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BI-MONTHLY NEWS BULLETIN

GOA STATE INDUSTRIES ASSOCIATION

(An Apex Association for Micro, Small & Medium Enterprises in Goa)

ISO 9001:2008 Certified

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GSIA Executive Committee Members for 2015-2017

- **President :** Mr. Sudin Naik
- **Vice President :** Mr. Rajkumar Kamat
- **Vice President :** Mr. Sanat Raiturcar
- **Hon. Secretary :** Mr. Anirudh Dempo
- **Hon. Treasurer :** Mr. Gautam Verlekar
- **Imm. Past President:** Mr. Shekhar Sardessai
- **Members :** Mr. Sanjeev Trivedi
  Dr. Sangam Kurade
  Mr. Naresh S. Pai
  Mr. Kiran Shirsat
  Mr. Sandeep Sardessai
  Mr. Sameer Keny
  Ms. Christabel Shrivastava
  Mr. T. C. Bhandari
  Mr. Gurudas S. Sarvankar
  Mr. Parag Joshi (Co-opted)
  Mr. Aakash Khaunte (Co-opted)
  Mr. Abhay Keny (Co-opted)
  Mr. Damodar Kochkar (Co-opted)

GSIA Advisory Committee Members for 2015-2017

- **President** :
  Mr. Sudin Naik
- **Imm. Past President** :
  Mr. Shekhar Sardessai
- **Past Presidents :**
  Mr. Atul P. Naik
  Mr. Atul D. Pai Kane
  Mr. Keshav Kamat

GSIA Co-ordinators for 2015-2017

Entrepreneurship & Skill Development	Mr. Sanat Raiturcar
Power & Infrastructure in Indl. Estates	Mr. Abhay Keny
Environment & Pollution Control	Mr. Gautam Verlekar Mr. Naresh Pai
Public Relations & Training	Mr. Gautam Verlekar
Central Excise/Service Tax, Commercial Taxes & GST	Mr. Atul P. Naik
Labour, ESI & EPF	Mr. Sameer Keny
GIDC Issues	Mr. Anirudh Dempo
DITC and Factories & Boilers Issues	Mr. Kiran Shirsat
GHRSSIDC, Rate Contract & MSME Development	Mr. Rajkumar Kamat
Bulletin & Events	Mr. Sanjeev Trivedi
NPV / Central Excise Issues	Mr. Atul Pai Kane
Banking Issues	Mr. Naresh Pai

GSIA's Representation on various Committees of the Government/ Government undertakings etc. for the tenure 2013-2015

Sr.	COMMITTEE	REPRESENTATIVE
1.	Goa Industrial Development Corporation (Goa IDC) Board	President
2.	Power Advisory Committee	President
3.	Micro, Small Enterprises Facilitation Council	Exec. Secretary
4.	State Labour Advisory Board	Mr. Sameer Keny
5.	State Minimum Wages Advisory Board	Mr. Sameer Keny
6.	State Planning Board/State Level Planning Committee	President
7.	Goa State Pollution Control Board	President
8.	State Level Skill Development Mission	Mr. Sanath Raiturcar
9.	Sub-Committee to Skill Development Mission	Mr. Sudesh Rane
10.	Advisory Committee of Bio Incubator Facility (ACBIF)	President /Dr. Sangam Kurade
11.	State Level Steering Committee for Center of Excellence (COE) Scheme under World Bank	Mr. Sanath Raiturcar
12.	Vocational Training Provider (VTP) Evaluation Committee (VEC) for Skill Development Initiative Scheme	Mr. Sandeep Sardesai
13.	State Board of Examination constituted by State Council for Vocational Training (SDCT)	Mr. Sandeep Sardesai
14.	Human Resource Development Foundation Society	Mr. Sudesh Rane
15.	State Level Steering Committee for IMC's of ITI's	Mr. Sudesh Rane
16.	Task Force Committee on New Schemes	Exec. Secretary
17.	Rate Contract Committee under Preferential Purchase Scheme	Mr. Rajkumar Kamat
18.	MSME Development Institute, Margao	Mr. Rajkumar Kamat
19.	Commercial Tax Advisory Committee	Mr. Atul P. Naik
20.	Public Grievance Committee for Customs & Central Excise	Mr. Anirudh Dempo
21.	RBI's Empowered Committee for MSMEs	Mr. Naresh Pai
22.	State Level Bankers Committee (SLBC)	Mr. Naresh Pai
23.	Goa Labour Welfare Board	Mr. Sameer Keny
24.	Regional Board / Local (ESIC) Employees State Insurance Corporation	Mr. Sameer Keny
25.	State Level Committee on Standardization & Quality System	Mr. Sameer Keny
26.	Controller of Legal Metrology (Weights & Measures)	Mr. Abhay Keny
27.	Regional Committee of Employees Provident Fund for the State of Goa (EPF).	Mr. Sameer Keny
28.	College Development Council, Goa University	Mr. Abhay Keny
29.	Task Force Committee on GST	Mr. Atul P. Naik
30.	Screening Committee for Transfer/Sub-Lease of GIDC plots/sheds.	President /Mr. Rajkumar Kamat
31.	Screening Committee for Allotment of Industrial Plots by GIDC.	President
32.	State Level Advisory Council for Water Conservation.	Mr. Kiran Shirsat

The views expressed in this Bulletin are not necessarily those of the Association. All information is provided with the usual waiver of responsibility as neither the GSIA nor its members, employees or service providers can accept liability for loss and damage resulting from omissions and inaccuracy relating to articles, information, data, telephone numbers, addresses, wording, spacing or positioning of any listings, representations and other material regardless of the cause.

PRESIDENT'S MESSAGE

Terming such minor irregularities as contraventions of GIDC rules and keeping the Damocles sword hanging over the heads of the entrepreneurs would not be in the interest of industrial growth in the State.

Mr. Sudin Naik
President
GSIA

The recent Goa Industrial Development (Amendment) Bill 2015 passed by the Legislative Assembly of the State of Goa appears to have been done with some ulterior motive. The Bill by amending Section 33 has increased the penalty from Rs. 10,000/- to Rs. 1,00,000/- for any construction or alteration to any building in the industrial estate contrary to the terms under which he holds such building or land under the Act or any rules made thereunder. If the contravention continues, the fine is increased from Rs. 500/- to Rs. 5,000/- per day. Also, if any person uses the land or building in the industrial estate contrary to the terms, the fine is increased from Rs. 5000/- to Rs. 50,000/-.

Illegal construction or alteration of any building in the industrial estates cannot happen without the connivance of the field staff of GIDC posted in the industrial estate. It is the responsibility of the field staff to bring the matter to the notice of the authorities so that such illegalities do not take place. There may be some minor irregularities, existing for the last many years, like construction of open temporary shed for loading/unloading of goods or for temporary storage of goods etc. GIDC should take a lenient view in such cases and come out with a permanent solution. Terming such minor irregularities as contraventions of GIDC rules and keeping the Damocles sword hanging over the heads of the entrepreneurs would not be in the interest of industrial growth in the State.

GSIA has taken up two issues with GIDC which have been affecting the existing industries the most. One is regarding the levy of annual lease rent in case of formal transfers, renewal of existing lease deeds and conveyance of leasehold rights on the death of the proprietor, partner, key promoter etc. At present the new lease rent is levied in all such cases, at 2% of the prevailing premium rate per sq. mt. corresponding to the total area of the plot allotted. We have brought to the notice of GIDC that in all the above cases there is no fresh capital brought in the business and, also, such cases have been excluded from payment of transfer/sub-lease fees under Transfer and Sub-Lease Regulations, 2014. Therefore, these cases should be excluded from the scope of the new annual lease rent.

The other issue taken up with GIDC is regarding the sub-lease fees. At present, when a small part of the shed/land is sub-leased, the sub-lease fees are levied on the total area of the plot, irrespective of the area leased. Also, in the case of sub-lease of two sheds/buildings in the same plot, the sub-lease fees are levied on total area of the plot in both the cases. As a result, the sub-lease fees of GIDC work out much more than the lease rent receivable. This is a hindrance for growth of industries and employment in the State.

The Reserve Bank of India's recent announcement of cut in policy rates by 50 basis points is a welcome move. The rate cut was deeper than expected and was much needed to spur demand and investment revival. The effect of the rate cut will be felt only if the Banks are prodded to cut the lending rates and pass on the benefit to their customers.

Compliance Calendar

- By CA Ashish Verlekar

August 2015

05th	Service Tax Payment by Companies
07th	TDS / TCS Payment
15th	PF Payment
20th	VAT payment - Tax > 100000
21st	ESIC Payment
30th	VAT payment - Tax < 100000
30th	Entry Tax monthly statement

September 2015

05th	Service Tax Payment by Companies
07th	TDS / TCS Payment
15th	i) PF Payment ii) Advance Tax Installment for all Assessees
20th	VAT payment - Tax > 100000
21st	ESIC Payment
30th	VAT payment - Tax < 100000
30th	Return of Income, and Wealth of Companies & others covered under tax audit
30th	Entry Tax monthly statement

October 2015

05th	Service Tax Payment by Companies/ Individuals/Proprietors/Partnership
07th	TDS / TCS Payment
15th	i) PF Payment ii) TDS/TCS Quarterly Statement
20th	VAT payment - Tax > 100000
21st	ESIC Payment
25th	Service Tax Return for April to September
30th	VAT payment - Tax < 100000
30th	VAT quarterly returns for July to September
30th	Entry Tax monthly statement

November 2015

05th	Service Tax Payment by Companies
07th	TDS / TCS Payment
15th	i) PF Payment
20th	VAT payment - Tax > 100000
21st	ESIC Payment
30th	VAT payment - Tax < 100000
30th	Return of Income of assesses covered under Transfer Pricing audit
30th	Entry Tax monthly statement

Meeting of GSIA Office Bearers with the Chief Minister

The President Mr. Sudin Naik along with Mr. Rajkumar Kamat, Mr. Sanat Raiturkar, Vice Presidents, Mr. Anirudh Dempo, Hon. Secretary and Mr. J. B. Pinto, Executive Secretary called on the Chief Minister on 21-8-2015.

During the meeting with the Chief Minister a memorandum on pending issues affecting the MSMEs was submitted to the Chief Minister. The Chief Minister showed keen interest to understand the problems of the MSMEs and assured his full support to promote investment and employment in the State.

Meeting of GSIA with the Commissioner of Commercial Taxes

The President Mr. Sudin Naik and Mr. Atul P. Naik Past President met the Commissioner Commercial Taxes on 7-8-2015 and discussed with him various VAT related issues. It was brought to the notice of the Commissioner, the difficulties faced by the Micro and Small Entrepreneurs in entering all details of the sales and purchases in the Annexures 'A' and 'B' of quarterly VAT III return. The Commissioner agreed to further extend the date for filing of 1st quarter return and assured to look into the other issues.

Meeting with the Commissioner of Customs

Mr. Sudin Naik, President, Mr. Atul P. Naik, Past President and Mr. Anirudh Dempo, Hon. Secretary paid a courtesy call on Commissioner of Customs, Goa, Mr. K. Anpazhakan on 26-8-2015.

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Directory of Meetings

Date	Meeting	Attended by
7/8/2015	Meeting of Micro Small Enterprises-Facilitation Council	Executive Secretary
19/8/2015	GHRSSIDC RC-PPS Meeting for finalisation of new rates of RC-PPS for the year 2015-16.	Executive Secretary
7/9/2015	The Empowered Committee Meeting on Micro, Small and Medium Enterprises (EC-MSME) for the State of Goa.	Mr. Naresh Pai
23/9/2015	Meeting of the Goa Labour Welfare Board-under the Chairmanship of Hon'ble Minister for Labour.	Mr. Sameer Keny
24/9/2015	Meeting of Micro Small Enterprises-Facilitation Council	Executive Secretary

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SIDBI's New Scheme
MSMEs Can Now Smile To Make In India

SIDBI Make in India Soft Loan Fund for Micro, Small & Medium Enterprises (SMILE) is a new initiative to help MSMEs spearhead the "Make in India" Programme

The Central Government has recently launched an ambitious 'Make in India' campaign to make India a manufacturing hub and has initially identified 25 sectors under the 'Make in India' initiative. To take forward the Government's initiative and help MSMEs take part in the Government's 'Make in India' initiative, SIDBI has proposed to make available soft loan, in the nature of quasi-equity to meet the required debt-equity ratio and term loan on relatively soft terms for establishment of an MSME as also for pursuing opportunities for growth for existing MSMEs. Details of the Scheme are given below.

Name of the Scheme	SIDBI Make in India So ft Loan Fund for Micro, Small & Medium Enterprises (SMILE)
Objective of the Scheme	The objective of the Scheme is to provide soft loan, in the nature of quasi –equity, and term loan on relatively soft terms to MSMEs to meet the required debt -equity ratio for establishment of an MSME as also for pursuing opportunities for growth for existing MSMEs.
Target MSME Sectors	Automobiles, Automobile Components, Aviation, Biotechnology, Chemicals, Construction, Defence Manufacturing, Electrical Machinery, Electroni c Systems, Food Processing, IT and BPM, Leather, Media and Entertainment, Mining, Oil and Gas, Pharmaceuticals, Ports, Railways, Renewable Energy, Roads and Highways, Space, Textile and Garments, Thermal Power, Tourism and Hospitality, Wellness
Eligible Enterprises	Emphasis will be on covering new enterprises in the manufacturing as well as service sector. Existing enterprises undertaking expansion, to take advantage of new emerging opportunities, as also undertaking modernization, technology upgradation, or other projects for growing their business will also be covered. Loans extended under the scheme cannot be used for repayment of earlier loans.
Minimum Promoter's contribution	15% of project cost for projects up to ` 1 crore and 20% for the rest.
Term Loan	75% for enterprises with total project cost upto ` 1 crore (for Debt - equity ratio of 3:1) and 2/3 rd of the project cost (for Debt - equity ratio of 2:1) for the rest.
Soft Loan	10% of the project cost subject to a maximum of ` 20 lakh
	A higher soft l oan up to 15% of the project cost will be considered for the enterprises promoted by Scheduled Caste (SC) / Scheduled Tribe (ST) / Persons with Disabilities (PwD) and women, subject to a maximum of ` 30 lakh. Persons belonging to these categories must own controlling stake (i.e., 51% or higher) in the enterprise, to be eligible for such benefit. On expiry of 3 years from the date of first disbursement, the outstanding soft loan together with any dues thereon shall be converted into secured term loan and the entire loan shall carry applicable rate of interest as per internal rating of the borrower.
Upfront fee	0.5% of the soft loan and term loan

Rate of Interest **On soft loan component** **On Term Loan component**	9.90% p.a. 10% p.a. - 10.50% p.a. Proposals rated below C6 will not be covered under the fund. The above rates will be applicable for the first 3 years from the date of disbursement and thereafter normal interest rate as applicable under the scheme shall be levied.
Minimum Term Loan size	` 50 lakh for new enterprises ` 25 lakh for existing enterprises going for additional investment.
Repayment period	Not exceeding 7 years inclusive of moratorium of upto 1 -1 ½ year for term loan and upto 2 years for soft loan.
Security	1. First charge over all assets created under the project. 2. Personal guarantee of promoter(s). 3. Fixed Asset Coverage Ratio (FACR) of at least 1.40 times including collateral security.

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Notification issued allowing MSMEs to file single page Udyog Aadhaar Memorandum online

With the view to promote ease of doing business, the Ministry of MSME has come out with a one page Udhyog Aadhaar Memorandum, which can be filled now on by the micro, small and medium enterprises online. However, in exceptional cases, where online filing is not possible due to any reason, a hard copy of the form can be submitted to the District Industry Centre which shall file the Memorandum online on behalf of them.

In a notification, the MSME Ministry said, "…after obtaining recommendations of the Advisory Committee in this behalf, specifies that MSMEs shall file Udyog Aadhaar Memorandum…"

There will be no fee for filling the Udyog Aadhaar Memorandum and there will also be no restriction in filling more than one Memorandum using the same Aadhaar Number. According to the notification, it shall be filed online athttp://udyogaadhaar.gov.in.

The Udhyog Aadhaar Acknowledged will be generated and mailed at the email address provided in the Memorandum which will contain a unique Udyog Aadhaar Number.

Meanwhile, the existing enterprises, which have filed Entrepreneurship Memorandum – I (EM-I) or EM –II or both, or the holders of the Small Scale Industry Registration, prior to the coming into force of MSMED Act 2006 shall not be required to file Udyog Aadhaar Memorandum, but if they so desire, they may file the Memorandum.

The notification said, "In the Udyog Aadhaar Memorandum, the Aadhaar Number shall be of the managing partner, in case of propriety enterprise, of the authorized partner, in case of partnership enterprise, and of the authorised person, in case of other forms of enterprises."

The Memorandum shall be filed on self-declaration basis and no supporting document will be required to be submitted the Memorandum. However, the Central Government or the State Government or such person as may be authorized in this behalf may seek documentary proof of information provided in the Memorandum, wherever necessary.

Source: **(KNN Bureau)**

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GSIA's Annual Advertisement Rates for 4 issues starting from Oct-Nov 2015 to April-May 2016

Particulars	Annual (4 issues)
Full Page (Color)	14,000/-
Full Page (B/W)	7,000/-

Kindly send us your order and advertisement material by email/CD at the earliest.

Sovereign Gold Bonds Scheme

The Union Cabinet chaired by the Prime Minister, Shri Narendra Modi, has recently given its approval for introduction of the Sovereign Gold Bonds Scheme, as announced in the Union Budget 2015-16. The scheme will help in reducing the demand for physical gold by shifting a part of the estimated 300 tons of physical bars and coins purchased every year for Investment into gold bonds. Since most of the demand for gold in India is met through imports, this scheme will, ultimately help in maintaining the country's Current Account Deficit within sustainable limits.

The issuance of the Sovereign Gold Bonds will be within the government's market borrowing programme for 2015-16 and onwards. The actual amount of issuance will be determined by RBI, in consultation with the Ministry of Finance. The risk of gold price changes will be borne by the Gold Reserve Fund that is being created. The benefit to the Government is in terms of reduction in the cost of borrowing, which will be transferred to the Gold Reserve Fund.

The salient features of the scheme are:-

(i). Sovereign Gold Bonds will be issued on payment of rupees and denominated in grams of gold.

(ii). Bonds will be issued on behalf of the Government of India by the RBI. Thus, the Bonds will have a sovereign guarantee.

(iii). The issuing agency will need to pay distribution costs and a sales commission to the intermediate channels, to be reimbursed by Government.

(iv). The bond would be restricted for sale to resident Indian entities. The cap on bonds that may be bought by an entity would be at a suitable level, not more than 500 grams per person per year.

(v). The Government will issue bonds with a rate of interest to be decided by the Government. The rate of interest will take into account the domestic and international market conditions and may vary from one tranche to another. This rate of interest will be calculated on the value of the gold at the time of investment. The rate could be a floating or a fixed rate, as decided.

(vi). The bonds will be available both in demat and paper form.

(vii). The bonds will be issued in denominations of 5,10,50,100 grams of gold or other denominations.

(viii). The price of gold may be taken from the reference rate, as decided, and the Rupee equivalent amount may be converted at the RBI Reference rate on issue and redemption. This rate will be used for issuance, redemption and LTV purpose and disbursement of loans.

(ix). Banks/NBFCs/Post Offices/ National Saving Certificate (NSC) agents and others, as specified, may collect money / redeem bonds on behalf of the government (for a fee, the amount would be as decided).

(x). The tenor of the bond could be for a minimum of 5 to 7 years, so that it would protect investors from medium term volatility in gold prices. Since the bond, will be a part of the sovereign borrowing, these would need to be within the fiscal deficit target for 2015-16 and onwards.

(xi). Bonds can be used as collateral for loans. The Loan to Value ratio is to be set equal to ordinary gold loan mandated by the RBI from time to time.

(xii). Bonds to be easily sold and traded on exchanges to allow early exits for investors who may so desire.

(xiii). KYC norms will be the same as that for gold.

(xiv). Capital gains tax treatment will be the same as for physical gold for an 'individual' investor. The Department of Revenue has agreed that amendments to the existing provisions of the Income Tax Act, for providing 'indexation benefits to long term capital gains arising on transfer of bond'; and for 'exemption for capital gains arising on redemption of SGB' will be considered in the next budget (Budget 2016-17).This will ensure that an investor is indifferent in terms of investing in these bonds and in physical gold- as far as tax treatment is concerned.

(xv). The amount received from the bonds will be used by GoI in lieu of government borrowing and the notional interest saved on this amount would be credited in an account “Gold Reserve Fund” which will be created. Savings in the costs of borrowing compared with the existing rate on government borrowings, will be

deposited in the Gold Reserve Fund to take care of the risk of increase in gold price that will be borne by the government. Further, the Gold Reserve Fund will be continuously monitored for sustainability.

(xvi). On maturity, the redemption will be in rupee amount only. The rate of interest on the bonds will be calculated on the value of the gold at the time of investment. The principal amount of investment, which is denominated in grams of gold, will be redeemed at the price of gold at that time. If the price of gold has fallen from the time that the investment was made, or for any other reason, the depositor will be given an option to roll over the bond for three or more years.

(xvii). The deposit will not be hedged and all risks associated with gold price and currency will be borne by GoI through the Gold Reserve Fund. The position may be reviewed in case 'Gold Reserve Fund' becomes unsustainable.

(xviii). Upside gains and downside risks will be with the investor and the investors will need to be aware of the volatility in gold prices.

(xix). In order to ensure wide availability, the bond will be marketed through post offices/banks/NBFCs and by various brokers/agents (including NSC agents) who will be paid a commission.

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FACILITIES AVAILABLE AT GOA STATE INDUSTRIES ASSOCIATION (GSIA)

4th Floor, Goa IDC House,
Patto Plaza,
Panaji - Goa.

	No. of Pax	Per hour	Half Day		Full Day	
		Members / non-Members	Members	Non-Members	Members	Non-Members
Meeting Room 1	4 - 5	Rs. 100/ -	------	------	-----	------
Meeting Room 2	4 - 5	Rs. 100/ -	------	------	-----	------
Conference Hall	25 pax	-------	Rs. 750/-	Rs.1000/-	Rs.1500/-	Rs.2000/-

For booking contact 2438395/2438210 or email gsiagoa@gmail.com

Payment delays by large companies to Micro & Small enterprises cross Rs. 10,000 crore

The biggest of Indian companies are holding on Rs 10,000 crore due to Micro and Small enterprises (MSEs) against supplies made by them. Of these more than Rs 4000 crore is held up in only one company, a Public Sector Enterprise. There are at least seven more Companies in the large sector who owe more than Rs 100 Crore to the MSE suppliers.

The fact has come to light through the research conducted by Knowledge and News Network (KNN) which studied the balance sheets of top 2700 non-MSME companies in India.

"Slow growth and delays by large buyers have crippled the MSME sector and is the biggest cause of sickness," said Dr Sangam Kurade, President FISME - the leading federation of Micro, Small and Medium Enterprises (MSMEs). "We have repeatedly highlighted to authorities that while there is law which prohibits delay in payments due to MSEs, the law is routinely flouted by large companies," he added.

The issue has been flagged by the Reserve Bank of India, who has also mentioned about the widespread sickness in the MSMEs due to held up payments. In fact, Government is already aware about the burgeoning overdue to the MSMEs from the large enterprises and widespread sickness in the sector due to the same.

In 1993, Government enacted the Delayed Payment Act with a provision for small scale industries to charge penal rate of interest on outstanding payments if the same are delayed beyond the agreed or stipulated period of time. The Act had been further amended to make the stipulations more stringent and finally it was included as a section in the umbrella MSME Development Act 2006. The 2006 Act stipulates publishing of the overdue payments to the micro and small enterprises in the Annual Reports of all registered Companies.

To get factual data about the real amount withheld by the large sector, KNN research team studied latest available annual reports of more than 2700 Companies and derived the overwhelming figure of Rs 10,000 crore of overdue to the micro and small enterprises.

Another interesting fact is most of the Companies holding Rs 100 Crore and above of MSE payments are so called blue chip Companies in both the private and public sector and majority of them are in manufacturing business. So much is to advance 'Make in India', the cherished dream of our PM.

Source: **(KNN Bureau)**

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Credit Linked Capital Subsidy Scheme for technology upgradation to MSE units

With a view to make MSME units aware about the various schemes run by the Government, the Ministry of Micro, Small & Medium Enterprises (MSME) in a tweet informed about its scheme for technology up-gradation of MSEs called the Credit Linked Capital Subsidy Scheme (CLCSS).

1.Objective:
The Scheme aims at facilitating technology upgradation by providing upfront capital subsidy to MSE units, including tiny, khadi, village and coir industrial units, on institutional finance (credit) availed of by them for induction of well established and improved technologies in the specified sub-sectors / products approved under the Scheme.

2. What is Technology Upgradation:
Technology upgradation would ordinarily mean induction of state-of-the-art or near state-of-the-art technology. In the varying mosaic of technology obtaining in more than 7500 products in the Indian small scale sector, technology upgradation would mean a significant step up from the present technology level to a substantially higher one involving improved productivity, and/or improvement in the quality of products and/or improved environmental conditions including work environment for the unit. It would also include installation of improved packaging techniques as well as anti-pollution measures and energy conservation machinery. Further, the units in need of introducing facilities for in-house testing and on-line quality control would qualify for assistance, as the same is a case of technology upgradation.

Replacement of existing equipment/technology with the same equipment/technology will not qualify for subsidy under this scheme, nor would the scheme be applicable to units upgrading with second hand machinery.

3. Eligibility Criteria:
i) Capital subsidy at the revised rate of 15 per cent of the eligible investment in plant and machinery under the Scheme shall be available only for such projects, where terms loans have been sanctioned by the eligible Primary Lending Institution (PLI). Machinery purchased under Hire Purchase Scheme of the NSIC are also eligible for subsidy under this Scheme .

ii). Industry graduating from small scale to medium scale on account of sanction of additional loan under CLCSS shall be eligible for assistance.

iii).Eligibility for capital subsidy under the Scheme is not linked to any refinance Scheme of the Nodal Agency (ies). Hence, it is not necessary that the PLI will have to seek refinance in respect of the term loans sanctioned by them from any of the refinancing Nodal Agencies.
.
iv).Labour intensive and/or export oriented new sectors/ activities will be considered for inclusion under the scheme.

4. Ceiling on eligible loan amount and capital subsidy:
The maximum limit of eligible loan under the revised scheme is Rs. 100 lakh. Accordingly, the ceiling on subsidy would be Rs.15 lakh or 15 per cent of the investment in eligible plant and machinery, whichever is lower.

In calculating the value of plant & machinery, the following shall be excluded, namely:

- The cost of equipments such as tools, jigs, dies, moulds and spare parts for maintenance and the cost of consumable stores;

- The cost of installation of plant & machinery;

- The cost of research & development equipment and pollution control equipment (except where these have been approved for specific product/sub sector by the Governing and Technology Approval Board (GTAB) ;

- The cost of generation sets and extra transformer installed by the undertaking as per the regulations of the State Electricity Board; (except where gas based generation sets have been approved for specific product/sub- sector by the GTAB).

- The bank charges and service charges paid to the National Small Industries Corporation Ltd or the State Small Industries Corporation;

- The cost involved in procurement or installation of cables, wiring, bus bars, electrical control panels (not those mounted on individual machines), oil circuit

breakers or miniature circuit breakers which are necessarily to be used for providing electrical power to the plant & machinery or for safety measures;

- The cost of gas producer plants (except where these have been approved for specific product/sub sector by the GTAB);

- Transportation charges (excluding of sales-tax and excise) for indigenous machinery from the place of manufacturing to the site of the factory;

- Charges paid for technical know-how for erection of plant & machinery;

- Cost of such storage tanks which store raw materials, finished products only and are not linked with the manufacturing process; and

- Cost of fire fighting equipment.

At present there are 51 sub sectors in which the machinery is approved under CLCSS to avail subsidy by a beneficiary MSE unit. For better implementation and transparency of the Scheme, Online Application and Tracking System has been implemented from 1st October, 2013. Some of the approved Sub-sectors Credit Linked Capital Subsidy Scheme (CLCSS) are - Bio-tech Industry; Common Effluent Treatment Plant; Corrugated Boxes; Drugs and Pharmaceuticals; Dyes and Intermediates and many more.

5. Who can Apply:

The eligible beneficiaries include sole Proprietorships, Partnerships, Co-operative societies, Private and Public Limited Companies in the SSI sector. Priority shall be given to Women entrepreneurs.

6. How to Apply:

Entrepreneurs meeting the eligibility criteria may approach any scheduled commercial bank, scheduled cooperative bank (including urban cooperative bank co-opted by SIDBI under Technological Upgradation Fund (TUF)), Regional Rural Bank (RRB), State Financial Corporation (SFC) and North-Eastern Development Financial Institution (NEDFi)

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1. GDP Growth Moderated in Q1 2015-16

- The estimated GDP growth rate moderated to 7% in Apr-Jun 2015 from 7.5% in Jan-Mar 2015 (Graph 1) primarily on account of continuous decline in external demand and decline in growth of Private Final Consumption Expenditure (PFCE). The potential of the growth is however, inching up as reflected in improvement in growth of Gross Fixed Capital Formation (up from 4.1% to 4.9% this quarter), Change in Stock (4.9% to 5.0%) and Government Final Consumption Expenditure (-7.9% to 1.2%).

- The growth of agriculture (1.9%) and industry (6.5%) has improved in Q1 2015-16, but remain below overall growth of GVA (7.1%). The growth in services (8.9%) and manufacturing (7.2%), despite their slight decline than previous quarter, are driving the overall growth.

2. The Index of Industrial Production (IIP) increased more than 4% for 2nd Month in a Row

- According to latest estimates, the IIP increased by 4.2% in July 2015 and the growth for June 2015 was revised upward from provisional estimate of 3.8% to 4.4%; together implying a greater than 4% growth for two consecutive months.

- The cumulative Apr-Jul 2015 growth stands at 3.5% (slightly lower than 3.6% growth during Apr-Jul 2014). This is largely driven by better cumulative growth in manufacturing sector which picked up considerably from 2.8% to 4.0%; while lower growth in Electricity and Mining is pulling it down.

- For July alone however, the growth of manufacturing sector moderated to 4.7% compared to 5.4% in the previous month with about half of 22 manufacturing sub-groups reporting negative growth; Mining and Electricity are showing improvements.

- As per use-based classification, the cumulative growth is lower for all groups except for consumer durables. Improvements however, have been seen in July in capital goods (10.6% - highest in 6 months) and intermediate goods (1.5%) with basic goods (5.2%) and consumer goods (1.3%) witnessing moderation.

3. Index of Eight Core Industries (ICI) Continues to be Sluggish in July

- The ICI registered further lower growth of 1.1% in July 2015 as compared to 3.0% in June 2015 pulled down by lower steel production, refinery products and coal output. The cumulative growth of index this fiscal (Apr-Jul 2015) stands at 2.1% over Apr-Jul, 2014.

- The July 2015 index witnessed positive growth in Fertilizers, Electricity, Refinery Products, Cement and Coal while negative growth in Natural Gas, Steel and Crude Oil. (Graph 2)

4. Moderation in Inflation Continues Across the Board

- The WPI based inflation (provisional) dropped further to -4.95% in August 2015 from -4.05 in July 2015 influenced by global deflationary trend in commodity prices; the Consumer Price Index based inflation decelerated only slightly from 3.69% to 3.66%. The Crisil Core Inflation Indicator (CCII) numbers (calculated by stripping inflation of ferrous and non-ferrous metals from manufacturing WPI inflation) of July (-0.52%) and August (-0.78%) 2015 are indicative of weak pricing power in manufacturing sector.

- The trend of CPI and WPI inflation showed a divergence since November 2014 till June 2015, thereafter the divergence has moderated. Research indicates that the divergence usually happens to be only a short-term phenomenon; the trend being similar in the long time framework. The divergence, according to various research studies, arises mainly because of differences in item basket (CPI includes both goods and services; WPI is only a commodity price index), weights, nature of prices (CPI is a retail price based index while WPI uses prices at wholesale level), number of quotations, etc.

5. Balance of Payment Narrowed; Concerns in Export Continue

- The declining momentum of exports and imports (in US$ terms) continued in August 2015 witnessing a y-

o-y decline of 20.7% and 10.0% respectively. Imports declined mainly due to decline in oil imports (-42.6%); while non-oil imports increased by 7.0%. Cumulative value of exports and imports (in US$) for Apr-Aug 2015 registered a negative growth of 16.2% (pulled down further by August 2015 performance) and 11.6% respectively over Apr-Aug 2014.

- Weak global demand conditions and sharp fall in international commodity prices (particularly crude oil) are responsible for contraction in merchandise exports and compressed import bill respectively, narrowing the overall trade deficit in Apr-Aug 2015.

- During July 2015, exports of services (receipts) were valued at US$ 13.4 billion while imports (Payments) were valued at US$ 7.5 billion.

- Net surpluses on account of trade in services (US$ 17.4 billion) along with lower trade deficit (US$ -16.8 billion) and lower outflow on account of primary income has helped narrowing of India's Current Account Deficit (CAD) to US$ 6.2 billion (1.2% of GDP) in Q1 2015-16 from US$ 7.8 billion (1.6% of GDP) a year ago. Private transfer receipts at US$ 16.2 billion (mainly representing remittance by Indians employed overseas) however, witnessed marginal decline from their level a year ago.

- The surplus on Financial Account dipped to US$ 6.6 billion in Q1 2015-16 from US$ 8.0 billion in Q1 2014-15 mainly on account of sharp decline in net foreign portfolio investments in the country (The decline is almost entirely in the debt segment; net inflow in the equity segment is negligible). This was compensated to an extent by higher net inflows of foreign direct investment, higher Non-resident Indian deposits (which was more than double the net inflow during Q1 of last year) and an inflow on account of net loans availed by commercial banks.

- As a result of improvement in CAD and net inflow of capital, albeit lower, there was a net accretion of US$ 11.4 billion to India's foreign exchange reserves on a BoP basis in Q1 2015-16 which was marginally higher than the accretion in Q1 2014-15.

6. Bank Credit to Industrial Sector Slowed Down

- The non-food credit growth of banking sector (About 98.5% of the total bank credit) as on 04 September 2015 remained in single digit at 9.85% on a y-o-y basis; slightly higher than the 9.3% growth in 2014-15. The credit-deposit ratio at 74% in Aug and Sept 2015 is the lowest since December 2011.

- The Sectoral Deployment of Bank Credit shows that the year-on-year growth in non-food bank credit off-take slowed to 8.4% in July 2015, with credit to industry slowing to 4.8%. This was 12.6% and 10.2% respectively in July 2014. The deceleration in credit growth to industry was observed in all major sub-sectors barring basic metal and gems and jewellery. Personal loan category is the only category that witnessed positive increase.

- The corporate bond market is however, witnessing good pick up as the companies have raised Rs. 2.16 lakh crore through private placement in Apr-Aug 2015, which is around 2.5 times the fund raised through this route in the same period last year. (Source: SEBI)

7. Results from "Assessment of State Implementation of Business Reforms" released

- A 98-Point Action Plan for improving the regulatory framework for business as part of simplifying doing-business in the country was agreed between Department of Industrial Policy and Promotion (DIPP) and State/Union Territory governments on National Workshop of 'Make in India' held on Dec 29, 2014. (These points are only first in the series, and will be followed by successive rounds of further recommendations.)

- A structured questionnaire (285 questions across 8 Ease of Doing Business Parameters) for ascertaining status of existing policy and procedures impacting setting up of industries/business as per 98-Point Action Plan was shared by DIPP with the States in April 2015.

- Based on the responses received which were further validated, an assessment framework (first of its kind) for ranking states on the basis of implementation of business reforms in the period Jan-Jun 2015 was completed and results have been released by World Bank. Going forward, the feedback of the private sector would also be incorporated in the assessment.

- According to the assessment, on average, only 32% of the proposed reforms have so far been implemented across the country. Andhra Pradesh,

Chhattisgarh, Gujarat, Jharkhand, Madhya Pradesh, Odisha and Rajasthan have implemented over 50% of the listed reforms. The other three states in the top 10 are Karnataka, Maharashtra and Uttar Pradesh. No state has implemented 75% or more of the proposed reforms.

- Good practices on different parameters have also been identified to help States to learn from one another and replicate success stories thereby rapidly improving the regulatory environment for business nationwide.

- The report highlights that across the country, states have made good progress in general tax reforms. Twenty nine states allow VAT to be paid online, and 28 states allow CST to be paid online. Most states allow e-filing of VAT and CST and 21 states have also established helplines for users. VAT registration timelines and CST registration timelines have been defined by 25 states and 21 states respectively.

States however, are yet to begin implementing electronic courts to resolve commercial disputes (infrastructure to allow for e-filing of disputes, issuance of e-summons, online payments, etc). Twenty six states are yet to introduce reforms along a wide range of labour inspections under various acts, or on inspections related to building permits. About 25 states lack online availability of information on land banks, and use of GIS systems to track industrial land parcels.

Govt. invites comments on draft business processes on GST

In view of the Goods and Services Tax that the government wants to introduce soon, the Finance Ministry has posted on its website draft business processes on GST registration, refunds and payments, inviting comments from stakeholders.

"The draft business processes on GST registration, GST refunds and GST payments have been put-up onhttps://mygov.in/group/department-revenue/ for inviting comments.

Comments and views are invited on these business processes by 31st October, 2015," an official release said.

The draft Model CGST, SGST and IGST laws, along with GST business processes for filing of returns, shall also be put-up for inviting comments of stakeholders in due course, it added.

The Government of India intends to introduce the Goods and Services Tax (GST) in the country at the earliest. GST seeks to subsume many indirect taxes at the Central and State level. The proposed dual GST envisages taxation of the same taxable event, i.e., supply of goods and services, simultaneously by both the Centre and the States. The Constitution (One Hundred and Twenty-Second Amendment) Bill, 2014, has been introduced in the Parliament for facilitating the introduction of GST in the country.

Simultaneously, committees comprising of officers from the Central Government, as well as the State Governments, have been constituted for the drafting of Model CGST, SGST and IGST laws, and GST business processes of registration, refunds, returns and payments.

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