

No hike in allocation for textile and clothing sector

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The 2019-2020 Budget has not increased allocations for key schemes expected to encourage investments in the textile and clothing sector – the Amended Technology Upgradation Fund Scheme and textile infrastructure programmes.

The Budgetary allocation for the Amended Technology Upgradation Fund Scheme is ₹700 crore as against the revised allocation of ₹622.63 crore for the last financial year.

The total allocation for textile infrastructure schemes for 2019-2020 is ₹58.55 crore against ₹3,729.83 crore last fiscal.

Pending payments

The total pending payments for Technology Upgradation Scheme is almost ₹10,000 crore.

The government has revised the guidelines and payments are made only after joint inspections.

“We were hoping for a higher allocation for the scheme,” said Sanjay K. Jain, chairman of Confederation of Indian Textile Industry.

Only about ₹20 crore was disbursed in the last three years under the Amended Technology Upgradation Fund Scheme, according to P. Nataraj, chairman of Southern India Mills' Association.

“We hope there will be more funds made available later in the year.”

Mr. Jain added that textile exports were flat and imports on the rise.

“There is nothing [in the Budget] to stop imports and boost exports,” said Mr. Jain.

PNB reports over ₹3,800 crore fraud by Bhushan Power & Steel

‘Firm fudged books of accounts to raise funds from consortium lender banks’

PRESS TRUST OF INDIA
NEW DELHI

Public sector lender Punjab National Bank said on Saturday it had detected a fraud worth more than ₹3,800 crore by Bhushan Power & Steel Ltd. (BPSL), and has reported it to the Reserve Bank of India (RBI).

PNB said Bhushan Power & Steel Ltd. misappropriated bank funds and manipulated its books of accounts to raise funds from consortium lender banks. “On the basis of forensic audit investigation findings and CBI filing FIR, on suo moto basis, against the company and its directors, alleging diversion of funds from banking system, a fraud of ₹3,805.15 crore is being reported by the bank



The bank said the case at NCLT was at an advanced stage and that it expected 'good recovery' in the account. *AFP

account. PNB said its domestic exposure to Bhushan Power & Steel Ltd. (BPSL) stood at ₹3,191.51 crore and overseas exposure of \$49.71 million (approx ₹345.74 crore) at the Dubai branch and \$38.51 million (approximately ₹267.90 crore) at the Hong Kong branch.

Directive to Nirav Modi

Separately, the Debt Recovery Tribunal in Pune has directed fugitive diamond merchant Nirav Modi, currently in a London prison, and his aides to pay more than ₹7,200 crore with interest to the defrauded PNB. Mr. Modi is wanted in India as the main accused in the \$2-billion PNB fraud and money laundering case.

to the RBI,” the bank said in a regulatory filing.

“It has been observed that the company has misappropriated bank funds, manipulated books of accounts to raise funds from consortium lender banks. At present, the

case is at NCLT, which is in an advanced stage and the bank expects good recovery in the account,” it added.

The bank had made provisions amounting to ₹1,932.47 crore, as per prescribed prudential norms, for the BPSL

‘Hike in gold duty will make businesses shift to other nations’

Sector facing declining exports, job losses, says GJEPC

PRESS TRUST OF INDIA
NEW DELHI

Gem and jewellery exporters on Saturday expressed disappointment over the significant increase in import duty on gold and other precious metals, saying the move would result in shifting of businesses to neighbouring countries.

Gem & Jewellery Export Promotion Council (GJEPC) chairman Pramod Agrawal said: “We, as an industry, are greatly disappointed with the increase of import duty on precious metals, gold and silver.”

The sector was already going through very tough



times with decline in exports and job losses, he added. According to industry experts, the decision could lead to an increase in smuggling of the yellow metal in the country.

In the Budget 2019-20, the

government proposed to raise the import duty on gold and other precious metals from 10% at the present to 12.5%. Mr. Agrawal said they had urged the government to cut the import duty as they were important raw materials for the sector.

The government's move “will result in growth of business in the neighbouring countries as foreign tourists will stop buying jewellery from here and processing of larger diamonds will shift to competing countries like China, Vietnam,” he said..

Gems and jewellery exports declined 5.32% to \$30.6 billion in 2018-19.

Budget disappointing for planters, says UPASI

‘Failed to address needs of the sector’

SPECIAL CORRESPONDENT
COIMBATORE

The Union Budget has failed to address the needs of the plantation sector – tea, coffee, rubber and spices – that are in a crisis, according to the United Planters' Association of Southern India (UPASI).

The Association had sought measures to safeguard the rubber growers from the surge in imports.

Higher allocation

It had also asked for higher allocation for the commodity boards. Both the demands were not met. The import duty on natural rubber was now 25% and the as-

‘TDS on cash withdrawal to hurt tea sector’

SPECIAL CORRESPONDENT
KOLKATA

The tea industry has sought exemption from the proposed move to impose 2% tax deducted at source on cash withdrawals from banks exceeding ₹1 crore annually for businesses, saying that in absence of banking infrastructure, cash payouts were the only option.

Arijit Raha, secretary general of the apex industry body, Indian Tea Association, said that the issue of inadequacy of banking infrastructure in the remote tea gardens has been flagged to the government. The industry first faced this problem during demonetisation. “The TDS on cash withdrawal will impose an additional burden on industry,” he said in a release.

‘Delinking calculation, justification of share premium is welcome’

Start-ups heave sigh of relief

SPECIAL CORRESPONDENT
BENGALURU

The Budget proposal to address the thorny ‘angel’ tax issue comes as a major respite to start-ups and investors alike.

K. Ganesh, a Bangalore-based serial entrepreneur and partner, GrowthStory, said, “The draconian devil tax has been comprehensively addressed including some relief for pending cases that were causing lot of angst. One of the best moves is the delinking of calculation and the justification of share premium since deciding a premium is not an exact science, and it is impossible to justify.”

“Now, only the identity of the investor and source of income needs to be proven. This is fair and a straight-forward process. It will reduce arbitrariness and prevent unwanted harassment,” he added.

‘Angel’ tax is levied at 30%, when a privately-held company raises funds at a rate higher than its ‘fair valuation’ It was initially introduced in 2012 in a bid to curb money laundering via SMEs. Under the IT Act, Section 56 (2) (viib), money invested by angels in a company was treated as income from other sources.

The issue of establishing the identity of the investor and source of his funds would not require any kind of scrutiny from the Income Tax Department, said the Finance Minister in her Budget speech.

She added that CBDT



*GETTY IMAGES/ISTOCK

would set up a mechanism to alleviate issues with pending cases regarding ‘angel’ tax.

Manish Lunia, Co-Founder, FlexiLoans, a digital lending platform, said “Easing angel tax will further strengthen the start-up financing ecosystem and remove ambiguities.”

The strong message on the scrutiny of ‘angel’ tax will open up capital sources for early-stage ventures, said Deena Jacob, co-founder, Open, which provides banking services to start-ups and SMEs.

‘Implementation is key’

“However, the implementation, including the details of the verification mechanism will be the key to its effectiveness,” she added.

In February 2019, the government had exempted investments of up to ₹25 crore in eligible firms from the tax, as well as the scrutiny.

Welcoming the move, Kamal Bali, president and MD, Volvo Group India, said, “Finding a way to resolve the issue of angel tax for start-ups is a step in the right direction and it confirms the government's commitment to promoting innovation and entrepreneurship.”

INTERVIEW | PRAKARSH GAGDANI

‘Discount broking taking equity culture across the country’

We handhold our customers, says the CEO of 5paisa.com

ASHISH RUKHAIYAR

Discount broking firms are helping in spreading the equity culture in the country with most first-time investors, especially millennials opting for such technology-based platforms, says Prakارش Gagdani, chief executive officer, 5paisa.com. Excerpts from an interview:

How do discount brokerages make money when they charge negligible fees?

■ Discount broking companies generate profits by keeping their cost low and scaling up in terms of customers. Our maximum cost is on acquiring new customers. We do not have relationship managers. Everything is available for the customers on the app. We do 99.9% of the work on the app while the rest 0.1% of the work is that which necessarily needs human intervention. So, we are on the extremely low cost model and that's how our working model will be.

Plus, scalability is infinite. We have gained more customers organically than any dedicated campaign as such because people use, share it and then they ask their friend to do the same.

How easy is the on-boarding exercise for investors?

■ The customer just needs to download and open our app and the first thing is account opening. We do not take any physical documents as we accept the pictures of the documents of the customer. For KYC, we take PAN card and Aadhaar card. We have made the processes smooth; we only require the pictures and no bank proof. If the customer has all the documents in place, he can start trading within 45 minutes of the on-boarding process.

Our is an extremely low-cost model and that is how our working model will remain

Is it true that most new investors prefer discount broking compared with full service entities?

■ While we have seasoned traders as well as our clients, 80% of our customer base is young and less than 35 years in age. There has been a change in investor behaviour as well. The old customers would expect the broking company to call them many times during the day to give an update on the stocks. But now, people don't prefer getting such calls. They just open the app and get the information.

Do you mean that discount broking firms are spreading the equity culture across the country?

■ Absolutely. We are expanding the market. Initially, stock broking was concentrated in Mumbai, Gujarat, Delhi, Bangalore, Rajkot, Ahmedabad, but now we have acquired customers from almost every corner of the country. Rather, we don't focus on these markets because they are saturated.

It is often said that discount broking is for seasoned traders and not the investor who might occasionally put in a trade or two. ■ I think that is a myth to bust. It's a no-brainer for a high ticket trader.



‘Tata Motors committed to e-mobility’

PRESS TRUST OF INDIA
NEW DELHI

Tata Motors was committed to leading the transition towards electric mobility in the country and would closely work with other group entities to create a viable environment for green vehicles, group chairman N. Chandrasekaran said.

Mr. Chandrasekaran, in the Tata Motors' Annual Report for 2018-19, said that electric vehicles were necessary.

He, however, cautioned that this transition had to be well-planned with the Centre and the industry working together to ensure that ecosystem was developed, incentives provided to boost demand and sustainability goals achieved by implementing emission norms across value chain.

‘Little impact on inflation from fuel hike’

PRESS TRUST OF INDIA
NEW DELHI

Finance Secretary Subhash Chandra Garg on Saturday said the increase in petrol and diesel prices after the duty hike would have “very marginal impact” on inflation and any worry on that front was immaterial.

He also said the government expected ₹90,000 crore from the Reserve Bank of India (RBI) as dividend in the current fiscal.

Post the rise in fuel taxes announced in the Budget, petrol and diesel prices rose by at least ₹2.4 and ₹2.36 a litre respectively across metro cities.

“Any increase in tax does have some implications for inflation but we are currently at such a low rate, it will have no impact or very marginal impact,” Mr. Garg said.

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