

# 'Easing of defence procurement norms gives hope to start-ups, MSEs'

**ANIL URS**

Bengaluru, February 27

Relaxation of norms in public and defence procurement has given hope to start-ups and micro and small enterprises (MSEs), according to BK Goenka, President of Assocham and Chairman of the Welspun Group.

"This relaxation has made many start-ups and MSEs eligible for ₹2,79,950-crore worth orders being tendered out in various defence projects," he told *BusinessLine*.

"Also the 'Make in India', 'Buy (Indian-IDD)', 'Buy (Indian)', 'Buy and Make (Indian)' and 'Make' categories of capital procurement as per the Defence Procurement Procedure (DPP), and defence offset clauses, have forced many multinational defence corporations to look at domestic start-ups and MSEs which have products and solutions," he added.

The Department for Promotion of Industry and Internal Trade has issued guidelines to encourage start-ups, and the Department of Defence Production has taken it forward by inviting all defence PSUs to implement them.

"What is encouraging is the Ministry of MSME has also earmarked the projects under the



BK Goenka, President of Assocham and Chairman of Welspun Group

new 'Make' procedure for MSEs and start-ups. This will encourage a lot of small enterprises and start-ups to come up with innovative and new technologies for the defence and security industry," explained Goenka.

## Vendor development

Talking about the status of vendor development, he said: "The defence and aerospace sectors are expanding globally and India is emerging as one of the big defence markets. Here, the defence public sector units (DPSUs), the OFB (Ordnance Factory Board) and the private sector are working in tandem.

"Chambers like us (Assocham) are showcasing that vendors are capable and cost-effective in the supply chain. Now vendors are moving to more focussed activities and

are building long-term partnerships and strategic alliances."

## Import substitution

On import substitution, Goenka said Assocham perhaps is the only chamber which has supported the Commerce Ministry in taking up the cause of Indian defence companies to international exhibitions.

It is bringing to light domestic companies' capabilities and export potential in the defence sector "by highlighting the same to the Department of Defence Production," he said. "This has helped many indigenous products and services get global recognition."

Skill development is another issue that has to be undertaken at various levels, said Goenka. Skills have to be brought in sync with the government policies, he added. The DPSUs and OFB have been asked to adopt ITIs and support them by upgrading their infrastructure and making their training programmes globally compliant.

The DPSUs are encouraged to spend 20 per cent of their CSR funds on skill development activities. The industry is also ready to match their contribution in terms of skill development, said Goenka.

## Govt Detects ₹20,000-cr GST Evasion This Fiscal

Tax dept to discuss  
realty sector's concerns  
on new rates soon

Press Trust of India

**New Delhi:** The government has detected GST evasion of ₹20,000 crore so far this fiscal and will take more steps to check frauds and increase compliance, a senior tax officer said on Wednesday.

Central Board of Indirect Taxes and Customs Member (Investigation) John Joseph further said the department would soon call a meeting of the representatives of the real estate sector to understand transition issues faced by the sector post reduction in GST rates.

The GST Council earlier this week decided to cut tax rates on under-construction apartments and affordable housing to 5% and 1%, respectively.



**Taxman detected fake invoices worth ₹1,500 cr which were used to claim illegal GST credit of ₹75 cr**

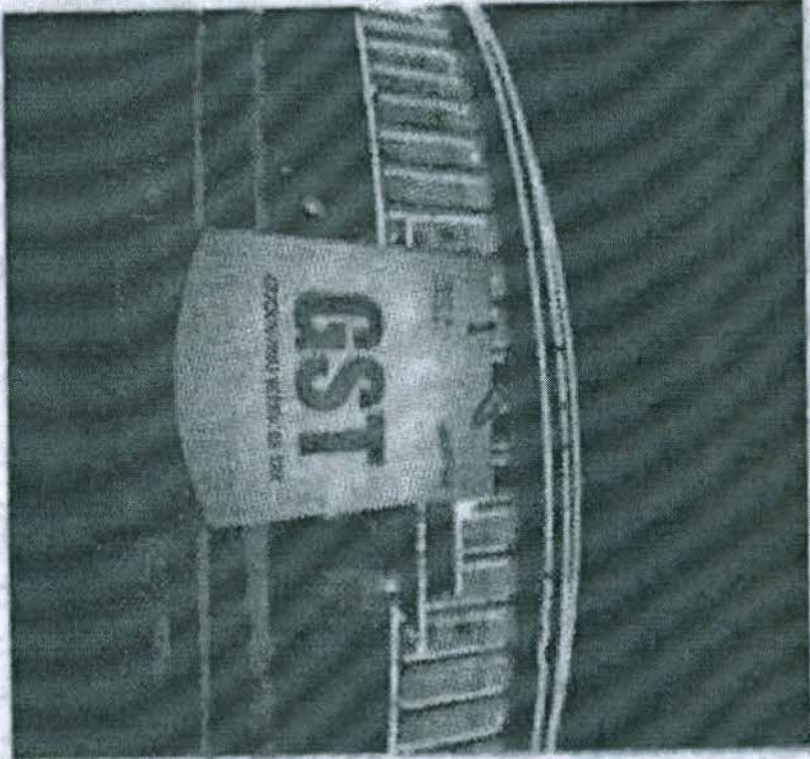
However, builders will not be able to claim credit for the taxes paid on inputs, like steel, cement.

The earlier GST rate on under-construction apartments and affordable housing was 12% and 8% with input tax credit (ITC), respectively. On demand for giving ITC relief to the builders of the under-construction flats which are already built but not yet sold to buyers, Joseph said the real estate sector will have to raise the issue with the urban development ministry. "You need to talk to them (urban development ministry). As revenue department, we cannot give you any benefit of subsidy to that extent," he said at an Assocham event here.

Joseph said during April-February 2018-19, GST evasion of ₹20,000 crore has been detected of which ₹10,000 crore was recovered.

He said the tax officers on Tuesday detected fake invoices worth ₹1,500 crore which were used to claim illegal GST credit of ₹75 crore. "We have already recovered ₹25 crore and the rest is on the way," Joseph said.

## Of ₹20,000 crore GST evasion in Apr-Feb, govt has recovered 50%



PTI

**New Delhi:** The government has detected ₹20,000 crore worth of goods and services tax (GST) evasion so far this fiscal year, of which ₹10,000 crore has been recovered, John Joseph, member (investigation) of Central Board of Indirect Taxes and Customs, said Wednesday.

Joseph further said the government will take more steps to increase compliance, and act against evaders so that genuine businesses do not suffer. **PTI**

