

Modi's farm sops might mean little on the ground

SANJEEB MUKHERJEE
New Delhi, 1 January

The big-bang announcements of Prime Minister Narendra Modi on New Year eve to alleviate the pain of demonetisation may fall short of easing the problems of India's 140 million farming families because most of the measures do not address the difficulties arising out of the cash crunch.

Modi, while thanking the farming community for bringing in more areas under rabi crops and purchasing higher quantities of fertilisers despite the cash shortage, said the farmers who had taken loans for rabi crops from district cooperative banks (DCBs) and primary agriculture cooperative societies (PACS) would not have to pay interest on their borrowings for 60 days starting on January 1. Those who paid their interest in November and December of 2016 will be reimbursed by the government.

However, experts say this could have a marginal impact because in a crop season almost 70 per cent of the loans taken by farmers are given by scheduled commercial banks and around 30 per cent by



The sops are a belated acceptance of the fact that the cash crunch due to demonetisation has impacted the farming sector

DCBs, PACS and Regional Rural Banks (RRBs).

In 2016-17, the Centre's crop loan target is almost ₹9,00,000 crore, of which the amount disbursed by scheduled commercial banks is the maximum.

The Centre last month had extended the crop-loan repayment date by two months for the borrowings that were to be

cleared between November 1 and December 31. "Interest of two months is a very small amount. How it addresses the issue of cash shortage in rural India is difficult to understand," said Himanshu, professor of economics, School of Social Sciences, Jawaharlal Nehru University.

He said the interest for the year at seven per cent on a loan of ₹1,00,000 was

somewhere around ₹7,000 and the waiver of two months' interest would be about ₹1,200, which is nominal.

Modi's second announcement was providing Nabard an additional ₹20,000 crore for providing farmers better access to credit and loans in 2016-17. However, with more than 40 per cent of the farmers out of the institutional credit mechanism, this step too will have a limited impact. In November Nabard got ₹21,000 crore to provide easy loans to farmers at low rates. "Since the 1990s, institutional credit to agriculture has stagnated at around 40 per cent, which has not improved despite best efforts," said Ashok Gulati, former chairman of the Commission for Agriculture Costs and Prices and chair professor for agriculture in Icrier (Indian Council for Research in International Economic Relations).

Modi also announced starting on January 1, all the 30 million Kisan Credit Cards (KCCs) would be converted into RuPay cards to enable farmers to withdraw cash with greater convenience.

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INDIA'S MILLIONAIRES IN NUMBERS

Prime Minister Narendra Modi on New Year's eve said only 2.4 million people in India accepted that their annual income was more than ₹10 lakh. Expressing surprise, he had said, "Can we digest this? Look at the big bungalows and big cars around you." Even as those declaring income of over ₹10 lakh, including Hindu Undivided Families, rose 27.2 per cent in 2013-14 year-on-year to 2.04 million and then by 20.8 per cent in 2014-15 to 2.4 million, the numbers remain small in proportion to the number of those who filed returns. These taxpayers constituted 5.4 per cent of the total of those filing returns in 2012-13, 5.9 per cent in 2013-14 and 6.6 per cent in 2014-15.

Assessment year	Individuals who declare over ₹10 lakh income	Hindu undivided families which declare over ₹10 lakh income	Total of those who declare income over ₹10 lakh	Total numbers of those who file returns	Those who declare income over ₹10 lakh as % of total numbers filing returns
2012-13	1,590,449	20,429	1,610,878	29,765,659	5.4
2013-14	2,021,020	28,632	2,049,652	34,482,975	5.9
2014-15	2,440,910	34,311	2,475,221	37,453,095	6.6

Source: Central Board of Direct Taxes

Urban poor kept out of new affordable housing benefits

KARAN CHOUDHURY & RAGHAVENDRA KAMATH
New Delhi/Mumbai, 1 January

The poor in urban India might stay untouched by the initiatives announced by the Prime Minister on the last day of 2016.

Effects of the new schemes launched under the Pradhan Mantri Awas Yojana (PMAY) would be felt more in tier-II and tier-III cities, experts said. Not many budget or affordable housing projects are in the works in metropolitan cities, they said.

The PM had announced two new schemes in the housing for all initiative under PMAY. Subsidised loans would be made available for building or expanding homes in rural India. Also, those wanting to build or expand their homes will get loans of up to ₹2 lakh, with three per cent interest relief.

Low-interest loans will also be made available to the urban poor, he said. And, housing for the rural poor was to be increased by 33 per cent. "In

WHAT IS PMAY ALL ABOUT?

- PMAY is implemented for 2015-2022 and provides central assistance to urban local bodies and other implementing agencies through states and UTs
- At the slum decadal growth rate of 34%, the slum households are projected to go up to 18 mn. 2 mn non-slum urban poor households to be covered under the initiative
- Total housing shortage envisaged to be addressed is 20 mn
- In-situ rehabilitation of existing slum dwellers, using land as a resource, through private participation
- Credit linked subsidy
- Affordable housing in partnership
- Subsidy for beneficiary-led individual house construction/enhancement

2017, those who want to construct homes will get up to four per cent interest subsidy for loan amounts up to ₹9 lakh and three per cent up to ₹12 lakh," said Narendra Modi.

Under PMAY, the government aims to cover around two million non-slum urban poor households. Hence, the total

housing shortage envisaged to be addressed through the new mission is 20 mn, it has said.

The mission is being implemented over 2015-2022, providing central assistance to urban local bodies and other implementing agencies, through states and Union Territories.

Easy credit for MSMEs may not take off soon due to low demand

SUBHAYAN CHAKRABORTY
New Delhi, 1 January

The higher credit guarantee for micro, small- and medium-scale enterprises (MSMEs), announced by Prime Minister Narendra Modi on December 31, is unlikely to result in a greater loan offtake or growth in jobs due to lack of demand, according to economists.

Modi doubled the credit guarantee limit for MSMEs to ₹2 crore. The move is, however, expected to improve liquidity. "With such low demand,

no one is going to engage in capacity addition. It will take around six months for any impact to become visible," said Devendra Pant, chief economist, India Ratings. Crisil Chief Economist DK Joshi, while terming the move as a 'net positive' for the beleaguered sector, said low credit availability was just one of the challenges before MSMEs.

"In the current scenario, demonetisation has hit the sector hard and this move will offset some of the pain. However, the direction taken

by the coming Budget exercise as well as global demand conditions will dictate how fast MSMEs can recover," he said.

The government currently underwrites loans given by banks to small businesses through the Credit Guarantee Fund Trust for Micro and Small Enterprises. Loans of up to Rs 1 crore have been covered under the policy so far. Also, the move did not address the core problem of MSMEs not getting access to bank credit, an industry insider said.

Housing to boost banks, NBFCs

ANUP ROY
Mumbai, 1 January

The Prime Minister's push towards low-cost housing is good news for the retail portfolio of banks and non-banking financial companies, which are struggling to boost their business amid economic slowdown.

In his address to the nation, Prime Minister Narendra Modi offered four per cent interest rate subvention for home loans up to ₹9 lakh and three per cent interest relief for loans up to ₹12 lakh. This captures a large portion of 'affordable housing' segment, defined as housing under ₹25 lakh. This also falls under priority-sector lending for banks.

This segment of the market, which is generally robust, has shown an uptick in the past two years, but the overall housing loan market as a segment has shown remarkable slowdown. The Prime Minister's sop is expected to give a massive boost to priority-sector housing loans, thereby pulling the entire housing loan portfolio of banks. Reserve Bank of India (RBI) data show that priority-sector housing loans grew at 6.1 per cent between November 2014 and November 2015. In the past one year, priority-sector housing loans grew at 6.6

SOP ANALYSIS

- Feel good theme of PM's announcements to continue till Budget
- Spending spree on the cards to reverse the demonetisation-led slowdown
- Spending should not be a problem for the Centre as long as fiscal road map amended
- Govt, experts feel higher targeted capital spending the need of the hour

per cent. The outstanding loan portfolio stood at ₹3,57,500 crore as on November 25, 2016.

For the overall housing loan portfolio in the banking system, the overall numbers were far dismal as buyers held back their buying decisions due to economic slowdown and rising asset prices. During the same period as mentioned above, housing loans, including that for the priority sector, grew at 18.6 per cent in November 2014 and November 2015.

But, the growth rate dipped to 15.6 per cent the following year period up to November. The outstanding loan portfolio as on November 25, 2016, stood at ₹8,15,300 crore for the entire banking system.

Expenditure likely to be re-scheduled

ARUP ROYCHOUDHURY
New Delhi, 1 January

The schemes and incentives announced by Prime Minister Narendra Modi in his December 31 address are the first chapter in a populist playbook that ends with the 2017-18 Budget.

Underwriting this plan is a likely expenditure spree, which could lead to higher borrowing and re-setting of the existing fiscal stabilisation schedule.

On Saturday evening, Modi presented a mini budget of sorts, at the end of the 50-day demonetisation exercise. His announcements were squarely

focused on those most affected by the ban — farmers, small businesses, women, senior citizens, poor and the lower middle class. There were interest rebates and waivers for low-cost housing and farmers, respectively, credit limit increases and tax incentives for small businesses, doubling the corpus of irrigation funds under the National Bank for Agriculture and Rural Development, cash directly into bank accounts of expecting mothers, and fixed high interest rates on bank deposits for senior citizens. The Centre will fund or underwrite most of the announcements.

Spending on the latest initiatives and on others Modi might make in the run-up to the 2017-18 Budget, expected to be a populist one, should not be a problem for planners in the finance ministry, say officials and economists. A spending spike could be the central theme of the Budget. This means more of borrowing, with the Centre unlikely to stick to the fiscal deficit target of not more than three per cent of gross domestic product for 2017-18, as mandated by the Fiscal Responsibility and Budget Management (FRBM) Act.

What's really new in Modi speech?

The PM's Dec 31 announcements do have additions but he extended some earlier schemes and finally said yes to one that was already legally mandated

NITIN SETHI & KARAN CHOUDHURY
New Delhi, 1 January

Prime Minister Narendra Modi made a slew of announcements in his speech on Saturday night. *Business Standard* did a fact check on some of the key ones, how they link to existing ones and what has been done.

Maternity benefits

"Introducing a scheme for financial assistance to pregnant women. ₹6,000 will be transferred directly to the bank accounts of pregnant women who undergo institutional delivery and vaccinate their children. So far, pregnant women in 53 districts were being given financial assistance of ₹4,000, under a pilot project."

Fact

The National Food Security Act (NFSA) of 2013 made it a legal obligation to provide a minimum of ₹6,000 for pregnant women. An Indira Gandhi Matritva Sahyog Yojana on these lines has been on since 2013.

RuPay card for Kisan Credit Card

"The government has decided that three crore farmers with Kisan Credit Cards (KCCs) will be given RuPay debit cards within three months. KCCs were launched in 1998 but it was essential till now to go to a bank to use them. Now, farmers will have RuPay debit cards, which they can use anywhere."

Fact

The provision for RuPay and other debit cards against KCC has existed

since May 2012, with the then finance minister saying, late that year, that 19 banks would provide these to farmers availing KCC.

Underwriting loans to small business

"The government underwrites loans given by banks to small businesses through a trust. So far, loans were covered up to ₹1 crore; this is being enhanced to ₹2 crore. Earlier, the scheme only covered bank loans; it will now cover loans given by non-bank finance companies, too."

Fact

The government runs a Credit Guarantee Fund Trust for micro and small enterprises since 2000.

Credit to micro, small industries

"We have also asked banks to raise the credit limit for small industry from 20 per cent of turnover to 25 per cent. Banks have also been asked to increase working capital loans from 20 per cent of turnover to 30 per cent, for enterprises that transact digitally."

Fact

In August 2015, RBI advised banks to fix additional working capital limits "specifically for meeting the temporary increase in requirements arising mainly due to unforeseen/seasonal increase in demand for products produced by them".

Nabard support to co-op banks, societies

"NABARD created a fund of ₹21,000 crore last month. Government is

adding ₹20,000 crore more to this. The loss Nabard suffers by giving loans to co-op banks and societies at low interest rates shall be borne by the government."

Fact

On November 22, RBI said ₹35,000 crore would be required by district central cooperative banks (DCCBs) for sanction and disbursement of crop loans to farmers at ₹10,000 crore a week.

Mudra

"The progress of the MUDRA Yojana has been very encouraging. Last year, nearly 35 mn people benefited. We now aim to double this, giving priority to Dalits, tribals, backward classes and women."

Fact

The scheme was launched in 2015. So far this financial year, MUDRA has benefited 21 mn people by official claim.

Urban housing

"Two new middle income categories have been created under the Pradhan Mantri Awas Yojana (PMAY) in urban areas. Loans of up to ₹9 lakh taken in 2017 will receive interest subvention of four per cent. Loans up to ₹12 lakh taken in 2017 will receive interest subvention of three per cent."

Fact

PMAY is a revised version of the Indira Awas Yojana in the prior regime. It is the schematic version of the Housing For All commitment of the government, under



which it wants to build 20 mn houses by 2022.

Rural housing

"The number of houses being built for the poor under the Pradhan Mantri Awas Yojana in rural areas is being increased by 33 per cent. In addition, another scheme is being put in place for the neo middle and middle class in rural areas. Loans of up to ₹2 lakh taken in 2017 for new housing or extension of housing in rural areas will receive an interest subvention of three per cent."

Fact

The rural component of PMAY has a target of building 10 mn pucca (firm structure) houses of up to 25 sq m in 2016-2019, through a 60:40 sharing of the cost in the plains. The component announced to help build or expand additional houses by a sub-sidvention is new.

SUPPLIERS INVITED

We wish to procure various packaging materials for milk & milk products e.g. Injection & Blow Molded, Thermoformed items, Plastic Crates, Flexible laminates, nylon barrier Ghee Film, LDPE Liner & Shrink Film, Aluminum Foil, BOPP Tape, Printed PVC shrink sleeves, HDPE PL Bags, mono / ceka / Refill Cartons, Corrugated Box, Tin Containers, MS/Plastic Barrel, Injection Moulded Plastic Pallet, Hand Pallet Truck, Glass bottle, TFS Crown, Wooden Stick, VPP etc.

Various other items e.g. Annatto Butter Colour, Vitamins, Dahi Culture, Butterscotch Chikki, Flavour, Colour & Stabilizers for Dairy Products, DCP & Mineral Mixture, Furnace Oil (Grade: MV2), Milking Machine, Bulk Milk Cooler, Automatic Milk Collection System, Aluminum & SS milk Cans, POP materials, Gunny Bag, Veterinary Medicines, First Aid / Surgical items for veterinary application, Liquid Nitrogen (LN2) containers, Cattle Feed Raw Materials & various refrigeration equipments e.g. Deep freezer, Cold Room, VSI Cooler, Push Cart etc. also required.

Reputed suppliers (having in-house production facility) interested in supplying the above said items may please visit our website www.amul.com/B2B/SupplierRegistrationForm - GCMMF & send us the hard copy duly filled in all respect for registration.



Amul SAGAR

IDFC
IDFC MUTUAL FUND

Notice - Cum - Addendum No. 49 of 2016

Addendum to the Statement of Additional Information, Scheme Information Document and Key Information Memorandum of all schemes of IDFC Mutual Fund.

Shifting of Varanasi Office

The Branch Office of IDFC Asset Management Company limited located at Varanasi, is being shifted to the below mentioned new premises with effect from January 03, 2017:

Old Address	New Address
3rd Floor, Kuber Complex Rathyatra, Varanasi - 221010. Tel.: 0542-2226527/ 6540214	IDFC Asset Management Co. Ltd. 3rd Floor, Premise No. D-64/127, CH, Arihant Complex, Sigra Varanasi - 221010 (U.P.). Phone No. 05422226527

The above new premise shall be the Official Point of Acceptance of Transaction and communications pertaining to IDFC Mutual Fund should be sent to the new address.

Extension of E2E (End to End) facility to IDFC Balanced Fund :

NOTICE is hereby given that effective January 02, 2017, E2E facility has been extended to IDFC Balanced Fund.

All terms and conditions with respect to E2E facility as currently stated shall be applicable to the Scheme.

Official Point of Acceptance of Transaction at Ghatkopar:

The Branch office of IDFC Asset Management Company Limited, located at the following address shall be designated as an Official Point of Acceptance of Transaction for IDFC Mutual Fund with effect from January 02, 2017:

Location	Address
Mumbai - Ghatkopar (Maharashtra)	Office No. 308, Zest Business Spaces, M.G. Road, Ghatkopar (East), Mumbai - 400077.

Transaction / Investor Service Request of IDFC Mutual Fund shall be accepted at the aforesaid location.

The Notice - Cum - Addendum forms an integral part of the Statement of Additional Information, Scheme Information Document and Key Information Memorandum of the Schemes of IDFC Mutual Fund. All other terms and conditions of SAI, SID & KIM read with the addenda issued from time to time remain unchanged.

Date: December 30, 2016

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.