Power to Call for Information

Section 151 and 152 of CGST Act, dealt with collect of statistics and use of such information.

Now, it has been amended to authorize the Commissioner to call for any information from any person relating to any matter dealt with in connection with this Act. However, such information shall not be used for the purposes of any proceedings under the Act without giving an opportunity of being heard to the person concerned. [refer clause 110 and 111 of Finance Bill, 2021]

### 11. Not all supplies to SEZ would qualify as Export

Section 16(1)(b) of the IGST Act deals with zero-rating of supply of goods/ services/ both to SEZ developer or SEZ unit.

Now, vide amendment in 16(1)(b), only those supplies which are for "Authorised Operations" would qualify as zero-rated supplies and all other supplies would be subject to GST at the appropriate rates. [refer clause 114 of Finance Bill, 2021]

### 12. Consideration must be received within time limit for Export of Goods

Section 16(3)(a) of the IGST Act, deals with refund of unutilized ITC in case of Export of Goods without payment of tax under LUT.

Now, it has been substituted to recover the refund from the taxpayer along with interest in case of non-realisation of sale proceeds within time limit under Foreign Exchange Management Act, 1999. [refer clause 114 of Finance Bill, 2021]

### 13. Refund in case Export with payment of tax allowed in certain cases only

Section 16(3)(b) of the IGST Act, dealt with refund IGST paid in case of export of Goods with payment of tax.

Now, it has been substituted to allow only notified class of taxpayers and notified supplies of goods or services which can claim such refund. This amendment may impact many exporters! [refer clause 114 of Finance Bill, 2021]

### Way forward

GST was allotted only 6 minutes slot out of total 2 hours, in the Union Budget speech by Hon'ble Union Finance Minister. However, the humongous changes that came along are surprisingly lengthy!

In 'never like before Budget', taxpayers were praying for ease in GST compliances and relief in stringent provisions but what they got is plethora of amendments abide with.

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# Union Budget 2021: Indirect Tax Proposals for Self-Reliant India

- CA Sudin Sabnis and CA Nikhil Thobde

Union Finance Minister on 01 February 2021 presented a historic budget to make India a self-reliant nation. At the same time, it also showcased the world with number of opportunities lying in India in near days. Budget 2021 can be said to be a path breaking ceremony of new self-reliant India and clearly, demonstrated Hon'ble Prime Minister's vision of "Atma Nirbhar Bharat".

It can be observed that stepping from old to new is the important phenomena while achieving and dreaming for new age India and it would not be wrong to say that we are truly riding the race of self-development with long age vision. Budget proposals based on 6 pillars nicely covered and pressed on important areas which are paramount for self-development and brought important amendment to various areas of tax importance.

In this article, we have covered certain key amendments in Indirect tax that directs in pacing and building the economy and eco-system as required for future India.

## Key Proposals under Central Goods and Services Tax Act, 2017

- Section 7 of the Central Goods and Services Tax Act ("CGST Act") [i.e. Scope of Supply] proposed to be amended retrospectively from 01 July 2017 to ensure levy of GST on activities or transactions involving supply of goods or services by any person, other than an individual, to its members or constituents or vice-versa, for cash, deferred payment or other valuable consideration.

This proposal aims to overcome the decision of the Hon'ble Supreme Court in State of West Bengal vs. Calcutta Club Limited & Others<sup>1</sup>. The Hon'ble Supreme Court applying the principle of mutuality

held that services by a club to its member's results into a service to self and not liable for Service tax.

This amendment will have an impact on the association/ clubs, societies who have been involved in supplying goods or services to its members. Important aspect that one may need to consider out of this proposal is the application of provision and action to be taken on prior period transactions i.e. from 01 July 2017.

- Section 16(2) of the CGST Act proposed to be amended for restricting the ITC availment only to cases where details of invoice/ debit notes have been furnished by the suppliers in their 'Statement of Outward supplies' i.e., reported in form GSTR-1 and such details have been communicated to recipient of such invoice/ debit note.

This proposal is being brought mainly to prevent tax evasion and ensure tax compliance and correct booking of credits. It can be observed that the said provision is in line with the original matching principle discussed under GST at the time of implementation.

This proposal, however, will give rise to practical challenges for working capital blockage, booking of credits [presently, many companies have been taking credit at the time of GRN and crediting the amount to electronic credit ledger but post effect of this proposal, one need to ensure credits are reconciled with purchase registers and GSTR 2A]. Also, this provision will make Rule 36(4) redundant once made effective.

- Section 35(4) and Section 44 of the CGST Act [i.e. Audit and Annual Return] proposed to be amended to omit the mandatory requirements of getting annual accounts audited and reconciliation statement from the specified professionals. The Commissioner is empowered to exempt a class of taxpayers from the requirement of filing Annual Return.

This amendment will ease the burden from getting the certification for reconciliation statements, however, pursuant to the said proposal confusion arose whether the said provision would be

<sup>1</sup> TS-779-SC-2019-VAT

applicable to the GST Audit of FY 2019-2020 or FY 2020-2021 and onwards. The Central Board of Indirect Taxes and Customs on 02 February 2021 vide their twitter handle have clarified that the existing provisions of Section 35 and 44 of the CGST Act shall continue and amended provisions would be applicable from the notified date.

In other words, GST Audit will continue in the same manner for FY 2019-2020 and aforementioned provision would come into effect from the date of its notification.

- Proposal is made to insert an explanation to Section 75(12) of the CGST Act to clarify that self-assessed tax to include the tax payable in respect of outward supplies declared in FORM GSTR-1 but not furnished in FORM GSTR-3B. In other words, authorities could initiate the recovery proceeding if tax reported in GSTR 1 is higher than reported and paid in GSTR 3B.

- Proposal is made in Section 129(1) of the CGST Act to increase the penalty on contravention of the GST provisions by any person for goods in transit. This proposal will have serious consequences on the companies and they should be extra cautious while preparing e-way bill, invoice, etc. Different penalties proposed if the owner of goods come forward for the payment and person other than owner comes forward for such payment.

#### **Key Proposals under Integrated Goods and Services Tax Act, 2017**

- Section 16(1)(b) of the Integrated Goods and Services Tax Act, 2017 ("the IGST Act") is proposed to be amended to restrict the scope of zero rated supply of goods or services to Special Economic Zone ("SEZ") Developer or SEZ Unit, only when supplied for authorized operations.

It is to be noted that the CGST Rules allows zero rated status only in respect of supplies for authorised operations while there was no such restriction under Section 16. This amendment bring clarity and align provisions of Section 16 with the Rules. The provision is similar to the erstwhile provision as existed in Service tax.

- Section 16(3) of the IGST Act is proposed to be amended to restrict the zero rated supply with payment of IGST to notified class of suppliers or

supplies of goods or services.

After the amendment, other than the notified class of persons / supplies would be required to supply without payment of tax under letter of undertaking or bond and only notified person can opt to pay GST on zero rated supply and claim refund. Other taxpayers (other than notified persons/ supplies) may face challenges in recouping the refund of ITC on capital goods used for zero rated supplies and may have impact on its working capital.

- Section 16 of the IGST Act also amended to link the foreign exchange remittance in case of export of goods with refund. Registered person making zero rated supply of goods, in case of non-realization of sale proceeds within 30 days from the time limits as prescribed under FEMA, be liable to deposit the refund received along with the applicable interest. This amendment is again trying to bring parity between Rules and Acts.

#### **Key Proposals under Customs**

- All conditional exemptions shall come to an end on 31 March falling immediately after 2 years from the date of such grant or variation, unless otherwise specified or varied or rescinded, given under Customs Act. All existing conditional exemptions [as on date on which the bill receives the assent of the President] unless having a prescribed end date, shall come to end on 31 March 2023 (if not specifically extended/ rescinded earlier) on review.

- A definite period of 2 years, extendable by 1 year, prescribed for completion of customs investigation.


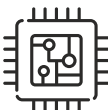


- Filing of bills of entry made mandatory before the end of day preceding the day of arrival of goods, except in certain specified cases.

- Provision in relation to confiscation of goods attempted to be improperly exported, etc. amended to include that any goods entered for exportation, making wrongful claim of remission or refund would be liable to confiscation.

- Board to notify a common portal for facilitating registration, filing of bills of entry, shipping bills, other documents and forms prescribed under Customs Law or any other law for the time being in force, payment of duty and for carrying out functions

and other purposes as may be specified.

- Agriculture Infrastructure and Development Cess as a duty of customs being imposed on import of certain specified goods. Sector Specific Key Amendments

Industry	Key Amendments																								
Automotive 	<ul style="list-style-type: none"> <li>• Parts of Automobile falling under Chapter 7007, 8512 9000, 8544 3000 and 9104 0000 – Increase in Basic Customs Duty (“BCD”) from present 10% to 15%.</li> <li>• BCD rate increased for compressors falling under Chapter 84 and instruments under Chapter 90 from 7.5% to 15%</li> <li>• BCD reduced for metal products falling under chapter 72 &amp; 74</li> <li>• AIDC imposed on petrol and diesel with a consequent reduction in other duties to ensure no additional burden on consumer, due to such imposition</li> </ul>																								
Electronics 	<ul style="list-style-type: none"> <li>• <b>BCD rate increased</b> <ul style="list-style-type: none"> <li>• Compressors falling under Chapter Heading 8414 3000 and 8414 8011 used in refrigerating and air conditioning equipment, respectively 12.5% to 15%</li> <li>• Printed Circuit Assembly of charger of adapter of Chapter Heading 8504 9090 from current 10% to 15%</li> </ul> </li> </ul>																								
Chemicals 	<ul style="list-style-type: none"> <li>• <b>BCD rate chart</b></li> </ul> <table border="1" data-bbox="545 1113 1331 1340"> <thead> <tr> <th>Chapter</th> <th>Existing BCD</th> <th>Proposed BCD</th> <th>Chapter</th> <th>Existing BCD</th> <th>Proposed BCD</th> </tr> </thead> <tbody> <tr> <td>2803 0010</td> <td>5%</td> <td>7.5%</td> <td>2933 7100</td> <td>7.5%</td> <td>5%</td> </tr> <tr> <td>2710</td> <td>4%</td> <td>2.5%</td> <td>2910 30 00</td> <td>2.5%</td> <td>7.5%</td> </tr> <tr> <td>2907 23 00</td> <td>Nil</td> <td>7.5%</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>• AIDC is proposed to be levied on specified goods w.e.f. 02 February 2021</li> </ul>	Chapter	Existing BCD	Proposed BCD	Chapter	Existing BCD	Proposed BCD	2803 0010	5%	7.5%	2933 7100	7.5%	5%	2710	4%	2.5%	2910 30 00	2.5%	7.5%	2907 23 00	Nil	7.5%			
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Technology 	<ul style="list-style-type: none"> <li>• BCD rate have been increased from specified IT products [i.e. 8443 32 90 - Other machines capable of connecting to an automatic data processing machine or to a network, 8443 99 51 - Ink cartridges, with print head assembly, 8443 99 52 Ink cartridges, without print head assembly, 8443 99 53 - Ink spray nozzle] increased from present Nil to 2.5%</li> </ul>																								

These proposals demonstrates Government’s willingness and efforts to build New India and can be hoped that soon India be viewed as “Global Manufacturing Hub”.

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# What about the Citizens?

- Chintan Thorat

As citizens of India, when we inspect the current state of affairs, assuming that one can affix minimum rationality to one's perception of society, we can say that our society is going through some troubled times. It is not merely about politics or governance or health sector or economic issues such as unemployment, inflation, lowered GDP, or rising income inequality; but it is something far greater than that. The ordinary citizen, whether he is a labourer, an entrepreneur, a worker or a farmer is facing many issues in his/her daily lives. These issues started popping up in Pre-Covid Times, Covid-19 has made this situation far worse. While the media thought that citizens were busy talking about Indo-China situation, Sushant Singh Case, Drug Racquet in Mumbai, and many such other inconsequential issues and not thinking about the economy; what they were actually doing was that they were relying on the government to take charge of the situation and come to their rescue. The best way for the government to do that was through this budget. But when India needed a superman, the government showed up as Clarke Kent. So, I'm very sceptical about how this budget is going to benefit the common citizens of this country. I'm a person who doesn't look at the world in black and white, so keeping a yin-yang approach I would like to make a few observations about this budget.

The most criticised aspect of this budget was that this budget was drafted with a political bias. Many have criticised that the states which are due for elections soon have been given more weightage in the budget. Finance Minister Nirmala Sitharaman announced special infrastructure projects for the poll-bound states of Assam, Kerala, Tamil Nadu, and electorally the hottest topic of the day, West Bengal. In the budget, Tamil Nadu got Rs 1.03 Lakh crore rupees for National Highway Roadworks, Kerala got Rs. 65,000 Crore rupees, Assam got Rs. 34,000 Crore rupees, and West Bengal got Rs. 27,000 Crore Rupees for the same. Now those who called it a biased budget may think that citizens of other states might get enraged because of this bias for poll-bound states. But what they fail to understand is that

it doesn't matter to the common Indian anymore. If you look at India's budget history, it is a common practice for the ruling party to favour poll-bound states in that financial year.

For example, let's take a look at the Union budget of the FY 2011-12. While commenting on that budget, Punjab's then Commerce and Industries minister Manoranjan Kalia of BJP said that *"The budget has disappointed the common man and most of the schemes announced are West Bengal and Kerala specific. It appears that the Union Minister is behaving like a minister of a particular state at the cost of other states in the country."* So basically 10 years later, only the parties have changed but the statement literally remains the same. Favouring a state for electoral gains shouldn't happen in a free democratic country, but now it has become such a common practice that we've actually learnt to ignore that and move ahead (just like how we ignore fellow citizens breaking basic civil rules every single day and move on with our lives). So as citizens, we seldom worry about that aspect of the budget.

One of the biggest challenges we're going to face in the next few years is massively rising unemployment. When the world optimistically looks at us as a country with the highest population of young people, I choose to look at things differently. When I imagine so many young, intelligent, healthy people pumping with adrenaline in a society with rising unemployment and highest degree of competition, the picture doesn't look so pretty. So this unemployment doesn't only remain an economic problem but if it isn't tackled properly it can turn into a major law and order crisis as well.

During the peak lockdown period, we saw almost 113 million people pushed into unemployment, even though this rate recovered by September, still about 2.7 million women and 2 million men were pushed into unemployment during November and December. 113 million people losing their employment at the snap of a finger shows the fragility of our economic system. It underlines that one drastic hit for the economy and millions of Indians can easily become jobless. Not just that but so many migrant

workers were displaced during this pandemic, most of them returning to their villages with no employment opportunities. As a policy, we expected the government to take drastic steps for such incidences, and maybe introduce a stimulus package for migrant labourers with Direct Cash Transfers, bettering MGNREGA, and maybe including better support to their basic needs via PDS. Instead what we saw is reduction in the allocation of MGNREGA. In the 2020-21 budget, the government had allocated Rs. 61,500 Crore to MGNREGA and then it had provided additional funds of Rs. 40,000 Crore in June 2020 taking the tally to Rs. 1,11,500 Crores. In contrast, the government has allocated only Rs. 73,000 Crore in current budget. With a struggling economy and rising number of self-employed workforce, MGNREGA may be the only lifeline for millions of people so we sincerely hope that in future the government will allocate additional funds for this.

Another aspect this budget was not able to address was MSMEs. Many MSME units went bankrupt or were forced to shut down during the pandemic. Even though in the budget, the allocation for MSME ministry is doubled than that of FY 2020-21, most of it is allocated to Guaranteed Credit Lines for MUDRA borrowers. Now, those who are formally registered with MSME ministry will benefit out of this but there are so many unregistered and informal units and they are absolutely clueless about what to do next. A comprehensive allocation of funds for such units would have really helped the MSME cause.

For the white collared workers, the situation looks ever more challenging. Even though superficially it doesn't look as bad as blue-collared workers, nobody is ready to look at what's inside the blanket. The income of the middle class has reduced drastically, so much so that it has negatively impacted the ways of life of millions of people. Many employees are earning less than 40% of their income capacity compared to their earnings during pre-covid times. Giving some incremental benefits in direct taxes was something that ordinary tax-payers were looking for, but they were disappointed. Despite the pandemic hitting hardest to the population between the age 20 and 50, the government's decision to provide tax-relief to people above 75 years of age bamboozled most of us. Government's indifference towards

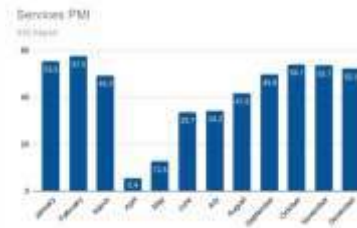
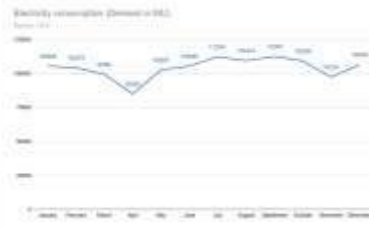
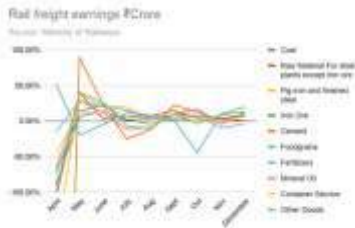
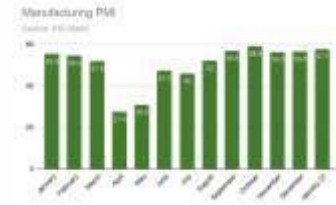
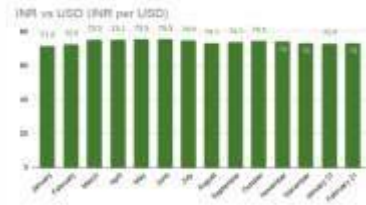
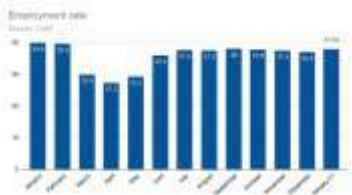
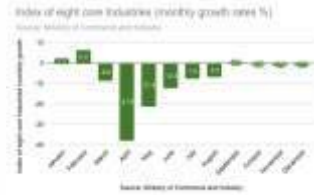
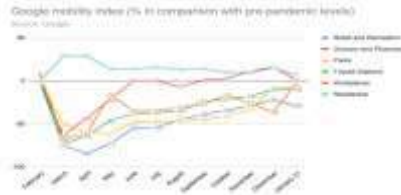
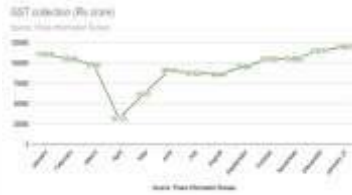
fuel prices has also not gone down very well with the middle class. The government should've looked at the situation in a more humane way rather than just looking at citizens as numbers. With reduced income capacity and high inflation, the white-collared workforce is under more stress than ever. This may lead to adverse effects in the long-run and the government needs to intervene in this situation as soon as possible. Some experts are hopeful that Allocation of Rs. 1.97 Lakh Crore for PLIs scheme and other Capital Infra Projects will invite many international MNCs to set up their manufacturing units in India. This will create new opportunities for local companies as well as international ones to expand their businesses. In the short run, it will create job opportunities for blue-collared workers as well as white collared workers. This is something that will definitely help the current state of affairs of our economy.

With farmers bills being the raging issue in the media, this budget has brought some good measures to the agriculture sector as well. With the Operation Greens Scheme being extended from 3 to 22 crops will help the growers of fruits and vegetables. Government's decision of connecting 1,000 more Mandis under e-NAM will also definitely prove to be a booster for the agriculture sector. With these progressive policies being implemented, we may see uberisation of local agricultural markets in near future. If tech and agriculture come together in the pretext of budget with provisions of the budget, we may see a better impact on agri-economy in the near future. Overall, this budget from a citizen's point of view can be termed as OKish. It means that the government tried to do its best in the face of such mighty problems but maybe somewhere the priorities seemed to be misplaced. We really hope that their plans work out and India gets back on its feet and starts running again as soon as possible.

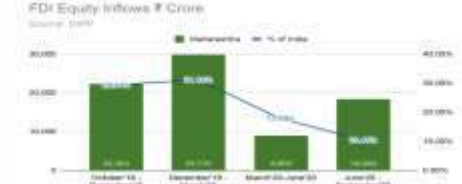
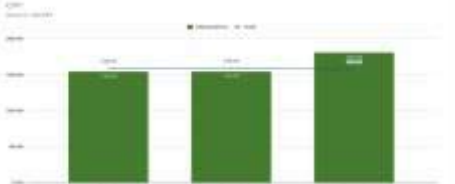
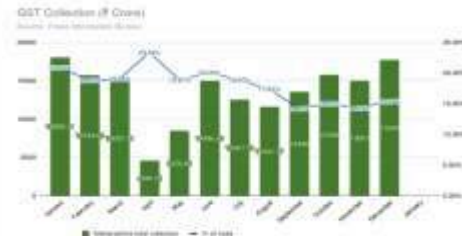
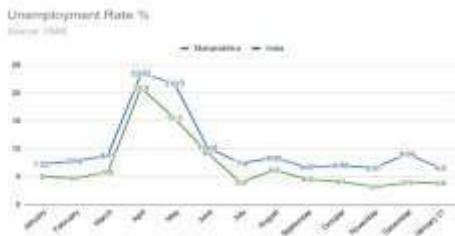
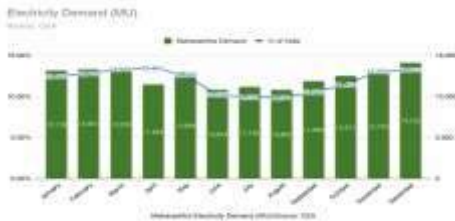
**Chintan Thorat,**  
**Executive Director,**

Chintan Centre for Campaign and Communication Strategies

### India's Economic Indicators



### Maharashtra's Economic Indicators





# Artificial Intelligence – What is it?

- Vishwas Kale

In computer science, artificial intelligence (AI), sometimes called machine intelligence, is intelligence demonstrated by machines. This is in contrast to the natural intelligence displayed by humans. The field is defined as the study of "intelligent agents", any device that perceives its environment and takes actions that maximize its chance of successfully achieving its goals. Artificial intelligence is often used to describe machines or computers who can mimic human functions such as learning and problem solving.

As machines become increasingly capable, tasks considered to require intelligence are often removed from the definition of AI. For instance, optical character recognition is frequently excluded from things considered to be AI, having become a routine technology. Modern machine with capabilities of AI include understanding human speech, autonomously operating cars, intelligent routing in networks etc.

The field of AI research was born at a workshop at Dartmouth College in 1956, where the term "Artificial Intelligence" was coined by John McCarthy. Some people consider AI to be a danger to humanity if it progresses uncontrolled. Some others believe that AI will generate unemployment.

Today, AI has become an essential part of the technology industry to solve challenging problems in computer science, software engineering and operations research.

Till 1970s the progress was slow, but in the early 1980s, AI research was revived by the commercial success of expert systems, a form of AI program that simulated the knowledge and analytical skills of human experts. By 1985, the market for AI had reached over a billion dollars. At the same time, Japan's fifth generation computer project inspired the U.S and British governments to restore funding for academic research. However, beginning with the collapse of the Lisp Machine market in 1987, AI once again fell into disrepute. The development of metal-oxide-semiconductor (MOS) very-large-scale integration (VLSI), in the form of complementary MOS (CMOS) transistor technology, enabled the

development of practical artificial neural network (ANN) technology in 1990. Since then, developments in AI never looked back. Deep Blue became the first computer chess-playing system to beat a reigning world chess champion, Garry Kasparov, on 11 May 1997.

Artificial intelligence is used to network machines and systems. This improves productivity and creates more transparent processes. The use of artificial intelligence creates the basis for efficient predictive analytics models. Theoretical AI says that Intelligence (be it natural or artificial) has three types:

**Artificial Narrow Intelligence (ANI)**

**Artificial General Intelligence (AGI)**

**Artificial Super Intelligence (ASI)**

More artificial intelligence, specifically natural language AI, is finding its way into our lives through Alexa and in more ways. Amazon says it has been using neural networks to make Alexa's voice sound more human when it translates text (like your text messages) into speech.

The use of a predictive analytics system is very useful. Errors in one work step can trigger a chain reaction and lead to a production standstill. The software uses the IoT platform to predict possible deviations in the production chain. The maintenance service, records and evaluates various data such as pressure, temperature etc. By analyzing the data collected, it is possible to improve the performance of the machines and increase productivity. Machine Learning can further optimize the overall process quality, cycle time and energy consumption. Disturbances can thus be significantly minimized, and costs saved.

Here are some steps, businesses can take to integrate AI and ensure that the implementation is a success.

Ask these questions and proceed further if the answers are in the affirmative.

- **Do you have a large amount of business data and want to use it to gain competitive advantages?**

- **Do you wish to understand your customer better and increase the retention rate with innovative use**

## of your data?

### • Do you intend to explore more and also to identify new sources of revenue?

The steps are:

#### 1. Collect and access appropriate data

- Check the type of data that you have so far – disciplined or undisciplined.
- Identify how to find useful and high quality data.
- Categorize or structure all data.
- Start in a small way.
- Do not document each and everything.
- It is important to focus on collecting and accessing those data details which can help with business priorities and issues.



#### 2. Make a scheme

- Try to correlate your accumulated data with your business goals and challenges.
- Think how it will help to achieve them
- Organize the given data in a manageable way
- Map out your findings
- Understand the data, what is ethically allowed to stock up and use

#### 3. Narrow all things down

- This is the time to focus on what matters to your business. Now with the knowledge of what data is important and what will help to achieve business goals, keep focused on it.
- Catalogue it for future purpose
- Do not waste time in analyzing everything at the initial stage
- Concentrate on the data that matters
- Be one hundred percent accurate to achieve success.

#### 4. Test your data

- It is the time to create a prototype and test the datasets.

- Ask as many questions you wish at this stage
- Program the algorithms to get answer to the questions by using relevant data
- Look for the pattern and behaviour in it
- For better results, have a partner who can bring fresh insights and experience
- Make the prototype work
- Document the use and outcomes of the prototypes
- Get more people involved like a data scientist, etc.

#### 5. Make it work

- Integrate the prototype into business process
- Use the findings to enhance the existing process
- Operationalize and standardize the data insights to share with the entire organization.

#### 6. Put your data to work

- The final step is to make the data speak at real-time, real-life.
- Create value and readiness for AI in the long run.
- Check if the your data insights are getting converted into valuable and actionable business insights.
- Monitor the process and start from step one again to sharpen the data
- Identify other cases where data technology can be applied
- Now check if you are ready to use various components of AI such as Bots, NLP, intelligent automation, predictive analytics etc.
- Know where to use your algorithms for better results

You may however face some challenges while implementing AI.

#### Check out some of those high-level pain points:

- Lack of technical know-how
- Incomplete or other information affected data
- Expensive human resources
- Slow and erratic computation speed

**Overcome these by using outside expertise and enjoy the full use of AI.**



**Vishwas Kale**

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# Insights into AI

**Amit Paranjape in Conversation with Monish Darda, Co-founder and CTO Icertis.**

**Amit Paranjape, Co-Chairperson, IT & ITES Committee, MCCIA speaks to Monish Darda, one of the veterans of IT and startups in Pune. Darda, who has been in this industry for three decades now, is the Co-founder and CTO of Icertis. Icertis is a cloud-based contract software management company. One of the top startups in Pune, it achieved unicorn status over a year back. In the chat, he focuses on Monish's personal insights and views about AI, how Icertis is using its cloud-based architecture from an AI standpoint and the future of AI in the enterprise software space.**

## **Q: How is AI going to help in decision making?**

Previously, there was no application of AI in the contracts. Contract management was always perceived as a repository of contracts. Or when to renew or make amends. Those were the typical large, complex use cases of contracts. Take the example of a large company negotiating with a supplier whom they have had a relationship with for the last 10 years. In 10 years, they have signed 50-60 large contracts with the supplier, and maybe a few large statements of work because they have been continuously giving business to them. Now you want to expand this supplier's area to Australia. You want to use the supplier's supply chain to supply you parts in Australia. What that relationship has been in the last 10 years is usually knowledge that enterprises lose very easily over a period of time. What AI now allows us to do is take that knowledge and surface it. If I want to sign a contract with my supplier in Australia, Acme, I can ask a query where I say, "Show me all the contracts with Acme where the payment terms are other than our standard terms of net 30 days." Even from that text, this information can be extracted or discovered by using AI and machine learning. And you can then take an informed decision on how you can negotiate when doing business in Australia.

It is a very small example of how it can actually go deep. But think about this that the contract is actually touching your environment in many different ways. There are people involved who sign,

approve it. There are processes involved where you make payments, you have discounts. There are other contracts involved. What AI can do now is take that text, and make it a network. Once you know the points that connect, it becomes a good decision support tool for your overall business planning and business contingencies.

Contracts obviously deal a lot with the legal domain. The legal domain itself is now exploring AI and natural language processing in a big way to do some of the paralegal work which is looking at large volumes of past data.

## **Q: What are your thoughts on Natural Language Processing (NLP)?**

That's a very interesting question and there is a lot happening that we are also actively working on. Take a look at the word 'termination'. Termination of a contract from a contract perspective is actually very interesting and a big thing. It is a very important part of the contract. How do you terminate it? How do you get out of a relationship if the relationship is not going well? If you do a Google search on termination, most likely you will find 'Terminator' the movie as your top hit. There is huge contextual information in there.

NLP works on how these models are trained. There is basic information you can glean which is called the indemnity recognition. Named entities are some of the fundamental things you can do with NLP. Then you look at semantics. What does this mean? What do these phrases of words mean? If I have words that are closer to each other, then I can infer that this is a jurisdiction or payment term clause. NLP then goes deeper into finding meaning in the sentences. Not necessarily semantics but at least inferential meaning in sentences. Then you have GPT-3 and other kinds of massive things.

## **Q: How do you see AI in the enterprise software space?**

I think one thing that people fundamentally agree on is that AI is going to be an indivisible part of our lives, personal as well as professional. That is inescapable. In the enterprise software space, the clear trend is going to be consolidation of data. So much data coming into the enterprise is going to give people

many interesting ways of disruption. What is going to happen is that the regulation and compliance on how you use that data is going to be tighter, but at the same time, you will find these slivers that go end-to-end in the enterprise business process that is going to disrupt the business process. If I have to predict, the whole thing about people coming in to negotiate something – whether it is a contract, a new idea or something they want to improve in their supply chain or on their manufacturing line, it is all going to be assisted by AI. There are going to be areas where this technology will completely replace humans like autonomous cars. I can already see that coming. 5-10 years later, 90% of the vehicles on most streets, especially the freight vehicles are going to be autonomous. You can imagine that even in the traffic in Pune, you will be able to see autonomous vehicles.

What I also think will happen in the enterprise space is that all of the things which are high volume and high risk is where AI is going to have the most impact. Manufacturing processes are already changing, where furnaces, steel manufacturing and so on, is all done by AI driven machinery. You already have a lot of image processing in terms of figuring out whether the crop has ripened, whether the fruit is ready to

pluck etc. Insurance is one of the largest consumers of AI that is going to grow to an insane level where your insurance premium might change every day. Bottom line, I think what is going to happen is the contract and agreement, what you pay for, what you get is going to be driven near the transaction.

**Q: I know you're a big gamer. In the future, how would the gaming and entertainment industry change due to AI?**

That is already changing so much because of AI. Microsoft released their flight simulator game on the 18th of August this year. The first flight simulator game I played was in the 90s. Now they've released it after a decade or more. And the credits when you launch the game has Microsoft, Asobo and an AI company in there. The gaming industry is a good thermometer of where technology is growing. We saw it happen with graphics, CPU and even storage. If you have experienced an Oculus Rift and watch a 360 degree video on it, it is an incredible experience today. I think with this kind of an experience, one won't have to travel. The sounds, smells and obviously the visuals are incredible. If I can do that with family and friends, even if they may not be in the same location, it will be a big disruptor.

For the full interview, scan:



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# Maitri Virtual Centre, Pune for Investor Facilitation

**M**aharashtra Government had launched an Investor Facilitation Cell in February 2014 viz. Maharashtra Industry Trade and Investment Facilitation Cell (MAITRI).

As the next step, the regional MAITRI, Pune was inaugurated by Dr Harshadeep Kamble ,I.A.S. Development Commissioner (Industries) Government of Maharashtra on 8th of January 2021 with the objective to attract and facilitate investment in Pune Region, Maharashtra.

The MAITRI Virtual Centre, Pune, is supported by the Mahratta Chamber of Commerce Industries and Agriculture.

## The MAITRI Virtual Centre, Pune Region aims to facilitate the following:

1. Various Government departments at regional level representing under single roof
2. Aims to facilitate Investment.
3. Industries in availing benefits under the New Industrial Policy 2019 and also other sectoral Policies of the state.
4. Give a hassle free investment opportunities as well as various issues faced by the MSME and the large scale industries in Pune Region.
5. The MAITRI Virtual Centre Pune Region intends to

provide services through management of web-based portal, hand holding support to upcoming entrepreneurs for Financial assistance, EDP and related training Programmes etc., coordination with different regional level as well as district level agencies.

## The Aim of the MAITRI Virtual Centre, Pune Region:

1. To expedite and sort out investment related issues of the Pune region.
2. Assist all manufacturing MSME, Large Scale Industries, Mega Project / Ultra – Mega Project in obtaining various approvals, licenses, permission, etc. at regional level.
3. To guide the investor through the investment process in the Pune region.
4. Reach out proactively to all MSME, large industries and Industries Association in Pune region for pending, awaited approvals as well as issues faced.

## MAITRI - Divisional Investor Facilitation Cell - Departmental Level of Officers

MAITRI – Pune Divisional Investor Facilitation Cell. The following departments are under the formation to help and support the MSME, Large companies and New Investments. Each query shall be passed to the respected department and then the query shall be resolved.

Sr. No.	Officers of the Concerned Department	MAITRI Officer
1	Joint Director Industries	Chairman
2	Regional Officer / Area Manager – Maharashtra Industrial Development Corporation (MIDC)	Member
3	Regional Officer - Maharashtra Pollution Control Corporation (MPCB)	Member
4	Deputy Commissioner, Revenue	Member
5	Chief Engineer, MSEDCL	Member
6	Deputy Commissioner, Labor/ Joint Director, DISH/ Deputy Director, Boiler	Member
7	Representative of Commissioner , PMC/ PCMC	Member

### Regional MAITRI Virtual Centre Pune- Functions and Responsibilities:

1. To inform, guide and advise the Micro, Small and Medium productive elements in the department about the facilities, incentives available to them for setting up industries.
2. To co-ordinate and follow up with various departments to issue licenses, no-objection, permissions and consent, which are generally required for starting a business, easily and expeditiously.
3. The appointment of member secretaries, contractual resources for the daily working of MAITRI will be done by the Directorate of Industries.
4. The Virtual Centre Pune will work as a grievance

redressal mechanism for all Micro, Small and Medium productive elements in the department. At the divisional level, the cases submitted to the MAITRI

5. Cell will be dealt, through the divisional level committee. In cases where a decision is pending, the decision will be forwarded to HQ MAITRI.
6. Issues / cases pending for decision will be proactively coordinated with the concerned regional level/ district level offices/agencies.
7. Regional MAITRI will play major role in facilitating and hand hold for upcoming entrepreneurs in relates to financial assistance, EDP and related training programmes etc.

**The Industry can write their queries over emails :**  
[diropune@maharashtra.gov.in](mailto:diropune@maharashtra.gov.in);  
[regionalmaitripune@gmail.com](mailto:regionalmaitripune@gmail.com)



# Tribute to Mangesh Kale

## मंगेश काळे : एक सच्चा प्रोफेशनल

-डॉ. प्रमोद चौधरी, माजी अध्यक्ष, मराठा चेंबर ऑफ कॉमर्स, इंडस्ट्रीज अँड ऑफिशियल आणि संस्थापक आणि कार्यकारी अध्यक्ष, प्राज इंडस्ट्रीज लिमिटेड

पुण्याच्या शासकीय अभियांत्रिकी महाविद्यालयातून इन्स्ट्रुमेंटेशन अँड कंट्रोलस या विषयात सुवर्णपदकासह पदवी प्राप्त केल्यानंतर मंगेशान अमेरिकेत त्या क्षेत्रातलं पदव्युत्तर शिक्षण घेतलं. त्यानंतर अल्पकाळ तिथेच नोकरी करून तो त्याचा सहकारी रणजीत दाते याच्यासह भारतात परतला. 1990मध्ये त्यानं आणि रणजीतनं प्रिसिजन ऑटोमोटिव्ह अँड रोबॉटिक्स इंडिया (पारी) या कंपनीची स्थापना केली. भारतातील आर्थिक उदारीकरणपूर्व काळातील औद्योगिक आघाडीवरील परिस्थिती आणि आव्हानं यांचा अंदाज आजच्या पिढीला येणं सहजशक्य नाही. परंतु मंगेशान त्याची पर्वा केली नाही. उलट पोकळी हीच संधी आहे, हा दूरदृष्टीचा विचार त्यानं निर्धारणं प्रत्यक्षात आणायचं ठरवलं. त्यासाठी नेटानं संशोधन आणि विकास कार्यावर भर दिला आणि स्वतःच्या उद्योगाचा पाया रचला.

व्यावसायिक सचोटीची मंगेशची स्वतःची खास व्याख्या होती. जो स्वतःला दिलेला शब्द पाळण्याएवढा शिस्तबद्ध आणि इतरांना दिलेला शब्द पाळण्याएवढा प्रामाणिक आहे, तोच सच्चा प्रोफेशनल, असं त्याचं साधसोपं सूत्र होतं. परंतु तो ध्वनित करू इच्छिणाऱ्या प्रामाणिक आणि शिस्तबद्ध या शब्दांचा आवाका व्यापक आणि सखोल होता. तो स्वतः तसा प्रोफेशनल होता. मंगेशान हे यश कशामुळे साध्य केलं? मला जाणवलेलं आणि माझ्या

जिवाच्याही विषय असलेलं त्यामागचं कारण म्हणजे स्वढावर साकारलेलं तंत्रज्ञान आणि त्यासाठी संशोधन व विकास कार्यावर त्यानं दिलेला भर आणि नाविन्याचा ध्यास. परंतु त्याच्या जोडीला ज्यांचा उल्लेख तो स्वतःच करत असे, ते म्हणजे व्यावसायिक लवचिकता, व्यवसायपरीघातील सर्व घटकांबरोबरच्या सल्लासमलतीतला कार्यकारणभाव समजून त्यातून बोध घेण्याची वृत्ती (आणि माझ्या दृष्टीनं क्षमताही) आणि त्याचबरोबरीनं सातत्यपूर्ण कामगिरीसाठीचा क्षमताविकास ही 'पारी'ची वैशिष्ट्यंही या यशाचा पाया रचणारी ठरली. अर्थात, एवढं मोठं यश मिळवूनही आणि स्पर्धेच्या पलीकडे पोचूनही त्याच्या श्रेयाचा धनी होण्यासाठी आसुसलेला मंगेश मी कधीच पाहिला नाही. उलट, असा श्रेयवाद किंवा त्यासाठीचा मीपणा त्याला कधी शिवलाच नाही. नशिबाच्या हवाली त्यानं स्वतःला कधी केलं नाही, तरीही 'देवं चैवात्र पञ्जमम' असं म्हणून दैवाची साथ मिळण्याची गरजही तो सतत अधोरेखित करत असे. त्यामुळेच आपण यशस्वी झालो म्हणजे काय, याविषयी जाहीर व्यासपीठांवरून बोलतानाही तो, माझे 50.1 टक्के निर्णय योग्य पारड्यात पडले, म्हणून मी यशस्वी, असं अत्यंत विनयशीलतेनं तो म्हणत असे. यात वास्तवापेक्षा त्याच्या नम्रपणाचाच भाग अधिक असे, याची साक्ष त्याच्या यशाचा आलेख पाहणारा कोणीही देईल. परंतु माझ्या दृष्टीनं यातील महत्त्वाची बाब म्हणजे, दैवाची साथ महत्त्वाची मानणारा मंगेश कोणत्याही प्रयत्नवादी उद्योजकाएवढाच, किंबहुना कांकणभर अधिकच तर्कशुद्ध कार्यपद्धतीचा अवलंब आपल्या कंपनीच्या ध्येयधोरणांमध्ये करत असे. सर्व निर्णयांना आधारभूत माहितीची जोड (data driven) हवीच, याकडे त्याचा कटाक्ष मी पाहिला आहे. खरं तर त्याच्या कंपनीची लवचिक निर्णयप्रक्रिया आणि त्याच्या व्यवसायाची जोखीमप्रतिबंधक (de-risking) क्षमता ही याचाच परिपाक म्हणता येईल.

### Ajay Bhagwat, Founder, Renu Electronics

Mangesh was a dreamer. Now, what's the big deal about that? There are several dreamers around. However, Mangesh also knew how to carve a path to get to his dream and knew how to execute well so that the journey on that path takes one to the destination. He was extremely passionate about PARI and always thought about how to make it one of the best companies in the world. This passion compounded with the hard work brought PARI to where it is now and also brought India on the global map with pride.

"Am I too selfish that I always see everything from the eyes of how it can benefit PARI?", he asked me once. I recall saying to him that if half the entrepreneurs are half as selfish as he considers

himself, our country would be doing wonders. It is not called being selfish, my friend! It is called being passionate and being extremely committed to success. He was even more committed lately as the PARI family continued to grow and he personally felt accountable for everybody's success.

Mangesh had a great analytical and engineering mind. On a panel at an IIT Bombay event I was asked once who I thought were some of the best engineers around and I did not blink before saying the first name would have to be Mangesh Kale. He had an amazing ability to look at data (never get him started on Excel!) and make sense out of it. With natural talent in mathematics, it was very easy for him to make highly analytical and data driven decisions. When I was looking for successful entrepreneurs to

make highly analytical and data driven decisions. When I was looking for successful entrepreneurs to share their stories for younger entrepreneurs, Mangesh was the first one I turned to and his speech has till date been one of the most popular ones.

Take care my friend and take it easy. Rest in peace....you have earned it.

Lessons from Mangesh Kale - a brilliant engineer, strategist & leader.-**Dr. Ranjit Date, Co-Founder, Precision Automation and Robotics India Ltd**

Mangesh's legacy not only provides inspiration, but there are numerous lessons he left behind for us at PARI. I would like to share a few key ones for the entrepreneurs, as a tribute to Mangesh. Although there were hundreds of lessons and ideas, the highest impact on PARI was from the three key ideas – 1. Collaborative Leadership, 2. Building a Culture of predictable, sustainable & systemic growth, and 3. Strategy of differentiated business. They are powerful lessons, applicable to most businesses, and yet simple enough that do not require huge investments or complex technologies to implement.

succeed. What better tribute to Mangesh's legacy can there be, if some of you can use these lessons, and not only succeed yourself, but also help India in finding its way to success?

**Sadashiv Survase, Joint director, Industries Pune region, Government of Maharashtra**

Shri. Mangesh Kale, an engineer from the Government College of Engineering, Pune has started PARI robotics in early 1990 at Pune as a small scale industry. Working with the industries department, I came across his small venture and supported his start in his new venture with all government registrations and other clearances. After settling in his business, with his enterprising skill he dreamt of expanding the facility by setting up a mega project facility at Shirwal, Satara, with state-of-the-art Infrastructure. This created more than 2000 employment opportunities. During the implementation of the Mega project, I had several meetings with him and he was very keen to set up this project despite lots of difficulties.

I am saddened by the shocking and untimely demise of Mangesh Kale and it is a big to the Pune industrial



if you are an existing or aspiring entrepreneur, it doesn't matter if you are born with silver spoon or inherit a family business. It does not matter, if you have not invented an earth shattering technology or a "killer app" (unique product). If you have collaborative leadership quality, pursue ideas with predictable & sustainable business growth through systemic capability, and finally commit to differentiation of your business by identifying a key need that you can fulfil through your ideas – you will

community.

He was one of the most intelligent entrepreneurs of the first generation, who made his excellent mark in the automation sector, because of which, Pune has come up on the map of the automation industry on the globe.

For the full tribute, please scan:







# Business Imperatives in 2021

- Sangeeta Patil

Cambridge dictionary's word of the year is 'quarantine'. The Oxford dictionary has chosen not to name a word of the year, and instead has announced its 'words of an unprecedented year' for 2020, a few being coronavirus, lockdown, unmute. This, quite sums up the circumstance businesses find themselves in.

Covid-19 pandemic has intensely highlighted the urgency for businesses to build greater agility, resilience and efficiencies. From supporting the workforce to continuing to effectively engage and deliver amazing customer experience, businesses are compelled to rethink operations in every function; Sales & Marketing, Execution & Delivery, Supply Chain, Back-office operations, Services and even Recruitment. Against this backdrop, the challenges businesses are confronted with also drive the business imperatives in the year that is ahead of us.

According to a study by **Salesforce** -

**- 78% of those surveyed say, this year's crises should catalyze business improvement**

**- 88% expect companies to accelerate digital initiatives**

**- 90% say, how a company acts now also reveals its trustworthiness**

Businesses that understand and adapt to the new trends will definitely be more resilient in the "new world"; implications being multifold.

With an appreciation of what drives change and why, we briefly examine industry trends drawing from our research based library of curated content. Focused on

our strong client bastions of manufacturing and technology sectors, we share our insights as we strive to co-create value with and for our customers. Finally, we summarise with representative solutions and our views on where the industry is headed. We'd be glad to engage in deeper conversations and address any queries.

So, what impels the change, what are the imperatives?

Continuing from our January article, the importance of sales, customers and customer relations remains paramount. It only drives home the point, how crucial it is for businesses to nurture customer relations, continue to be of service and sustain the trust, clients repose in them.

Furthermore, as organizations focus primarily on customer care, they also need to manage the rest of its stakeholder base of employees, investors, suppliers, communities and governments for the overall success of the 'change' response.

As larger organizations attempt to re-imagine business with digital transformation, they can and will revisit and re-design processes for more effective customer engagement and experience. Yet, an even greater opportunity presents smaller businesses that are on the threshold of this adoption; they are extremely well placed to future-proof their organizations from the outset if they recognize and act in response to this necessary disruption.

So, why is it more relevant now, in view of the pandemic crises?

In the post-pandemic world of social distancing, lock downs, protected and sanitized environments as well as increasingly remote services, it becomes all the more significant that the enterprise demonstrates nimble and deft adaptation.

**Here are some directional trends to consider –**

I. Findings of a digital research conducted by Grant Thornton, The Manufacturing Leadership Council and the National Association of Manufacturers (USA):

Despite lower supply chain budgets planned for 2021, due to lost business, continuing economic and political uncertainty and rising costs in recent years, manufacturers have realized that their level of digital maturity is still relatively low. Many are seeking to grasp the opportunities offered by increased digital adoption and are now rapidly accelerating their digital investments. In fact anticipation of further investment in Industry 4.0 technologies prevails.



When asked to rate on the importance of business goals associated with digitization efforts in this survey, greater agility and responsiveness, cost reduction and improved customer experience topped the list of priorities. Next in order were new business model and competitive advantage, increased supply chain resiliency and increase in security and eventually a more environmentally sustainable supply chain.

**Digital transformation initiatives hastened by the pandemic are evident everywhere -**

a. With shutting down of physical stores and markets during lockdown, internet based sales saw only a natural and accelerated progression.

b. The pandemic has compelled IT leaders to reprioritise their strategic investments and plans to support the need for remote work, attendance tracking and more collaborative applications in the cloud that can be accessed anytime and anywhere.

c. Similarly the BFSI sector is increasingly providing

online offers of products followed by purchase with the support of a live agent.

d. According to IDG Research business impact survey conducted in July 2020, 59% of 373 IT decision makers say that pressures stemming from the pandemic are accelerating their digital transformation efforts.

II. Published in November 2020, the Manufacturing Industry Output Tracker 2 offers some great observations into how the manufacturing sector the world over and specifically the top 10 Manufacturing Economies (India being one), have weathered the Covid-19 storm. For an invested audience the implications will be apparent. Link to a discerning infographic in the references

III. In the technology sector, our observations of trends are corroborated by a recent PWC report<sup>3</sup> -

- Greater need for technology support to overcome the impact of the pandemic on business development and client engagement
- Rising demand for technical talent and the need to retain top talent as digitization and digital transformation are embraced by other sectors like the BFSI, Engineering, Supply Chain, Health Care and Retail.
- More need for cyber-safe remote working platforms for remote management of teams
- Innovative modelling of the workforce for distributed production to achieve scale with agility
- Need to address the impact of new and local tax implications, access and compliance issues with remote workers and supply chain configuration changes

Therefore, nothing is greater priority than rethinking business adaptability; digital transformation being the means to that end, which in a nutshell drive the Business Imperatives of 2021 and beyond.

**DIGITAL TRANSFORMATION: SALES, MARKETING AND CUSTOMER SERVICE**

Digital transformation transcends the long-established roles of marketing, sales and customer service.

According to Mary Shea, Principal Analyst at Forrester, vendor selection based on online research, non-dependence on the seller as the primary source of information and a definite preference for purchases from the website are the rising trends,

accounting for over 60-70% of buyer behaviour. Business buyers today are not only demanding but also feel entitled.

Contrary to a past Forrester report that over-indexed in favour of the digital, in lieu of the trusted advisor role of the seller, their more recent prediction at the end of 2019 is that 'seller engagement will increase by 10% even as more transactions are closed digitally', which in fact is good news for sellers.

Sellers are expected to be hyper-ready with relevant information in real time, in order to acquire critical understanding and steer the discussions with meaningful engagement. While the CRM holds vital customer data, companies can prioritise investment in sales engagement, enablement and automation tools to empower their teams.

Some smart and light sales automation tools that cater to pre-sales, sales and post-sales operations of sellers are EzTask, PipeDrive, SugarCRM, Crisro. Of course, corporations that are at an advanced level of maturity with digital adoption can consider enterprise options like Salesforce along with deeper cross-functional transformation initiatives. Further, integration of sales and marketing tools with the customer service function can create a unified and consistent customer experience.

In the B2B environment of today where buyer committees are becoming the norm, selling is a collaborative effort. Sales, marketing, solution architects and data scientists work together with the client to co-create solutions. According to Chad Quinn, CEO Ecosystems, with this process, win rates increase as much as 28%.

Besides, the concept of being an active listener, one of the top findings of a LinkedIn survey, is what buyers value even more than the skills of relationship building and communication. In addition to developing these skills to comprehend the dynamics of the purchase process, organizations can support sellers with tools like the CodebreakerTech 4 AI to better understand what matters to the buyers personally and professionally. CodebreakerTech's personality based sales system can also help build digital content that stands out and resonates with all personality types and is potentially 300% more effective in engagement, other things being equal.

From earlier discussions it's a forgone conclusion, how valuable it is for digital content to resonate with our target audience.

According to Mary Shea's research, only 55% of B2B businesses have some of these modern sales enablement tools in place, i.e. 45% of businesses are under-supporting their sales personnel.

So, a question for the audience here: where do you place yourself, at the doorstep of modernization or immersion?

Modernization is when you have sales enablement and readiness tools in place, an engaging website, customer data strategy, with the ability to sell buyers some transactional products via your website. Immersion is when sellers have the modern sales enablement toolset, meet buyers virtually, have highly engaging, interactive content and tools on your website with cross channel visibility into prospect /customer interactions and buyers can buy via any sales route.

Another Forrester statistic is telling – for 94% of B2B marketers it's important to deliver a consistent digital and offline experience and 2/3 of the B2B buyers want access to products, parts and inventory availability online.

This is the shift organizations need to be cognizant of; one that demands clear alignment between marketing, sales, customer service and a 360 view of touch points to eliminate siloed disjointed experiences. As organizations struggle to keep up with rapidly changing customer behaviour and expectations, digital marketing operations help bridge the gap.

Marketing strategies in the digital world are executed with research spearheading the efforts. A combination of high performance optimized website and SEO and / or paid advertising on social media, email marketing, coupled with testing, optimization of channels and efforts and strong analytics follow.

The very nature of digital marketing is such that it lends itself well to agile execution of marketing campaigns; continuous improvement, small tests followed by scale. Therefore digital marketing is best executed using Marketing Automation Platforms. These Platforms can take care of everything from

awareness campaigns to audience based advertising, personalised digital ads, content distribution, retargeting and email campaigns to the capture, qualification and enrichment of leads. The rinse and repeat cadence is a breeze to handle with data, analytics and the returns tracked. If your core strategy is devised and you deploy Marketing Automation to test and execute at scale, results most often than not, exceed expectations and deliver significant ROI and growth.

### DIGITAL TRANSFORMATION: BUSINESS

We focus on our core competencies of Marketing and Sales. Yet, we recognize, that our efforts in supporting our customers require dovetailing into the larger transformation initiatives of organizations. So, we cannot conclude here without a brief commentary on the larger opportunities and possibilities of digital transformation.

**Business Model Transformation-** Businesses can remodel their building blocks to solve problems and deliver value. Beyond start-ups and disruptors like the Ubers and the AirBnBs of the world are also examples of IT service providers with their myriad engagement models of on-shore, near shore, offshore, no-shore distributed production, or insurance providers that serve with 'pay as you go' offers.

**Process Transformation-** Digital transformation can be applied a notch lower at the process level. Platforms like Stereologic support mining of processes and tasks to discover inefficiencies, create process documentation, monitor and configure tasks for automation and even make process recommendations based on historical data.

Further **RPA (robotic process automation)** allows for quick wins with automation of routine and repetitive tasks, non-invasive interactions with legacy applications and experimentation with swift prototyping before the launch of new processes; a couple of examples being Creatio, Bettyblocks.

Not to forget, data, analytics and machine learning support artificial and augmented intelligence to aid human operators and decision makers alike.

**Cultural or Organizational Transformation** is normally a consequence of assuming a new business model or even process transformation. In order to

effect long term success, it requires that mind-sets, skill sets and tool sets are redefined.

**Market / Domain Transformation** When solving problems organizations could focus on a narrow segment or cast a wider net. And, further traverse vertically or horizontally as technology solutions built internally create leverage. Important is to appreciate and recognize the opportunity that could present itself.

A great story of such domain transformation is none other than the ubiquitous Google. From exploring the mathematical properties of the web in 1996 to building the PageRank algorithm, transforming advertising pop-ups to AdWords in 2000, the launch of Gmail, Google Maps, Google Earth and the Google Talk, release of Chrome, the Android OS and Google Cloud, the self-driving car project to the more recent Google Glass and Chromecast from 2004 - 2013. While the Google story is unique, Amazon online book-sales expansion into the larger e-Commerce space and later the AWS (Amazon Web Services) is another great example.

In conclusion, we summarise that, in the numerous challenges presented to businesses in 2021 is also an immense opportunity to improve business, foster greater trust with transparency and forge stronger customer relations coupled with healthy business growth.



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#### References:





# G R O W T H

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TEL +91 77381 37129 | CIN - U74140MH2008PLC177884

\*Aum as defined as all assets under management & custody as on 30th September 2020

# RoDTEP Scheme

-CA Adithya Srinivasan

The Global Economy is struggling to get back on its feet and gasping at every step to get back into the growth trajectory. International trade plays a major role in helping the global economy stabilize and exponentially grow. In this context, exporters need measures that will boost their productions and improve their cost effectiveness to remain competitive in the global market.

The Indian Government has been looking at various avenues to provide incentives to the Industry, particularly to the exporters. Schemes like Status Holder Incentive Scrip Scheme, Star Export House Scheme, Focus Product Scheme, Market linked focus product scheme etc. source their genesis back to the fundamental idea of offsetting the Infrastructural inefficiencies that could increase the cost of exports which ultimately would put the exporters at a disadvantageous position in the global market.

With the introduction of FTP 2015-20, all the benefits provided under the erstwhile schemes mentioned above were consolidated and offered under the Merchandise Export from India Scheme (MEIS) wherein the exporters stood to gain 3% of the FOB / realised value of exported goods (whichever is lower) in the form of a freely transferrable duty credit scrip.

## The Need for RoDTEP Scheme

However, In March 2018, the US had challenged various Indian Export Subsidy schemes. The dispute was heard by the WTO's dispute resolution panel and a final report was issued on 30<sup>th</sup> September 2019.

On 31<sup>st</sup> October 2019, the WTO ruled that schemes like MEIS, EPCG, EOU & SEZ (to the extent of Duty Free Import of Capital Goods) and Duty Free Imports for Exports under the Customs Act, 1962 are inconsistent with the ASCM agreements and are prohibited export subsidies. India has filed an appeal before the appellate forum against the ruling of WTO's dispute settlement panel. Although, the above matter is sub-judice, the Government has decided to revisit the existing structure and roll out a scheme compatible with WTO norms. As a fallout, MEIS Scheme is being replaced by the RoDTEP scheme w.e.f. 1<sup>st</sup> January 2021.

## RoDTEP Scheme : A Brief Overview

With this context, a brief overview of the RoDTEP Scheme which has replaced the MEIS scheme with effect from 1<sup>st</sup> January 2021 is summarised below :

### ● RoDTEP Stands for - Remission of Duties and Taxes on Export Products

● The scheme aims to provide a rebate of the embedded duties & taxes i.e. duties & taxes that are becoming a cost to the exporters of goods since these taxes / duties are not available as credit or refund under any other scheme.

● For examples, duties / taxes like the Customs Duties & GST are available as refund on export of goods through various mechanisms like the AIR Duty Drawback, Brand Rate Duty Drawback, Refund of IGST on Export of Goods with / without payment of taxes.

● However, a wide array of taxes like VAT on Fuel, Additional Excise Duty on Fuel, Mandi Tax, Electricity Duty, Stamp Duty, embedded on GST on procurement of various goods not covered under GST / from Unregistered Dealers are still not available as refund / credit and hence is absorbed as a cost by exporters which ultimately get exported as a part of the Export Sale Price.

● RoDTEP Scheme will identify such taxes / duties and provide it as a rebate to exporters in order to offset such tax cost they are currently incurring.

● This scheme was initially announced by the Government of India (GOI) on 14 September 2019. It was to be notified from April 2020. However, GOI decided to continue to allow the benefits under MEIS up to 31 December 2020, and RoSCTL until the same is merged with RoDTEP.

Therefore, the scheme is now notified w.e.f. 1<sup>st</sup> January 2021.

### RoDTEP Scheme : Features & Benefits

In short, under the RoDTEP Scheme, Exporters would be granted a rebate / refund of taxes paid across the value chain of the Export Product which is not available as credit / set-off and hence is absorbed as a part of the Export Product Cost aligning with the 'Duty Remission' principle provided under the WTO Agreements.

The benefit would be granted by way of credit in to the electronic credit ledger of customs, calculated based on a product wise rate to be notified which would be a % of the FOB Value of goods exported

based on the rates to be notified HSN wise (similar to drawback). Having said that, we all know that the major tax incidence across the value chain of any product is GST which is available as credit (and then refund) to exporters and Customs duty is also available as refund in the form of Duty Drawback. So, what are the taxes RoDTEP Scheme would reimburse ? First thought in our minds could be about the products that are not covered under GST. Yes, the following products are not covered under GST and hence suffer cascading effect and increased tax cost :

- Alcoholic liquor for human consumption
- Five petroleum products namely crude petroleum, high speed diesel, motor spirit or petrol, aviation turbine fuel and natural gas were presently kept out of GST. But may be brought in from a future date.
- Neither Good nor services: Sale of land or building ; Employee Employer, Court Services, Services by Legislatures, Funeral Services etc.
- Goods and services exempted from GST While some of these goods have relation with the RoDTEP Scheme, some of them are not goods and hence no relation with the RoDTEP Scheme.

Then, what are the taxes that are still alive despite implementation of GST and could GST also be a part of the RoDTEP benefit despite GST being a creditable tax ? **The answer to this question is provided below :** RoDTEP Scheme aims at eliminating the tax cost built-up in the export product cost owing to the following non-creditable taxes :

- (i) VAT on fuel used in generation of captive power
- (ii) VAT on fuel used in farm sector [for products only]
- (iii) Mandi Tax
- (iv) Duty on electricity charges
- (v) Stamp duty on export documents
- (vi) Embedded SGST paid on inputs such as pesticides, fertilizers etc. Used in production of agricultural goods
- (vii) Embedded SGST in purchases from unregistered dealers
- (viii) Embedded SGST on coal used in production of electricity
- (ix) Embedded SGST on inputs used for transportation
- (x) Central Excise on duty on fuel used for transportation
- (xi) Embedded CGST paid on inputs such as pesticides, fertilizer etc. used in production of raw materials

(xii) Embedded CGST in purchases from unregistered dealers

(xiii) Embedded CGST and compensation cess on coal used in production of electricity

(xiv) Embedded CGST on inputs for transport sector

(xv) Any other Taxes/ Duties/ Levies, which are not refunded/ exempted/ reimbursed under any of the prevalent mechanisms, such as Advance authorization, drawback and GST refund- please specify with justification

The above list of taxes could still not be exhaustive but we have tried to capture all the applicable taxes which should form part of the calculation of RoDTEP Rates.

#### **Benefits**

Proceeding further, let us also understand as to how the RoDTEP Scheme could be beneficial to the exporters :

#### **- Reduction in Tax Cost**

Exporters are paying these taxes and absorbing it as cost at present. With the introduction of the RoDTEP Scheme, the rebate provided under the scheme would offset such Tax Cost thereby making the product competitive in the global market. However, when it is seen as an alternative to the MEIS Scheme, it is not providing any additional / incremental monetary benefit to exporters.

#### **- Automatic Credit like drawback**

The rebate would be granted based on the declaration made in the shipping bill and a HSN wise rate to be notified like Duty Drawback. There is no requirement file any separate application like MEIS and the benefit is not granted on receipt of Foreign Currency but on Export of goods from India. This makes it a simpler way of claiming the benefit.

#### **- WTO Compliant Subsidy**

Since RoDTEP would be a WTO compliant export subsidy, there would not be any uncertainty on the benefits granted under the scheme. Moreover, this is not an Incentive Scheme that might be withdrawn at the discretion of DGFT but a duty remission scheme like drawback which is in line with the Remission of Taxes principle as per the WTO.

#### **- Easier Transferability**

The rebate would be credited to the RoDTEP Ledger of the company which can be transferred to any other importer electronically. This removes the hassles of registration of license, transferring of license etc. which will enable exporters to realize the

benefit much easier.

### How do exporters claim this benefit ?

Unlike MEIS Scheme, you are not required to file any separate application for claiming the RoDTEP Benefit. A simple selection & declaration in the Export Shipping bill itself would be sufficient to claim the benefit. A concise snapshot of the procedure involved in claiming the benefit is provided below for the ready reference of the readers:

- No separate Code or Serial Number needed. RITC code given in the shipping bill will suffice.
- The declaration on the shipping bill needed to claim RODTEP :
  - INFO TYPE = DTY
  - INFO QFR = RDT
  - INFO CODE = RODTEPY - If RoDTEP is availed ; RODTEPN - if not availed
- Additionally, for every item where RODTEPY is claimed in INFO CODE, a declaration has to be submitted in the Statement Table of the Shipping Bill
  - STATEMENT TYPE = DEC
  - STATEMENT CODE = Rd001

Submission of the above statement code for RoDTEP availed items would indicate that the exporter has made the necessary declaration as enclosed in Annexure B, while claiming RoDTEP benefit. It is also important to note that no change in the claim can be mad after filing of EGM. Upon filing the Shipping Bill and once the Let. Exporter Order is passed, Shipping bills are sent to Risk Management System (RMS) after EGM filed. If the SB is cleared through RMS cleared, shipping bill is queued for scroll. Else, it will come back to officer for further details. Once the officer clears the shipping bill, it will be queued for scroll.

Once the scroll is generated, the respective amounts would be available in the electronic ledger of the exporter, registered with the Icegate with their digital signature, as credit for converting into a credit scrip, provided exporter has created a RoDTEP (credit ledger) account. While these procedures have been provided by way of an advisory by the CBIC, since the product wise rates are yet to be notified, the credit would not appear in the ledger now. However, exporters have to ensure that they provide the necessary information in the shipping bill for issuing scrolls once the rates are notified.

Further, one more immediate step the exporters have to take is creation of the Electronic Credit

Ledger (ECL) in the ICEGATE portal. The steps to create the ECL is provided below for ease of reference to the readers :- Visit [www.icegate.gov.in](http://www.icegate.gov.in)

- Go through the details "Our Services" on the main page book
- Choose RoDTEP in the "Our Service" Options, it will take to the Login page
- After logging in with valid credentials, you will see the credit ledger on the left panel (if not registered, you have to registered yourself with DSC through the link <https://icegate.gov.in/Download/JawaSetup ForDSC.pdf>)
- The user should select the name from the dropdown menu as RoDTEP

At present, facility upto creation of RoDTEP Credit Ledger Account is only opened. Once the rates are notified and detailed guidelines issues, exporters will be able to see the scroll details and by selecting the shipping bill can generate scrip which can be transacted online. While the customs advisory also provides the mechanism of scrip transfer and other options in the portal, it is not relevant till such time RoDTEP rates are prescribed and hence we are not deep diving on to those details. This brings us to the conclusion of this article wherein we would like to leave some open points for discussions on which the author would like to elaborate in the subsequent issues of this prestigious magazine :

- Why RoDTEP benefit should be given to exporters of goods alone ? Why not to Service Exporters?
- Why EOUs / Advance Authorization Holders should be denied of the RoDTEP benefit ?
- Why is the GK Pillai Committee (which is the designated committee working under the Ministry of Commerce to fix the product wise rate for the RoDTEP Scheme) still not able to fix the rates ? Is data to be submitted to the EPCs is forthcoming from the Industry ?
- Is realisation of foreign currency one of the conditions to claim RoDTEP benefit like the MEIS Scheme ? or could it be a post facto criteria like the DDB Scheme ?

Why the RoDTEP portion is being again be routed through RMS ?

At the end of the day, RoDTEP is a duty remission scheme that could help exporters to reduce cost and hence it is imperative that they take necessary steps and implement requisite processes to ensure that the benefit is claimed.

**CA Adithya Srinivasan, Partner, DAA Consulting**  
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# “I” --- The Next Growth Engine

By Col P. Mathusuthanan

We have been systematically and academically tutored by our system and environment that “I” does not take you anywhere but only “We”. But in today’s context it is the “I” which is going to transform India into 5 trillion Dollar economy in collaboration with We. Yes, it is not the singular person I but “I” the Innovation.

In the covid hit pandemic times, Innovation is the only way to keep marching ahead. This crisis provides necessary Adrenaline to fuel our Innovation capability as Innovation distinguishes the Leader from the herd. Innovation has become the central job of every organization and it is not an individual game but a very powerful team effort. So, in this article I am going to share a simple framework to kick-start your Innovation Journey.

This unprecedented and unexpected pandemic has presented significant new opportunities for growth and if we have the eyes and ears to seize the opportunity, it is going to be a win-win situation. Leading consultancy Mckinsey in its recent survey has found that three out of four chief executives agree unanimously that changes brought by covid-19 crisis presents a big platform for growth irrespective of sectors and growth comes with Innovation.

Innovation is such a commodity that it can pop up anywhere in an organization and can pop up like little sparks. The trick is to spot these sparks before they fizzle out as it does not last long. So, the importance of Leadership is very crucial to identify these innovative sparks and give them life in the form of oxygen with their support to make them brighter and initiate new growth opportunities for the organization.

It is very well said that to become Leader in your Industry and stay on top of the ladder for longer, even for a nano-second, you have to imbibe an innovative culture in every nook and corner of your organization. It stresses the importance of Innovation in this era of VUCA (Volatility, Uncertainty, Complexity and Ambiguity). India is entering the Decade of Innovation (DOI) and is

poised for a revolution as Innovation is perceived as the key Global Differentiating Factor (GDF) for individuals, Institutions and Nations in the 21st century. A simple framework like QONE can very much ignite the Innovative spark in your organization. QONE is Questioning, Observing, Networking and Experimenting.

## Questioning:

Questioning can be a big catalyst for change. Questions start with a quest for purpose and Research at MIT Leadership and Innovation Centre confirms that Questions have a catalytic quality in dissolving the creative barriers to creative thinking. So, Questions start with a quest for meaning and purpose and is perceived as an important tool to unlock hidden treasures and lessons. The nature and scope of questions will pave the path for the innovative sparks. So, framing right questions to yourself and your organization becomes essential and crucial in your Journey of Innovation. Einstein often said, “If I had only the right question, I would have innovated and invented more”, explains the importance of questioning in Innovation.

## Observing:

Observing can be a big game-changer in bringing about Innovation. Anthropologists say the biggest source of Innovation is Observation. It is also said the “Innovation begins with an eye”. The eye for details, eye for opportunity, eye for growth will sow the seed for innovation thereby ensuring new growth opportunities. Everyone considers observing is a natural phenomenon, whereas it is not so. Observing is a skill, an untapped skill which has to be developed innately. Oral-B designed and developed tooth brush for kids after sending people to field to observe and watch how kids brush their teeth. Observation led to an innovative design, a big fat, squishy toothbrushes that were easier for kids to hold and use. As a result, Oral-B was the leader in selling kids toothbrush for the next few quarters. And experts suggest while observing, observe with all senses as it ignites you to be more innovative.

## Networking:

Innovations are triggered when conversations happen. This stresses on the importance of Networking. Networking across diverse spectrum

helps the creative juices flowing as 'Diversity of Network brings Diversity of Ideas'. Innovation is a People Powered Process. Networking is very critical in the creation of iOS (Innovation Operating System) of any individual, institution and Nation. iOS is a process of operating system in an organization designed to create and increase the volume of innovative ideas that forms the basis and culture of Innovation. To have a bucket of Innovative ideas, you have to have an extensive network with diverse people with different skillsets. Idea Networking helps organizations to create new processes, products, services and business models that tend to deliver new growth opportunities. MCCA provides the ideal platform to Network with diverse scores of people to get your creative insights expand and explore and develop an effective Innovation eco-system.

#### Experimenting:

The last part of the framework is Experimentation. The most critical part of Innovation is Experimentation and Jeff Bezos, Amazon founder during his visit to India said Innovation is about maximizing the rate of Experimentation. Facebook founder Mark Zuckerberg has openly admitted that 'India is the Testbed for Innovations at Facebook'. The test and results made in India shape the global results

about how technology can drive more economic opportunity and better outcome for people. Facebook tests new features in India before rolling them out globally. These two techs giant's admission shows how India is a place for Innovative Ideas to emerge. Experimenting is the best technique for generating insights on what might work or not work.

The best way to create growth opportunities is to develop the innovation capabilities in your organization by the above discussed framework. Innovation is Investment and it is not about only money. The way you spend your Innovation Dollars is more important than how many of these dollars you spend. Innovation is not a destination, it is a Journey and a lifelong learning, which keeps us exciting in our journey of growth in exploring new opportunities. Improvement starts with 'I' as same as Innovation. Innovation brings undoubtedly the Improvement and growth desired. If code of Innovation is built into the DNA of each individual, institution and Indian psyche there is no doubt that this century belongs to India and our Dream and Desire of 5 Trillion-dollar economy is within our reach.

**Col. P. Mathusuthanan, Joint Director, DSW (EE)**



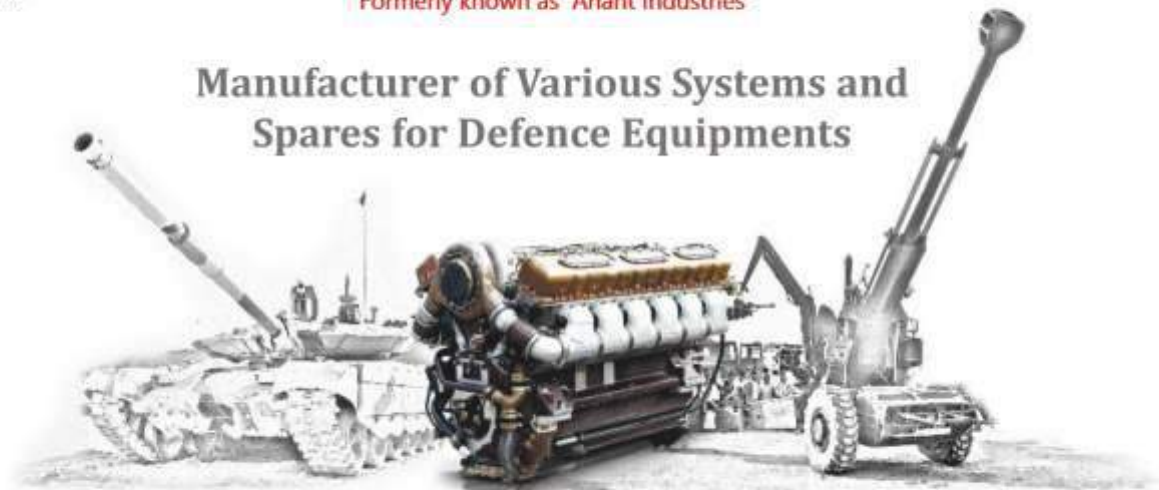
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# MCCIA's Family Business Series

- Neeraja Bhagwat

Family businesses contribute to more than 70% of India's GDP despite inadequate infrastructure, the paucity of skills, and uncertain economic growth. The significance of family-run businesses has grown. Today, many family businesses have stepped beyond their existing footprint to build and acquire companies in new industries and geographies worldwide.

MCCIA's Family Business Series, held over 5 Fridays from 8 January 2021 to 5 February 2021, addressed navigating through business challenges, the importance of governance and harmony, succession and wealth planning, and the way forward with sustainable growth and success. The stellar line up of speakers and conveners made this series a success.

The key note address was given by Dr. Abhay Firodia, Chairman, Force Motors. In his opening remarks, Dr. Firodia explained the importance of an accommodative culture within business families. He emphasized that amity must be nurtured within the family, and the perspectives of all family members must be valued. He further added that the distribution of business gains needs to be defined to avoid family conflicts. He cautioned the audience that family assets should not be risked in the business. As a final note, Dr. Firodia stated, "even if the business is separated, family needs to be united."

The first day of the series was hosted by Mr. Raman Nanda, CEO, Step Transformations along with Ms. Pratima Kirloskar, Former President, TiE, Pune.

Our first speaker in this series was Mr. Aditya Berlia, Co-promoter Apeejay Stya Group and Svrn Group. Mr. Berlia addressed the 'what', 'why', and 'how' of 10X growth in family businesses. He stressed the importance of family alignment with business goals to achieve high growth in the business. According to Mr. Berlia, a standard system of valuations should be set up to study past performance and predict business' future growth. Mr. Berlia left the audience with an important message, "The business is in service of the family." He shared that for their family, keeping the family united is a priority.

The first session on the second day focused on

'Family Harmony and Governance' and was hosted by Mr. Raman Nanda.

Our first speaker for the session, Mr. P.M. Kumar, Founder, Human Endeavour Associates and Family Business Advisor, shed light on the importance of maintaining harmony in business families. Mr. Kumar adapted the famous quote by Peter Drucker, "Culture eats strategy for breakfast" to "Culture eats structure for breakfast." According to him, harmony is a part of culture, and harmony is important for governance and structure to succeed. He believes that strengthening the family culture and relations before implementing structures and governance is important. An interesting view that Mr. Kumar shared was that harmony does not suggest a lack of differences. The way these differences are handled is critical to maintaining harmony. Mr. Kumar highlighted an important aspect of familial relationships by saying, "Family relationships are precious, but are mistaken as being fragile."

In continuation with Harmony and Governance, Mr. Abhishek Somany, MD Somany Ceramics Ltd., highlighted the importance of a Family Constitution. He shared the story of drafting of their family constitution and believes that a constitution has to be drafted with appropriate governance mechanisms, well before any eventualities. He called it 'a structured opportunity to define family and business relationships'. Mr. Somany reiterated throughout the session that the constitution evolves over time is not a static document. He ended his session by saying that the journey does not end at drafting a good constitution, but it is important to implement it and live by the constitution.

The second session focused on 'Alternate Dispute Resolution' and was hosted by Adv. Suhas Tuljapurkar, Founder and Managing Partner, Legasis Partners.

Our first speaker for the session was Justice A.K. Sikri, Former Supreme Court Judge. Justice Sikri's opening remarks were, "Mediation is a real access to justice." Justice Sikri brought out the difference between the courts' adversarial system and the mechanism of

mediation, and how the latter leads to a win-win situation. Throughout his talk, Justice Sikri cited examples from his exemplary career to showcase the power and efficiency of mediation. However, he mentioned that not all cases can be resolved by mediation or arbitration, and in such cases, court intervention is needed.

Adv. Rafique Dada, Senior Advocate, High Court, Mumbai, explained the history and the importance of the alternate dispute resolution mechanism. He stated that “Mediation is the answer to many legal problems which are seemingly legal, but are really a part of some emotional problems which arise.” Adv. Rafique Dada firmly believes that mediation is the next step in legal evolution. It is a stage of altruism where you do not live for yourself, but you live for others and resolve disputes most amicably.



The third day focused on 'Key Challenges in Family Business' and 'Succession Planning' and was hosted by Mr. Aditya Jhunjhunwala, Co-Founder, The Enterprise Fellowship.

Our first speaker for the day, Ms. Meher Pudumjee, Chairperson, Thermax shared her story of running a family business and the challenges faced over the years. She covered challenges like employment of

spouses, induction of the next generation, entitlement, and the deeply rooted patriarchy in Indian society. Ms. Pudumjee concluded her talk by sharing their family mantras for achieving success have been their values and open and honest communication.

Dr. Parimal Merchant, S.P. Jain School of Global Management, the next speaker for the day, emphasized the uniqueness of Indian family businesses and how it is difficult to have one single solution to succession planning. He mentioned that succession management is dynamic and that every family needs to decide for themselves how the roles and responsibilities are to be distributed among the next generation. Dr. Merchant believes that children from business families have accidental exposure to the business and structured mentoring is of utmost importance while inducting them into the business.

The third speaker, Mr. Animesh Jain, Director, RM Group, also shared his views on succession planning. He explained the different points of friction like roles and responsibilities, feeling of mistrust, and unspoken expectations that may occur when the next generation enters the family business. Mr. Jain stressed the importance of formal competency mapping and compensation planning to tackle these points of friction. He concluded that all family members cannot be entrepreneurs and they need not be one. Intrapreneurs are equally important for the running of the business.

Our last speaker for the day was Ms. Rama Kirloskar, MD, Kirloskar Ebara Pumps. She shared her views on 'Perspective of Women in Family Business.' Ms. Kirloskar stated that it is important to groom daughters in a manner that would allow them to take over the business and be successful. She believes that being able to cope with any situation is all about being mentally prepared. It is about thinking of a particular situation enough times to not fear it anymore. Ms. Kirloskar also shared that the Kirloskar family has iconic women who helped in the successful running of the business in the past and this legacy inspires her.

The fourth day focused on Estate and Wealth Planning. The session was hosted by Adv. Vaishali Bhagwat, Practicing Lawyer (Civil, Cyber and

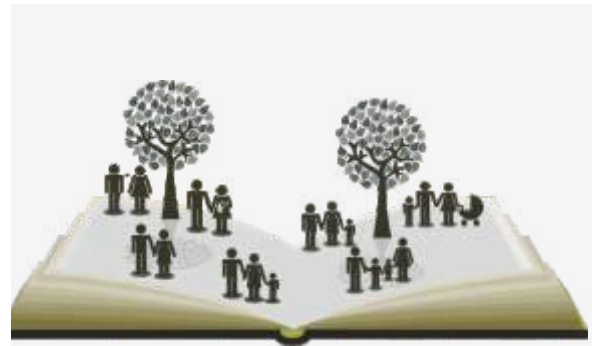
Privacy).

Our first speaker for the day, Mr. Venkatraman, Senior Managing Partner and CEO, IIFL Investment Advisor and Trustee services Ltd., stated that estate planning is about the assets you own as an individual, how they are held, how are they managed, and how tax-efficient are they. He asserted that while planning for one's estate, one has to look at how to manage it during their lifetime and how to pass it on post their lifetime to near and dear ones. Mr. Venkatraman explained the 4 cornerstones and tools of estate planning by citing examples to simplify this complex topic for our audience. He emphasized the importance of drafting a will for a smooth transfer of assets to the desired entity. To quote Mr. Venkatraman, "Estate planning is about planning for absence rather than presence."

The next two speakers for the day were Hemal Uchat, Partner, PwC and Saurabh Kothari, Director, Deals Practice, PwC. They addressed the issues faced during the transition of a business from one structure to another in terms of taxes or stamp duties levied on the transfer of assets. Mr. Kothari briefly explained the history of the inheritance tax and its implications if it were to be introduced in India in the future. He also covered the regulations and migration challenges that one needs to remember while transitioning from one structure to another.

The fifth and the final day of the Family Business series focused on Transitions and Transformations in Family Businesses. The session was hosted by Mr. Koushik Shekhar, Trustee, Development Support Team (DST), Pune.

Our first speaker for the day, Dr. Sougata Ray, Strategy Management, IIM-Calcutta, addressed some important aspects of growth of family businesses. He stated that in a country like India, growth is not a choice, but a necessity. He believes that adopting a strategy for sustainable growth will ensure long term prosperity of businesses. According to Prof. Ray, the key is in achieving a balance of growth aspirations, strategy, organisational principles and family system leading to dynamic equilibrium, harmony and sustainable growth.



**“It is important for the new generation to learn from senior leaders in the business before taking up leadership roles.”**

The next speaker for the day, Prof. K Kumar, Professor - Entrepreneurship, Dean – Alumni Relations and Development, IIM- Bangalore, spoke about transitions in family businesses from one generation to another. He emphasized that family businesses can neither take the family nor the business for granted. He reasoned that the dynamics between two generations have changed and thus, family businesses have to constantly keep looking for new ways to do business and venture into businesses that are to the liking of the new generation. Prof. Kumar pointed out that transition from one generation to another may not be a one-time event, but a gradual process.

Our third speaker for the day, Ms. Shilpa Pophale, MD, Electronica Finance Ltd., shared her experiences and learnings from the transitions in their business. She feels that it is important for the new generation to learn from senior leaders in the business before taking up leadership roles. She asserted that the younger generations must understand their privilege and build on the legacy of the previous generations responsibly. Ms. Pophale believes that the next generation must be involved in the business from a young age to develop interest and passion towards the business.

Our fourth speaker for the day, Mr. Raman Nanda, addressed solutions to handle issues that arise during the transition of the business from one generation to another. According to him, it is important to invest in the grooming of the upcoming generation well ahead of time. It is essential to ensure that the new family members joining the business are competent enough to carry forward the business successfully. He stressed that appropriate processes help in building capabilities that last longer. Mr. Nanda pointed out that family business members should always take the right decision, which may not necessarily be a fair one.

To conclude the five week long Family Business Series, Mr. M M Murugappan, Murugappa Group, delivered the valedictory speech. He shared the

Murugappa Group's history of family values, business philosophy and their commitment towards social responsibility. He believes that congruence between family values and business philosophy is a must. To quote Mr. Murugappan, "Transition happens from generation to generation, but a growth mindset definitely needs transformation." When asked about his views on resolving conflicts within family businesses, he said that family should be handled like a communist and business like a capitalist. Mr. Murugappan's closing remarks were, "As the business grows into succeeding generations, we may have to tweak the different types of business models, we may have to tweak ownership models, but we will not tweak our values so that the businesses and the family continue to grow and serve the society."

**"The business is in service of the family"**

- Mr. Berlia

**"Transition happens from generation to generation, but a growth mindset definitely needs transformation"**

- Mr. Murugappan

**"Mediation is the answer to many legal problems which are seemingly legal, but are really a part of some emotional problems which arise"**

- Adv. Rafique Dada



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# Family Business Series



Key note address:



**Dr Abhay Firodia**  
Chairman of Force Motors

## Some of the esteemed speakers



**Justice A K Sikri**  
Former Supreme Court Judge



**Mr Abhishek Somany**  
MD Somany Ceramics Ltd



**Mr Aditya Berlia**  
Co-Promoter, Apeejay Syta Group and Svrn Group



**Mr Animesh Jain**  
Director RM Group



**Mr Girish Venkataraman**  
Sr. Managing Partner and CEO  
IIFL Investment Adviser and  
Trustee Services Ltd.



**Mr Hemal Uchat**  
Partner,  
Deals Tax, PwC India



**Prof K Kumar**  
Professor, Entrepreneurship, Dean,  
Alumni Relations & Development,  
IIM Bangalore



**Ms Meher Pudumjee**  
Chairperson Thermax Ltd



**Mr M M Murugappan**  
Murugappa Group



**Mr P M Kumar**  
Founder and Family Business  
Advisor at Human Endeavour



**Dr Parimal Merchant**  
Global FMB Program at S. P. Jain  
School of Global Management



**Ms Rama Kirloskar**  
MD Kirloskar Ebara Pumps Ltd.



**Mr Raman Nanda**  
CEO STEP Transformations



**Adv Rafique Dada**  
Senior Advocate,  
High court Mumbai



**Mr Saurabh Kothari**  
Director,  
Deals Tax, PwC India



**Ms Shilpa Pophale**  
MD, Electronica Finance Ltd



**Dr Sougata Ray**  
Professor Strategic Management,  
IIM Calcutta

Convenor:



**Mr Raman Nanda**  
CEO STEP Transformations

Co-Convenors:



**Mr Aditya Jhunjunwala**



**Mr Koushik Sekhar**



**Ms Pratima Kirloskar**



**Adv Suhas Tuljapurkar**



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- MECF is a Common Facilities Center (CFC) promoted by Maharashtra Chamber of Commerce, Industries and Agriculture (MCCIA) under the Electronics Manufacturing Cluster (EMC) scheme, to create and strengthen the infrastructure ecosystem for electronics manufacturing industry in the country.
- The CFC will offer support to the members of Pune Electronics Cluster by providing the most commonly required facilities under one roof, viz;

- ✓ **Designing Centre**
- ✓ **SMT Line**
- ✓ **Test and Measurement Lab**
- ✓ **EMC / EMI & Lab**
- ✓ **Test & Certification**

### Project Timeline

The project is currently on fast-track and is expected to be part-operational by June 2021.



Participate Now By Becoming Industry Contributor and Enjoy Additional Benefits In Terms of Priority Allotment of Test Facilities and significant Discounts on rack rates based on the quantum of contributions.

Value Proposition for Industry Stakeholders

Sr No.	Contribution Amount (Rupees)	Discount offer on Rack Rate	Amount and Maximum Time Period for Availing the Discount	Priority Allocation (Number of working days) based on the availability of Lab
1	Less than 5 lacs	15%	Limited to 200% of amount of contribution or 5 years from the date of operation whichever is earlier	Within 14 days
2	>5 lacs to 10 lacs	20%		Within 10 days
3	>10 lacs to 20 lacs	25%		Within 8 days
4	>20 lacs	30%		Within 5 days

For more details / assistance, please contact: Shrikrishna Gadgil on 9822315777 or email on ceo@mecf.in

Testimonials



**Mr. Ravi Pandit-** KPIT Technologies Ltd

KPIT is pleased to be associated with MEFC. The world class equipment and facilities which will be available at MECF will help us add innovative new products to our portfolio. I would highly recommend industries to become stakeholders in MECF.



**Mr. NK Bedarkar-** SBEM Pvt. Ltd.

This is a great facility for the Electronic products and hardware developers. All the facilities required under one roof!



**Ajay Bhagwat-** Renu Electronics Pvt.Ltd.

As we release many new products every year, we are desperately in need of good testing and certification facilities in Pune. We are eagerly looking forward to get benefit from the state-of-the art equipment and facilities. We are proud to have paid our part of the industry contribution and look forward to many other companies participate. Thank you MECF for helping foster the ESDM eco-system in our region.

505, A-Wing, MCCIA Trade Tower, ICC Complex, 403, Senapati Bapat Road, Pune-411 016 INDIA.

# Finance for MSMEs: Focus on Inclusive Growth Second Edition

(Finance and Government Schemes at your Doorstep)

14th, 15th & 16th January 2021 from 3 pm to 5 pm  
Ministry of MSME and Bank Interaction

**M**CCIA, Ministry of MSME and GIZ – German Development Corporation (Deutsche Gesellschaft fuer Internationale Zusammenarbeit GmbH) had jointly organised the second edition on Finance for MSMEs online on 14th, 15th & 16th January 2021. Cosmos Co-operative Bank, State Bank of India, Bank of Maharashtra and ICICI Bank supported the event.

The objective was to provide a great opportunity for the existing and start-up enterprises to look forward to some welcome funding during the event. This event served as a single destination for availing all types of MSME products offered by multiple banks.

## Day 1: 14th January, 2021

The Inauguration Program was held on 14th January, 2021. The guest of honour for the Program was Prashant Parlewar, Director, MSME-DI, Nagpur.

### Mr. Prashant Girbane, Director General, MCCA Welcome address

Mr. Prashant Girbane, Director General, MCCA gave the welcome address and set the tone for the event. He spoke on the challenges faced by the MSMEs in the current times and also the opportunities which are available for them. He also highlighted the Role of the banking sector to strengthen MSMEs. He also spoke about MCCA's Initiatives for MSMEs in terms of conducting various informative webinars, government and bank interactions etc. Mr. Prashant Parlewar, MSME-DI, Nagpur - Role of the Ministry in Strengthening MSMEs

### Speech summary:

- The Champions Portal is a grievance redressal platform for MSMEs, wherein 50,000 grievances are addressed until today.
  - **The Emergency Credit Line Guarantee Scheme:** 20% emergency Credit is granted to the MSMEs to avail credit during the pandemic.
  - **Distressed Asset Fund:** This scheme is for stressed MSMEs to restructure 90% of their credit.
- Cluster Development Scheme: This is a flagship scheme of the ministry in which infrastructure support is extended towards the MSMEs, in order to

compete on a national and International level.

- **Skill Development for Migrant workers:** This initiative will maximise the skill capacity of local MSME workers so that workforce requirement from other states is minimised.

Mr. Parlewar also summarised his view on other schemes such as the ZED scheme, Fund of Funds scheme, scheme for export promotion and credit facilitation scheme.

### Mr. Shankar Kumar, Technical Advisor, GIZ- MCCA and GIZ Partnership

Mr. Shankar Kumar spoke on GIZ's partnership with MCCA which has been there in place from a long time. He also focussed on the basis of this partnership which is to attain a common motive of facilitating credit to SMEs.

### Panel Discussion on the Role of Banking Sector in Strengthening MSMEs- Senior Representatives from Banks Mr.V.P. Shrivastava, General Manager and Zonal Head, Bank of Maharashtra Summary:

- The formal banking sector is unable to finance MSMEs directly due to lack of professional discipline, low credit balance and poor health of financial reports.
- Banks do not approve credit to MSMEs due to its low consistency, diversion of funds from one operation to another operation etc.
- Therefore, Mr. Shrivastava highlighted that the financial health of the MSME is essential in order to avail credit from banks.

### Mr. Avinash Rana, Chief General Manager, Cosmos Bank Summary:

- Cosmos bank provides immediate relief measures to the MSMEs in availing credit as collateral security rates are marginal.
- The Bank focuses majorly on the MSMEs dealing in sectors such as textile, engineering, solar power generation, services, automobile and chemicals amongst others.

The loans offered by the bank are tailor made as per the requirements of MSMEs which focuses mainly on

The loans offered by the bank are tailor made as per the requirements of MSMEs which focuses mainly on granting retail loans upto 1 crore with minimal documentation and reasonable interest rates.

**Mr. Abhay Patil, AGM, SBI**

Mr. Patil mentioned that all loans upto Rs. 5 crore can be accessed through the SBI website. He also said that only the loans which are not covered under the CGTMSE scheme have a requirement of collateral.

**Mr. Anand Channe, Regional Head – Elite Trade relationship Business – Pune, South Maharashtra and Goa, ICICI Bank**

Mr. Channe spoke about the 2 schemes which ICICI Bank offers. The GTMSE scheme under which the bank grants loan of upto Rs. 2 crore and the lending rate is 10.5%. The Hybrid CGTMSE scheme requires partial collateral and the lending rate is 8.5 to 9%. The main criterion that the bank verifies in case of MSMEs is a year of audited balance sheet and the firm is in profit.

The panellists also gave details on the terms of availing collateral free loans under the CGTMSE Scheme, loans for start-ups, reduction of interest rates on loans, schemes for purchase/acquisition of machinery, CIBIL score of MSMEs etc.

**Day 2: 15th January, 2021- Presentations by Banks on Special Schemes for MSMEs**

On 15th January, 2021 - Senior Representatives from Banks presented gave a presentation on Special schemes for MSMEs.

**1. Mr. Abhinav Kale, AGM, Bank of Maharashtra: Credit Products of Bank of Maharashtra Presentation Brief:**

- Bank of Maharashtra offers a collateral free loan of upto Rs. 2 Crore, whether it is in the form of a term loan or a cash credit facility.
- The bank offers also offers a GST product which demands GST returns of last 3 months of which the bank calculates its average for the whole year. Any GST compliant borrower can avail this scheme under which loan worth Rs. 10 crore is granted with minimum documentation.
- Bank of Maharashtra has a special scheme for Professionals which offers doctors called the mahaDoc scheme a loan of upto 5 crores and Rs. 2 crores to other professionals like architects, dentists, engineers, chartered accountants etc. The loan is available at a lucrative rate of interest @7.9% to 8.8% and is collateral free for loan amount upto Rs. 2crore.

- The scheme to fund hospitality units which include hotels, motels, bakeries, houseboats, amusement parks etc. offers a maximum loan amount of worth Rs. 10 crore and a margin amount of 20%. The rate of interest ranges from 9.1% to 9.4%.

- The scheme to fund contractors offered by the Bank loans upto Rs. 10 crore.

- Other credit products offered by the bank of Maharashtra which fall under the financial umbrella are – Insurance for salaried employees, stand by line credit scheme, sukanya samriddhi scheme, Atal Pension Yojana etc.

- The Bank offered loans of worth Rs. 200 crores during the Pandemic to MSME borrowers in the Pune region. Mr. Kale also mentioned that their schemes are purely demand driven. Demand from certain sectors enables them to devise schemes accordingly benefitting the MSME borrowers.

**Mr. Rudra Mishra, AGM, SIDBI - Initiatives to combat Covid-19 Presentation Brief:**

- There are certain regulatory packages announced by RBI like extending the moratorium period, repayment period of loans, the Emergency credit line Guarantee scheme.

- SIDBI had announced an MSME Helpdesk under which it ensured that all MSME queries with respect to the schemes, relief measures of Atmanirbhar Bharat were addressed within 2 hours.

- During the Pandemic, there was a high demand for working capital, hence RBI announced the one time Restructuring Package so that MSMEs could come out of crisis and restart their operations effectively.

- **ARM-** MSME(Asset Restructuring Module for MSMEs - SIDBI has launched a web portal ARM- - MSME to help MSMEs prepare their restructuring proposals to restructure loans as per RBI guidelines. SIDBI facilitates handholding support to MSMEs for using the portal for which it has appointed counsellors in various cities. The details of the Pune counsellor is as follows:

**Shri. Prakash B Khandkar**

**Mob: 9422552244**

**Email id: prakashkhandkar@gmail.com**

- **Swavalamban Crisis Responsive Fund:** This fund was introduced to keep the working capital cycle in operation and the registration fee is paid by SIDBI. This fund is available till 31st March, 2021 or the period till 3 lakh crore funds is completely exhausted.

- **Udayami Mitra:** This is a knowledge portal initiated by SIDBI, which consists of all the information,

schemes available for MSMEs and more than 300 project profiles that the MSME borrowers can access.

### **Dr. Sumit Roy- Boosting performance through KPI analysis and structured appraisals**

#### **Presentation brief:**

- Performance boosting of organisations can happen using a two pronged approach which is- effectiveness and efficiency.
- Different aspects of management like the concept of Muda in Japanese, KPI and appraisals were highlighted during the presentation.
- Waste('muda in japanese') is anything other than the minimum amount of equipment, materials, parts, space and worker's time, which are absolutely essential to add value to the product. Value of the Product depends on the push from the customer's demand; hence the concept of total value attainment of a product is illusionary.
- To understand KPI i.e. Key Performance Indicators, it is essential to focus on the lead data rather than lag data. If a company is over reliant on the lag data, it will spend most of its time doing post mortem analysis and data analysis, whereas if it follows lead data it will help eliminate design errors.
- Basic approach to appraisal Includes factors like: to design it in such a way that recognises long term sustainable improvement, ties all aspects of employee engagement together, listening to difficulties both functional and CFT etc.

### **Mr. Vinayak Joshi, Deputy General Manager – Credit Supervision Cell, Cosmos Co-op Bank - Schemes for Startups**

#### **Presentation Brief:**

- Policy of the Bank to finance start-ups/ new enterprises depends on the profile of the borrower, whether he/she is qualified or experienced. The Bank also demands for startup's projections with respect to the prospective firm's profitability, sale, investment, sources of finance etc.
- Primary form of loans granted by the Bank is in the form of term loans and Working capital loans. Term loan is sanctioned for investment in fixed asset, Purchase of land/machinery etc. Working capital loan is sanctioned for regular ongoing transactions, purchase of raw materials etc.
- **Cosmos Comfort Professional loan:** The maximum unsecured loan amount for professionals like Architects, Doctors, Chartered accountants, engineers is upto Rs. 5 Lakhs and secured loan amount is upto 25 lakhs. The age group of the

borrowers ranges from 25- 65 years. And the rate of interest charged is 8.9% to 9.5%.

- **Cosmos Small Business Scheme:** The maximum loan amount granted under this scheme is Rs. 1 crore against collateral worth of 40% to 45% of loan demanded.
- **Cosmos Woman Loan Scheme:** This scheme is especially designed for women entrepreneurs or women holding more than 51% of shares in a firm. Finance is provided at 0.5% lesser rate of interest.
- Other schemes for start-ups offered by the bank are – SME loan scheme, cosmos working capital loan scheme etc.

### **Day 3: 16th January, 2021- Initiatives by banks to strengthen MSMEs**

The guest of honour for the Program was Mr. Abhay Daptardar, Assistant Director, MSME-DI- Mumbai  
Mr. Deepak Karandikar, Vice President, MCCA – Welcome Address

Mr. Deepak Karandikar, Vice President, MCCA presented the welcome address by giving an overview of the initiatives taken by the Chamber. He spoke on the various opportunities that MCCA creates like organising regular webinars and interactions with industry representatives, organising trade delegations, resolving issues of our member enterprises etc. He also mentioned about the handholding support that the Chamber offers as an industry representative to the member companies.

### **Mr. Abhay Daptardar, Assistant Director, MSME-DI-Mumbai- Schemes for MSMEs**

#### **Presentation overview:**

- Recent initiatives taken by the Ministry of MSMEs include revision of the MSME definition and the transition of Udyam registration to Udyog Adhar amongst others.
- Various portals are introduced by the Ministry to cater to the MSMEs like the Samaadhan portal which is a dispute resolution platform wherein, issues like delayed payments from borrowers can be addressed. The GeM portal is an E- marketplace which provides an open, efficient and transparent solution.
- **Subordinate Debt(Equity) for stressed NPAs/ MSMEs:** Thus scheme is especially for stressed MSMEs facing a prolonged shortage of cash irrespective of the pandemic. It is collateral free quasi equity. The promoter's contribution is 15% i.e. Max 75 lakhs.

- The Equity infusion of 50,000 crore is an initiative of the government for growth oriented MSMEs who are willing to expand in size and capacity. It encourages MSMEs to get listed on the main board of stock exchanges.

- **TreDs (Trade Receivable E Discounting System):** It is an electronic platform facilitating the financing of trade receivables of MSMEs through multiple FIs. These receivables can be due from corporates and other buyers, including Govt Depts. and PSUs.

- Other schemes like Cluster development Program, CLCSS, SPECS, CGTMSE and 59 min loan portal were also highlighted during the session.

**Mr. Priyaranjan Debnath, Regional Head SMEAG Funding –Pune and Aurangabad, ICICI Bank**

**Speaker summary:**

- ICICI bank provides an SME toolkit which includes a bank portal containing a bouquet of knowledge, tools to increase efficiency within an organisation and helping in carrying our businesses in a systematic way.

- The Bank also implements the CGTMSE scheme which provides for collateral free loans of upto Rs. 2 crore. It also grants instant loans to current account holders in less than a day.

- **Vendor financing loan:** The bank grants collateral free loans to vendors who supply products to large corporates.

- ICICI bank also provides extended support in the form of training to the organisation members to carry out export related services.

**Mr. Anand Channe, Regional Head – Elite Trade relationship Business –Pune , South Maharashtra and Goa, ICICI Bank**

**Speaker Summary:**

- The approval process of banks with respect to sanctioning loans upto Rs. 30 crore, disbursement facilities is done rapidly.

- It has an online platform to carry out transactions digitally, issuance of bank guarantee, export bill discounting, export credit etc. which makes the process very convenient.

- The bank has funded many start-ups and provided them with initial seed capital and has also granted complete support in terms of technical support, advisory support etc.

**Mr. Dilip Das, AGM, Commercial Division, State Bank of India**

**Speaker Summary:**

- **Electronic deluxe finance scheme:** This scheme is a

robust platform which covers around 209 industry measures and is collateral free/ min required collateral loan. It caters to the need based financing MSMEs and the margin is nil. It is a very useful scheme for the vendors for which the bank charges processing fees of Rs. 10,000 to 30,000 and the rate of interest is very minimal

- **Electronic deluxe vendor finance scheme:** There is no need of collateral to avail this scheme. The margin under this scheme is Nil and the rate of interest is low.

- **Standup India Scheme:** This scheme is covered under the CGTMSE scheme which grants loans of upto Rs.1 crore to underprivileged section of the society like SC, ST borrowers or women entrepreneurs. Loans are provided either in the form of working capital/ term loans.

**Mr. Abhay Patil, AGM, SBI**

Mr. Patil, AGM, SIDBI briefed about the schemes offered by SBI like the scheme to finance retailers, asset backed loans, open term loan scheme, Agriculture scheme, cotton ginning scheme etc.

**Ms. Yogeshwari Wagh, AGM, Cosmos Co-op Bank**

**Speaker Summary:**

- Cosmos Bank grants term loans to MSME borrowers for purchasing land and machinery, premises, construction equipments, furniture etc.

- **SME loan scheme:** This scheme entails term loans with overdraft facility. It funds industries owning land and building in industrial areas like MIDC, GIDC etc. The bank finances 50% to 60% of the building value after submission of periodical statements.

- **Small Business loan scheme:** Working capital of upto Rs. 1 crore against 25 to 30% annual turnover is granted under this scheme to manufacturers and traders.

- **Medical loan scheme:** This scheme is for medical practitioners who own diagnostic centres, pathology labs, maternity homes etc. Term loan is provided for purchase of premises, medical equipments, furniture etc.

- Cosmos bank also offers schemes such as solar power generation scheme, Vendor finance scheme etc.

# MCCIA Sustainability Dialogue 2021

- Mr. Chetankumar Sangole, Ms. Mitali Ghosh

On the 21<sup>st</sup> and 22<sup>nd</sup> January 2021, The Maharashtra Chamber of Commerce Industries and Agriculture, organised the “**MCCIA Sustainability Dialogue 2021.**” The Dialogue focussed on landscaping actions for sustainable growth in an uncertain future through four enriching sessions, addressing;

Innovation and discovering new value propositions for businesses Sustainable supply value chain, Sustainable cities and livelihood Sustainability standards for emerging practises/actions Business continuity and growth policy

During the conference 16 panellists from leading businesses and organisations across India and overseas spoke about the topics and answered questions from the participants.

Mr. Pradeep Bhargava, Immediate Past President, MCCIA and Independent Director, Persistent Systems Ltd, Pune, Mr. Anirban Ghosh, CSO, Mahindra Group, Mumbai, Mr. Rahula Kashyapa, AVP, Business Development, B2B Business, ReNew Power, Gurgaon, and Mr. Hirendra Divgi, Executive Director, Divgi TTS, Pune addressed the participants about, innovation and discovering new value propositions for businesses. The key takeaways were that long-term planning helps an organisation through any disruptions, social sustainability begins at home, long-term perspectives make a business sustainable and upgrading to new technologies is important while balancing work along with environmental factors.

Dr. René Van Berkel, UNIDO Representative, Regional Office in India, Mr. Saurabh Gaidhani, Lead Programs, Resilient Cities Network, Singapore and Mr. Randall Newton, Vice President, Engineering, Trane Technologies, St. Paul, Minnesota, US, spoke during the second session on the first day covering the topic of sustainable supply value chain, Sustainable cities and livelihood. The key takeaways were that sustainability provides a framework for business growth, there must be a balance between development and environment and that sustainability changes the way you think and helps

employees become more engaged.

The next session took place on the second day and covered sustainability standards for emerging practices/actions. The speakers for the session were, Mr. Rajesh Chhabara, Managing Director, CSRWorks International Pte Ltd, Singapore, Dr. René Van Berkel, UNIDO Representative, Regional Office in India and Ms. Rubina Pal, Manager, GRI South Asia, New Delhi. The key takeaways were that the biggest pitfall is not planning the stakeholder engagement process, communicating with stakeholders is of utmost importance and that transparency enhances trust and reputation.

The last session was about business continuity and growth policy. Mr Venkatesh Tammanavar, Director, Integral Process Controls India Pvt Ltd, Pune, Mr. Hirendra Divgi, Executive Director, Divgi TTS, Pune, Mr. Sandesh Salian, Director, Dali and Samir Engineering Pvt Ltd, Pune and Mr. Raju Venkataraman, International Corporate Trainer, and Leadership Coach, Director, Ecsel Consulting Pte Ltd, Singapore, were the speakers. The key takeaways were that MSMEs need to embrace sustainability, sustainability reporting helps in identifying weaknesses in organisations, sustainability helps identify micro risks and successful implementation of sustainability for MSMEs starts with leadership and partnership.

Through these sessions the panellists were able to address the concerns of decision makers across industries and offered valuable advice to the participants.

Approximately 120 participants attended the event over two days. ReNew Power and Pravin Masalewale sponsored the dialogue.

**Mr. Chetankumar Sangole,**  
Head - Sustainability Desk, MCCIA  
chetankumars@mcciapune.com

**Ms Mitali Ghosh,**  
Senior Manager,  
ReNew Power Pvt Ltd  
mitali.ghosh@renewpower.in

# MCCIA Sustainability Cluster

## Sustainability actions and impact

- Cluster: group of 5 businesses
- Align: thinking
- Prioritise: actions for growth
- Assess: impact and potential
- Develop: targets and measures
- Implement: work closely with core team
- Build capabilities: core team
- Improve: triple bottom line
- Provide: monitoring tools
- Share: stories/case studies with others
- Communicate: showcase sustainability achievement/s through reporting
- Use: evolved yet proven procedural know-how and GRI standards
- Timeline: 10 months.

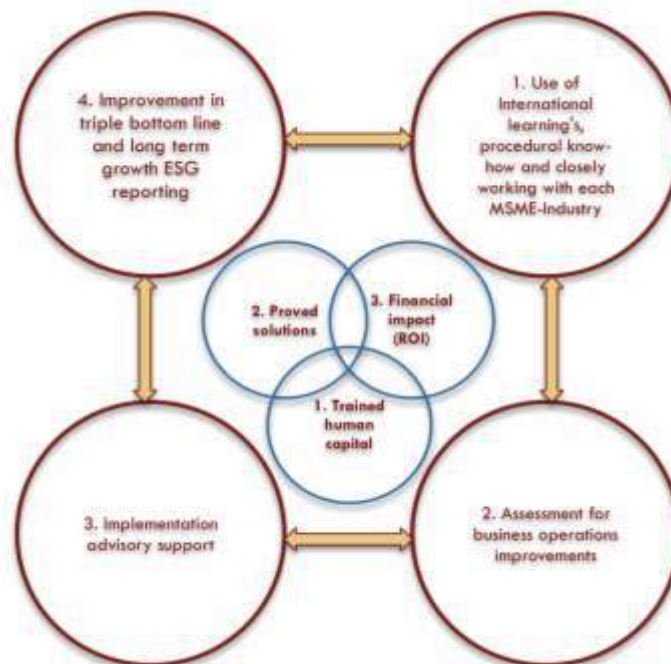


Figure: MCCIA's approach for empowering MSMEs-Industries through sustainability

**Figure: MCCIA's approach for empowering MSMEs-Industries through sustainability**



Maharashtra Chamber of Commerce,  
Industries and Agriculture

# 2<sup>nd</sup> Edition of Emerging Trends in Electric Mobility : Opportunities for MSMEs

March 2021



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Please contact:

**Mr. Prashant Jogalekar: 9822425268**  
[prashantj@mcciapune.com](mailto:prashantj@mcciapune.com)





Mahratta Chamber of Commerce,  
Industries and Agriculture



# Industrial Relations Conclave

## Transformational IR approach post Covid Era

21<sup>st</sup> April 2021 | 1:00 p.m. to 5:00 p.m.  
(Virtual platform)

Session 1:  
**Impact of codes on Employee Relations**  
Session 2:  
**Coping up with Contingencies**  
Session 3:  
**Future of Employee Relations**



For details please contact :  
**Ms. Anuja Deshpande:**  
**020-25709231**  
**anujad@mcciapune.com**



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Mahratta Chamber of Commerce,  
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## Online Certificate Course

# Human Resource Management (Modular Structure)

03<sup>rd</sup> March - 28<sup>th</sup> July 2021

2:30 p.m. to 5:45 p.m. (Online Sessions – Every Wednesday)

<u>IR Module</u>	<u>HR Module</u>	<u>Policy and Technology</u>
<ul style="list-style-type: none"> <li>• New Labour Codes &amp; Draft Rules</li> <li>• Discipline &amp; Grievance Handling</li> <li>• Union Negotiations</li> <li>• Contract Labour Management</li> <li>• Case Studies in Industrial Relations</li> </ul>	<ul style="list-style-type: none"> <li>• Talent Management &amp; Competency Management</li> <li>• Retention, Recognition and Motivation</li> <li>• Learning and Development</li> <li>• Performance Management System</li> <li>• Employee Policy Manual</li> </ul>	<ul style="list-style-type: none"> <li>• HR and IR Compliance</li> <li>• POSH Fundamentals</li> <li>• People Management Information System</li> <li>• Use of Analytics</li> <li>• Productivity and Quality Management</li> </ul>

**The course is most relevant for**

<ul style="list-style-type: none"> <li>• SME Entrepreneurs</li> <li>• Employees with or without formal qualifications/ experience in HR</li> <li>• Retired or retiring Defense</li> </ul>	<ul style="list-style-type: none"> <li>• Personnel</li> <li>• Functional Heads</li> <li>• Professionals</li> <li>• Line Managers experienced and desirous of making a career shift</li> </ul>
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**What learners gain**

<ul style="list-style-type: none"> <li>• E- Certificate</li> <li>• Access to Live Case Studies</li> </ul>	<ul style="list-style-type: none"> <li>• Experiential Learning with Industry Experts</li> <li>• Access to enriching Course Material and video recordings</li> </ul>
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**Full Course Fee Details**

For MCCIA Members and Colleague Organizations INR 15,000/- +GST	Non Members INR 20,000/- +GST
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<b>Individual Modules For MCCIA Members and Colleague Organizations</b> INR 6,000/- + GST	<b>Individual Modules Non Members</b> INR 8,000/- +GST	<b>Students Full Course</b> INR 10,000/- + GST	<b>Individual Modules</b> INR 4,000/- + GST
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Mahratta Chamber of Commerce,  
Industries and Agriculture

6<sup>th</sup> Annual Leadership Summit

# Transformational Leadership

A Rainbow of Opportunities

April 2021



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Mahratta Chamber of Commerce, Industries and Agriculture

# Pune International Business Summit

1<sup>st</sup> and 2<sup>nd</sup> March 2021



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