JULY 2024

ENTERPRISE

A MONTHLY BULLETIN PUBLISHED BY VIDARBHA INDUSTRIES ASSOCIATION

A WARM WELCOME TO THE NEW TEAM FOR 2024-25

Vishal Agrawal
President

Prashant Mohota
Hon, Secretary

Shri Suresh Rathi
Immd Past President

Rakesh Surana
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Vice President

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Vice President

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Kaushal Mohta
Jt Secretary

Shachi Mallick
Jt Secretary

VIA
VIDARBHA INDUSTRIES ASSOCIATION

VISION

To promote Vidarbha as a preferred investment destination and create conducive environment for socio-economic growth through industry and services

MISSION

To act as a catalyst between various stakeholders and authorities.

To create harmonious environment for accelerated industrial growth.

To provide a unified platform for policy advocacy at all levels.

To create, nurture and develop entrepreneurship and business leadership.

To enhance managerial and technical competency for excellence

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EDITORIAL BOARD

PRESIDENT'S MESSAGE

Thank you for re-electing me as the President of VIA for 2024-25. It's my honour to take this role for the third time, and I'm humbled and grateful beyond compare. I also extend my heartiest congratulations to all the new office bearers and EC members. Together, we aim to take our association to even greater heights. For this session, our strategy includes membership expansion, engagement with new communities, and meaningful programs. We wish to create more partnerships and raise awareness about the causes we support. I invite you to participate in our activities and share your valuable feedback.

This year, we suffered a great loss with the sad demise of our Patron Member Late Shri Hargovind Bajaj. Babuji laid the foundation of VIA in 1964; a pivotal moment that shaped the progress of our region. We also lost Shri Jayant Jodhani - former Executive Secretary of VIA, to a prolonged illness. Their presence is sorely missed.

This year, our state government has launched several mega projects focusing on infrastructure development and urban renewal. 75 projects of an estimated Rs. 61,576 crores have been approved under the PSI. VIA has also signed an MoU with the state to promote the PM MITRA Park in Amravati which will attract Rs.10,000 crore in investments and create 3 lakh jobs.

We urge our state government to restore the Vidarbha-Marathwada subsidy incentive scheme and extend the electricity duty exemption for 10 years. VIA has also submitted valuable suggestions to the department for their consideration and incorporation in the new PSI scheme that is currently being formulated.

I express my heartfelt appreciation for the guidance and cooperation of all the government officials; our Past Presidents Shri Pravin Tapadia, Shri Prafull Doshi, and Shri Atul Pande; Imd Past President Shri Suresh Rathi; Senior Member Shri Rohit Bajaj; Executive Committee members; Chairmen and Core Committee members of our various forums; guest speakers; members; media personnel; and the VIA secretariat for their dedication and support throughout the year.

Regards

Vishal Agrawal
President

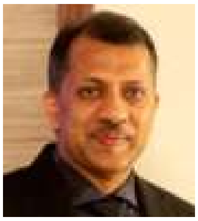
SECRETARY'S MESSAGE

Dear Readers,

I am extremely grateful for the confidence shown in me by giving me the opportunity to serve the industrial fraternity of Vidarbha as the Hon'ble Secretary of VIA. In the term ahead, I plan to ensure that proper systems and procedures are built so that our Vision and Mission can be achieved. Back office staff updation, in terms of the latest laws and issues, along with better liaisoning with the government officials so that regular communication and issues of members can be taken up on a timely basis, will be the priority. A new app and website, integrated with various social media, will be worked upon so that our communications reach the farthest points. Our members will also be able to track any issue by raising tickets at VIA so that they receive timely responses for resolving those problems. With all this and more, I hope to have the cooperation of all to achieve our dream of an industrially developed Vidarbha.

I look forward to your support.

Prashant Mohota
Secretary



EDITOR'S MESSAGE

Dear Readers,

The cover story for this month's edition of the 'Enterprise' covers the 60th Annual General Meeting of VIA. Held on 26th June 2024, the afternoon brought together some of the most illustrious names of our region's industries under one roof. On the occasion, VIA members elected the new office bearers for the 2024-25 session. It's my honour to be elected as one of the Executive Committee members. I'm grateful for this opportunity and look forward to serving the interests of our industries, alongside my distinguished colleagues and under the able leadership of Mr. Vishal Agrawal.

In their guest articles, CA Hemant C. Lodha shares 5 useful tips for handling criticism, Omkar Ghate explains various aspects of design registration in India as per the Design Act of 2000, Dr. Suresh Pandilwar talks about the evolution and development of human resource management, CA Naresh Jakhotia illustrates how digitisation has made tax evasion obsolete, Mr. Pradeep Maheshwari shares how establishing a local train network covering four directions can catalyse the industrialisation of our region, Dr. Smita Singh (Dabholkar) highlights the unimaginable power of asking open-ended questions pleasantly, and Dr. Tejinder Singh Rawal explains how focusing on growth, balancing redistribution, and fostering innovation are the keys to success for India's industries.

We endeavour to bring you the latest and most important news related to the industries of Vidarbha. We encourage all our readers to share write-ups to be published in subsequent editions of the 'Enterprise'. Please write to us at viangpindia@gmail.com with your input and feedback.

Aditya Saraf
Editor

60TH AGM OF VIA HELD

The 60th Annual General Meeting (AGM) of VIA was held on June 26, 2024 at VIA. During the meeting, VIA members unanimously re-elected Vishal Agrawal as the President, and Prashant Mohota as the Hon. Secretary of VIA. Notably, this is Agrawal's third term as the President of VIA. "We urge the state government to restore the Vidarbha-Marathwada subsidy incentive scheme and extend the electricity duty exemption for 10 years. We have set high aspirations for VIA this year. Our strategic plan encompasses membership expansion, engagement with new communities, and conducting meaningful programmes for our members", Agrawal said during his address. He also shared the association's annual report, noteworthy accomplishments, and progress over the past year. The complete list of office bearers and members of the Executive Committee for 2024-2025 is as follows:

Members of the Executive Committee

Suresh Rathi - Imd. Past President	Girdhari Mantri
Atul Pande	Paramveer Sancheti
Rohit Bajaj	Ashish Chandarana
Aditya Saraf	Dr Prashant Agrawal
Gaurav Sarda	Sushil Bansal
Satyanarayan Nuwal	Nitin Agrawal
R B Goenka	Varun Parakh
Dr Suhas Buddhe	Divyam Singhania
Rohit M Agrawal	Sagar Agrawal
Girish Deodhar	Pankaj Bakshi

Office Bearers

Vishal Agrawal	**President**
Dr Anwar Daud	**Vice President**
Ashish Doshi	**Vice President**
Naresh Jakhotia	**Vice President**
Rakesh Surana	**Treasurer**
Prashant Mohota	**Hon. Secretary**
Pratik Tapadia	**Joint Secretary**
Kaushal Mohta	**Joint Secretary**
Shachi Mallick	**Joint Secretary**

MANAGEMENT MATTERS: ASKING OPEN-ENDED QUESTIONS PLEASANTLY - CRITICAL FOR SUCCESS!

DR. SMITA SINGH (DABHOLKAR)
Faculty IMT Nagpur and Management Consultant

I was at Vasantrao Deshpande Hall, Nagpur to attend a musical program last Sunday. A publishing house displayed a few books in an eye-catching manner at the entrance and I bought a few of them. I liked the content, presentation and design of the books but what made me buy them wasn't just that. There was something peculiar about the seller's way of interacting with potential buyers. They were engaging with us. They were asking and trying to know more about our preferences of language, authors, poets etc. It wasn't the persuasive selling we generally talk about but even if it was, it wasn't just at the superficial level. After purchasing the books, I contacted the publishing house to appreciate their selling techniques and learn more about them. One of their senior editors had picked up the call; by the end of our conversation, we felt we had developed a professional relationship for future work, if any. When I reflected upon the entire experience, from the booksellers at the stall to the editor sitting hundreds of miles away in their corporate office, I realised one rare common characteristic at the core of this organisation; the value verve of proactively asking open-ended questions versus merely responding. It looked as if, over time, this value had become their virtue.

When one reaches out to someone (mostly on mobile these days), the first word "Hello", can make or mar the entire conversation. You may agree that some people have a warm and welcoming tone even while talking to strangers, inviting more communication and possibilities. On the other hand, some of the openings come across as stern or rude, even if they aren't to strangers, and therefore the caller may just enquire whatever is needed and eagerly hang up. This ends the possibility of any additional benefit that one can have from another.

The power of open-ended questions is unimaginable. It can take you to unforeseen and unimaginable destinations. "What if?", "Why?", and "How?" offer magical benefits. Being an extrovert can help but overdoing it can be detrimental. Not all people will welcome such questions but the few who do may be of great value; one needs to evaluate this using their wisdom in that moment. Introverts may struggle with this initially but if they wish to build relationships and businesses, they need to understand, appreciate, and practice open-ended questions in business or any other situation. Extroverts and introverts have equal possibilities of success in every field; they must weigh the situation and reach out appropriately. When asking open-ended questions, one may be perceived as someone who:

- is interested in the other person
- has time for the other person
- wants to explore and know more
- is open and has less ego
- is looking for qualitative information
- wants to see the big picture
- is open to going beyond the tangible, visible, and immediate short-term outcomes

Saint Tulsidas, in a famous shloka, says, "You should avoid going to places where people don't greet you pleasantly, even if wealth is pouring from above there". Any conversation should begin with a basic pleasant demeanour, irrespective of the situation. Why close the doors of possibilities when we don't know what lies ahead? You can easily imagine the positive and constructive outcomes of each of the following, all by yourself, without any handholding.

DESIGN REGISTRATION FOR PRODUCT MANUFACTURING COMPANIES

OMKAR GHATE
Head – Intellectual Property Rights

A design is an idea or suggestion for a pattern, a shape, or a combination thereof. "Design" generally refers to something purposefully developed by human intellect, although it can sometimes refer to a thing's inherent design. An object's shape, form, patterns, or any mix of these are called its "design." This emerges during the manufacturing process regardless of the object's dimensionality. Different methods can be used during the creation process, such as chemical, mechanical, automated, or manual (alone or in combination) to make a final product that looks good and can be recognised. It doesn't, however, include typical building materials or mechanical devices. It also doesn't allow property marks or works of art as defined in Section 2(c) of the Copyright Act, 1957. It also doesn't allow registered trademarks as described in Section 2(v) of the Trade and Merchandise Marks Act, 1958.

The protection of intellectual property in India is significantly impacted by design registration. Businesses and artists are becoming more aware of how important unique and attractive designs are, which is why the Design Act of 2000, says they need to be registered. Design registration protects producers' intellectual property and ensures they get paid for their work by giving them legal rights and stopping others from copying or imitating designs without permission.

For individuals throughout India, design registration is the legal way to get exclusive rights and protection for how a product or object looks. Unique designs are protected by the Design Act of 2000. This keeps their business value, encourages new ideas, and boosts creativity.

Implementing design registration on industrially made goods protects intellectual property from being copied. By registering a design, designers and businesses in India can protect their original works, raise their market value, and give their goods a unique look. In India, to register a design, you have to meet certain standards, and go through an evaluation process to ensure the design so applied is eligible for registration under the Act. When designers register their designs, they set up a legal framework that allows them to protect their rights and take legal action against any illegal use or violation of their registered designs.

Objectives of Design Registration in India

1. The objective of applying for design registration under the Designs Act is to protect a distinctive or innovative design intended to be used on a specific item during the manufacturing process using an industrial method.
2. Registering designs is essential to prevent customer confusion caused by imitation/replication of the creator's design. Hence, this confusion will ultimately lead to the designer losing clients.
3. The main objective of obtaining a design registration is to protect the original creator, such as an artisan, craftsman, engineer, or designer, from being deceived and denied their rightful compensation by imitators who may try to incorporate the design into their products.
4. At times, we notice that consumers' buying habits for specific consumable goods are impacted by both the visual design and the product's inherent quality, such as a smartphone.

Importance of Design Registration

The development of designs gives businesses a competitive advantage over their competitors and assists them in attracting a greater number of potential clients. Their commercial value significantly increases because of their distinctive and visually appealing designs, rendering them readily identifiable. This elucidates the necessity of safeguarding designs. Design protection is essential in preventing competitors from using a company's designs without permission, and applications for design rights are lodged annually. In addition to addressing the issue of appropriation, design protection may serve additional purposes for businesses.

One of the primary objectives of design registration is to guarantee that the craftsman, developer, or originator of a design with an alluring appearance receives appropriate compensation if others use the design on their products. Consequently, the originality of a new design is defined as the design's origination from the creator of the design, which encompasses examples that, despite being ancient in themselves, are novel in their application. The Hon'ble High Court in Shree Vari Multiplast India Pvt. Ltd. V. Deputy Controller of Patents & Designs & Others cited a similar obiter, stating that rival designers are permitted to employ the same building principles or methods to develop competing designs as long as they differ in shape or configuration from the owner's original design.

Design law not only serves as a safeguard but also encourages the development of the creative industries. Artists and designers are more assured in their ability to employ their abilities to produce visually appealing designs, as they are aware that their work will be appropriately recognised and safeguarded by the law. Design law has practical implications for market differentiation and brand identity. It allows businesses to establish a unique market position, increase brand recognition, and foster enduring consumer loyalty.

The Designs Act of 2000 addresses several design protection issues, such as the definition of designs, the registration procedure, the duration of protection, and the rights of design holders. Registering a design provides various benefits and protections to designers:

1. **Enhancing commercial value:** A product or article is distinguished by its style, appeal, and attractiveness through industrial design. The commercial value of a design is enhanced by its registration, as it's made exclusive to the proprietor. This exclusivity enables consumers to associate the product with a specific brand. Registered designs can be sold or utilised as assets for business purposes, such as payment of liabilities.
2. **Protection and legal rights:** Design registration grants the proprietor legal rights and safeguards them from unauthorised copying or imitation by others. The owner can file a lawsuit to secure their reputation and market position and recover losses in the event of infringement. Furthermore, proprietors can generate income or increase their production capacity by licensing or selling their registered designs.
3. **Protect the authenticity of design:** Registering a design under the Design Act of 2000 will help the creator preserve its authenticity.
4. **Increase market participation:** The market becomes more competitive as the number of inventors registering their designs increases. It promotes research and development projects by fostering more innovation and profitable outcomes for the product's consumers and enterprises.
5. **Extended validity:** The validity of a certificate of Design Registration is valid for ten years, and can be renewed or extended for an additional five years.
6. **Ability to license-out:** The ability to grant licenses to third-party manufacturers is granted to design proprietors who have their designs registered with a particular patent authority. They can increase their profits by using the substantial royalties paid by the licensee organisation (within the boundaries of their patent jurisdiction).
7. **Return on investment:** The applicant company or organisation acquires the exclusive right to commercialise their product upon the registration of a design. Additionally, it enhances their intangible assets and augments their intellectual property (IP) portfolio. These assets frequently generate additional revenue streams, which in turn generate substantial returns on investment.
8. **Induce customer response:** One of the most important advantages of design registration is that it is exclusively evaluated or evaluated by the eye, and only appeals to the clients.
9. **Duration of protection:** Design registration in India is valid for 10 years

and increased by another 5 years. This allows the creator to secure his design for a longer time.

For manufacturers, design is the simplest way of differentiating their products. Further, companies manufacturing imitation products usually copy the design i.e. the look and feel of a product, to gain market share. As a result, it becomes important to protect the design from being copied.

Design Registration process

Any citizen of India can apply for design registration. Through his insinuations, he gives the impression that he is the creator or owner of the design. It's necessary to apply to the office of the Controller General of Patents, Designs, and Trademarks to ensure that a design is registered. You can find this office in Kolkata, Mumbai, Delhi, Ahmedabad, or Chennai. It is the Department of Industrial Policy and Promotion, part of the Ministry of Commerce and Industry. The office conducts an investigation and approves registration if the application fulfils all the required formal and substantive criteria specified in the Designs Act of 2000.

The registration process for a design under the Design Act follows a methodical procedure described in specific provisions. Firstly, the applicant must verify that the design meets the requirements for protection, including factors such as innovation and originality. Therefore, it's advisable to do a thorough search to identify any preexisting designs that could affect the registration procedure. Once eligibility is confirmed, meticulous design representations are developed, usually as drawings or visual portrayals. The applicant proceeds to fill out the official application form, including crucial information about the design, applicant, and any relevant facts mandated by the Design Act, 2000.

The application, accompanied by the necessary payments, is submitted to the Designs Office of the appropriate intellectual property body, which then commences the examination procedure. During this process, the Controller of Designs carefully reviews the application to ensure that it complies with all legal requirements. If required, the Controller may raise objections. The applicant is accountable for promptly resolving any objections. After completing the assessment step, the design application is published in the Designs Journal. This gives a window of opportunity for third parties to submit oppositions if they consider that the design registration violates their rights.

The Controller will issue the registration certificate if no oppositions are received or if any oppositions received are successfully resolved. This document functions as evidence of ownership and confers exclusive entitlements to the design for an initial duration, usually ten years, with the possibility of a five-year prolongation by paying renewal costs. Registering a design under the Design Act involves careful preparation, submission, examination, and resolution of any opposition, resulting in the issuance of a registration certificate that formally recognises and safeguards the design per the relevant legislation.

Basic requirements for design registration in India

To register and protect a design under the Design Act of 2000, the following essential elements must be fulfilled:

1. **Novelty aspect:** The design must have a novelty component i.e. it must be freshly created and not registered in the past. There is a possibility of considering a combination of registered designs if they result in a new visual appearance.
2. **No prior publication:** The design shouldn't have been made public or disseminated to the general public in any part of India or anywhere else in the world through any methods, including but not limited to preliminary use.
3. **Application of design to an article:** The design should be applied to the article itself. Registration cannot be granted without an actual article.
4. **Compliance with public order, morality, and security:** The design mustn't violate any public order, Indian morals, or India's national security. Those prohibited by the government or any other authorised organisation, as well as those in direct opposition to the sentiments of the general public, might not be eligible for registration.

Documents for design registration

One needs to be aware of every necessary paperwork required for registration. To register a design, the following paperwork needs to be submitted:

1. Verified copies of the original document or certified copies of the sections of the disclaimer
2. Declarations of Affidavits
3. Additional public records may be made available upon payment of a charge

The details an applicant has to provide while applying for the design registration are as follows:

1. Applicant's name and address
2. Nature/legal status of the applicant
3. Description of the article
4. Images/drawings of the article
5. Steps involved in design registration under the Design Act of 2000
6. Prior art search
7. Representation and classification of designs
8. Statement of novelty
9. Claiming a priority date

What is piracy of registered design?

Any product, article, or class of article having a registered design that is sold or imported for sale through blatant or dishonest imitation, or that design that is published or shown for sale with the knowledge that it's a transparent or dishonest imitation is deemed to be piracy or infringement of the registered design. The person responsible for such unauthorised use is liable for any resulting damages. Section 22 of the Designs Act of 2000, when taken into consideration, provides examples of design piracy:

1. If a product with a registered design is sold using blatant or dishonest copying of that design
2. When a product with a registered design is imported for retail without the registered design owner's permission
3. If a piece of merchandise with a registered design or one that clearly and dishonestly copies another design has been released for sale or publication

Therefore, it would be deemed as piracy or violation of the registered design if any item, or group of items, with a design that has already been registered, is sold through obvious or deceitful imitation, or is imported for sale without the owner's permission, or if such registered design is made public or displayed for sale with the knowledge that it has obvious or deceitful imitation.

Conclusion

Design registration in India is crucial for safeguarding a design's distinctiveness and commercial worth. By submitting a design for registration under the Design Act of 2000, creators can guarantee the protection of their creations against unauthorised replication or imitation by third parties. The registration procedure entails meeting crucial criteria, including originality, distinctiveness, and relevance to an item. The Designs Act of 2000 was passed to encourage new ideas and creation in line with the needs of the global tech and industrial world. The thorough and specialised structure, easy application process, and regular updates ensure that owners are given legal rights. To put it simply, designs and trademarks are not the same.

Performing a prior art search, creating representations, and categorising designs are essential stages in the registration procedure. Payment of fees, resolution of objections, and successful completion of the test stage are also crucial. After being registered, a design is granted unique rights, which can be utilised to increase marketability, create revenue, or safeguard against infringement.

SHARE INCOME: DECODING THE BEST TAX CLASSIFICATION FOR YOU

theTAXtalk

CA. NARESH JAKHOTIA
Vice President - VIA

Two persons with the same income can have different tax liabilities. Name and income classification are equally important in deciding the final tax liability of the taxpayers. One such income could be income from the stock exchange. Income from delivery-based share transactions may be recognised as "Income from Business" or "Income from Capital Gain". Before coming to the factors which are relevant in treating and determining an income as either of the above categories, let's first understand both their tax implication:

Tax Rate

One of the key differences in taxation of shares income as capital gain vis a vis business income is concerning the rate of tax, as under:

1. **Transactions treated as capital gain:** If the share transaction done through the stock exchange is considered as capital gain income then
   - Long Term Capital Gain (LTCG) would be exempt up to Rs. 1 lakh and only income exceeding Rs. 1 lakh shall be taxable at 10% u/s 112A;
   - Short Term Capital Gain (STCG) would be taxable at 15%
2. **Transaction treated as business income:** If treated as business income then the entire income would be taxable like other regular income of the taxpayer and tax liability would be following the applicable tax slab of the taxpayers.

On a standalone basis, one may see that the tax rate for capital gain income would be in the range of 10% to 15%, whereas the tax rate would vary from 5% to 30% if the income is considered as business income.

Deduction towards expenses

If the income from share transactions is treated as business income, the taxpayers can claim a deduction towards expenses like salary, depreciation, telephone, interest etc. However, if such income is treated as capital gain, no such deduction shall be available as only expenses incurred with the transfer (like brokerage) are permissible.

Audit requirements

Irrespective of the amount of sale/turnover, an audit would not be compulsory if the income from share transactions is considered capital gain. However, if the share transactions are considered business income, then a tax audit would be mandatory for

1. Individual/HUF/Firm if (a) the turnover exceeds Rs. 10 crore or (b) if the turnover doesn't exceed Rs. 3 crore and income offered for taxation is less than 6% of turnover.
2. Other than persons covered by (1) above, if the turnover exceeds Rs. 10 crore.

In case of loss in share transactions

Tax impact varies significantly if there is a loss in the share transactions. If it's under the head "Capital Gain" then

1. LTCG loss (LTCL) is allowed to be adjusted against LTCG only. Such LTCL cannot be adjusted against STCG or other heads of taxpayer's income.
2. STCG Loss (STCL) is allowed to be adjusted against STCG or LTCG. Such STCL isn't allowed to be adjusted against other heads of taxpayer's income.

In short, if a taxpayer has incurred a loss in share transactions, of say Rs. 50 lakh, and has profit in the business, of say Rs. 30 lakh, then such taxpayer would be required to pay the tax on business income of Rs. 30 lakh even though during the year there is a net loss of Rs. 20 lakh to the taxpayer. Seamless adjustment of loss against profit is not possible in case of loss under the head “Capital Gain”.

If the income from share transactions is considered under the head “Business Income” then the loss from such transactions can very well be adjusted against all other business incomes and other LTCG/STCG. In short, if a taxpayer has incurred a loss in share transactions, of say Rs. 50 lakh (considered as business income), and has a profit in the other business, of say Rs. 30 lakh, then such taxpayer wouldn’t be required to pay any tax as business income from one business can be adjusted against income of another.

Valuation of the closing stock

If the share transactions are considered business income, taxpayers can decide the mode of valuing the closing stock. Taxpayers may choose to value the closing stock at cost or market price, whichever is lower. In short, the loss due to a fall in the value of the shares may be available if the income is considered business income. No such benefit of lower valuation is admissible if the share transaction is treated as capital gain income. In such a case, closing stock of shares has to be taken at the cost value only.

Deduction under chapter VI-A (i.e. Sec 80C, 80G, 80D etc.)

Deduction under section 80C (LIC, PPF, NSC etc.) u/s 80G (Donation), u/s 80D (Mediclaim) etc. isn’t admissible against income considered as capital gain. However, there is no such restriction against business income. In short, if the income from shares transactions is considered business income, deduction under Chapter VI-A would also be admissible.

Benefit of exemption from LTCG up to Rs. 1 lakh

If the income from the shares transaction is considered as capital gain, then the taxpayer is eligible for a blanket exemption of Rs. 1 lakh. Tax at 10% is payable on an amount exceeding Rs. 1 lakh. There is no blanket exemption if the income from share transactions is offered for taxation as business income.

Do taxpayers have a free choice in offering income as business income or capital gain income?

Taxpayers may note that the taxpayers don’t have the free choice of choosing the mode of offering income as either a capital gain or business income. Even though the proper classification and categorisation of income plays a vital role in determining a person’s tax liability, the choice has to be based on the facts of every individual case. The correct classification depends upon various subjective parameters and criteria, including:

1. Volume and nature of transactions
2. Intention and logic behind investments
3. Holding period of shares
4. Investment of own funds or a borrowed fund
5. Other business activities of the taxpayers etc.

Income from share transactions would be categorised as business income if there are numerous and frequent transactions, if they are the main activity of the taxpayer or if trading is done to earn instant profit etc. Although the Courts and CBDT have established the above principles to differentiate between business income and capital gain income, they are subjective and allow for some degree of planning and classification.

What is better: classifying income as business income or capital gain?

There is no one-size-fits-all answer to this question. The reply can not be given in isolation. It's based on the current year's income and the subsequent year’s vision. The tax implications vary from person to person and there is enough scope for tax planning while doing transactions in the share market. The above discussion may guide the taxpayer in tax optimisation.

Views expressed are the personal views of the author. Readers are advised to seek professional advice before making any decisions. Readers may forward their feedback and queries to nareshjakhotia@gmail.com. Other articles and responses to queries are available at www.thetaxtalk.com.

ONLY GROWTH CAN LEAD TO PROSPERITY

DR. TEJINDER SINGH RAWAL
Chartered Accountant

In the aftermath of India's recent elections, the nation finds itself at a critical juncture. The decision to focus on redistribution or renew emphasis on infrastructure investment and tax incentives to drive private investment is crucial, impacting the future direction of the world's largest democracy.

Historically, Indian voters have favoured governments that deliver moderate-to-high economic growth with controlled inflation. High revenue deficits, often linked to extensive redistribution efforts, have been associated with incumbent governments losing elections, as seen in 2004 and 2014. Data from the World Inequality Database reveals that from 1999-2003 and 2009-13, the real incomes of India's poorest 20% grew by only 1.3% annually. In contrast, during 2004-08 and 2014-18, these growth rates surged to 3.4% and 5%, respectively. This indicates that aggressive redistributive policies, often plagued by poor implementation, fail to sustainably boost growth or create jobs for the poor. Instead, they tend to drive higher inflation, disproportionately impacting lower-income groups and undermining efforts to reduce poverty.

Economies cannot redistribute their way to prosperity; only growth can lift people out of poverty.
Reforms that enhance public and private investment have a proven track record of fostering economic growth. This strategy has worked successfully in East Asian economies and has historical precedence in India. These reforms boost productivity, create jobs, and increase incomes, effectively reducing poverty over the medium term. There have been many recent global challenges, such as the pandemic and subsequent inflationary pressures, which have increased the gulf between the rich and the poor. The real income growth in 2022-23, at a robust 5.8%, is a good sign.

With the elections over, and the rhetorics subdued, the immediate priority must be to lift people out of poverty. World Bank data indicates that 13% of India's population still lives below the poverty line, and per-capita incomes remain low by global standards. Ensuring higher investment growth and maintaining macroeconomic stability, particularly in controlling inflation, is essential for maximising social welfare. Redistribution efforts should be balanced to avoid destabilising the economy, as seen in 2009 and 2013 when inflation averaged nearly 10%. Policymakers must focus on improving the efficiency of social welfare spending, especially in education and healthcare, without distorting labour market incentives and productivity.
With a long-term forecast of 6.5% real GDP growth and 4% inflation, the emphasis should remain on investment-driven reforms. This growth cycle is expected to mirror the 2003-07 period, where investment spurred urban and rural consumption growth. Achieving higher growth rates of 8-10% with low inflation will require an even sharper focus on reforms to generate enough jobs for India's rapidly expanding workforce. Key areas for reform include enhancing agricultural productivity, continuing infrastructure investment, deregulation, and workforce skilling.

With GDP growth surpassing 7% for the third consecutive year in FY24, India stands on the brink of substantial progress, albeit facing challenges. Geopolitical tensions, climate change, and rapid technological advancements demand a comprehensive approach for sustainable and inclusive long-term growth. The government of India has laid a foundation of trust through infrastructure development, with a gross capital formation-to-GDP ratio of 32% in FY23. The private sector now has a prime opportunity to develop agricultural infrastructure, reduce wastage, improve farmer incomes, enhance food security, and stimulate the rural economy. The private sector, especially the start-ups, must grab this opportunity by creating value in farm-to-fork economics.

Creative funding instruments like InvITs and REITs can bridge funding gaps and drive economic growth. Encouraging corporates to manage specific districts as part of CSR activities can enhance access to credit, technology, and equipment, boosting rural incomes and promoting inclusive growth. Investments in practical, industry-relevant education are crucial to harness the demographic dividend. Collaboration between the government, industry, and educational institutions can bridge skill gaps and enhance employability. The only solution to India's woes is education. We have had a poor track record in this. Government and private initiatives must work towards improving the quality of mass education.

Increasing public and private sector investment in R&D, particularly AI, biotechnology, and renewable energy, is essential. Developing industry-ready talent and regulatory support can position India at the forefront of innovation - improving productivity and driving indigenous manufacturing. A robust manufacturing sector is vital for India's growth. Further investments in ancillary industries, creating regional industry clusters, and building ecosystems for future industries can help India become a global manufacturing hub. Achieving inclusive growth requires conscious efforts to mitigate climate change impacts. Investing in green projects and supporting sustainable innovations, such as clean technologies and carbon capture solutions, can promote a circular economy and responsible practices throughout the supply chain.

India can drive economic growth and societal progress by leveraging its full potential. The path to prosperity is clear: focus on growth, balance redistribution, and foster innovation. The future beckons and India is ready to seize it.

The author is a Chartered Accountant, economist, and thinker and can be reached at tsrawal@tsrawal.com.

UNWISE DEFEND CRITICISM

HEMANT LODHA

We tend to immediately go into defensive mode and start protecting ourselves whenever anyone criticises us. We may lie and give several justifications to prove we are not wrong. In our educational institutes, we have never been taught how to accept criticism.

Criticism triggers a fear of punishment or rejection, due to which we start justifying our actions. Not all criticisms are necessarily correct. The critic may be biased, attacking politically, or not wise enough to understand your point of view. It's important to differentiate between genuine, unwise, and politically motivated criticism. Handling criticism is an art. 5 tips to handle criticism:

1. Knowing who is criticising is important, whether he is a friend, a foe, or a fool.
2. If the criticism is from a competitor, defend it with facts, without revealing your emotions.
3. Listen carefully and introspect.
4. Avoid arguments; just say thank you and carry on.
5. If you realise your mistake, accept it with all humility, and take steps to rectify it.

Incorporating these strategies can transform criticism into a powerful tool for personal and professional growth. This mindset enables us to approach criticism with a balanced perspective and, when necessary, use it to foster improvement.

START LOCAL TRAINS LIKE MUMBAI IN VIDARBHA

PRADEEP MAHESHWARI
Strategist,
Natural Resources Nagpur

As citizens and industrialists of Vidarbha, we face significant pollution and environmental issues due to mining almost 200 MMTPA of coal, manganese, limestone, iron ore, and other minerals within a small radius. This activity spoils air quality throughout the year and impacts climate change, affecting farmers with untimely rains and storms that have increased many times.

Because of poor air quality and increased toxic elements in the air, diseases like cancer, asthma, and TB are spreading rapidly, causing many people to suffer. Additionally, approximately 20,000 MW of thermal power is generated within a small radius, further exacerbating problems for residents. Fly ash from this power generation also creates numerous issues.

To address these concerns, we must write from VIA to the Railway Minister with strong recommendations from our Shri Gadkari ji. We should request the Railway Minister to start Mumbai-like local trains (EMUs) by allotting four rakes to run on the four major routes: Nagpur to Chandrapur, Nagpur to Amravati, Nagpur to Gondia, and Nagpur to Chhindwara. Thousands of travellers could benefit by saving time, money, and the environment. Such trains run at good speeds and require low maintenance. Running 2-3 trips daily on each route could ease travel tensions for many.

Gadkari ji is emotionally attached to Nagpur and Vidarbha's citizens and has significantly improved the region. This network will also develop nearby suburbs, reducing congestion in Nagpur and other cities. The nearly complete third rail line on three routes will help railways avoid congestion. Allowing farmers to transport milk and vegetables to the Nagpur market will cut costs.

In the coming days, Nagpur may witness faster industrialisation. Before that happens, a local train network covering approximately 160 small and large stations in four directions must be established. Both letters from VIA should be considered favourably and prioritised in the interest of the 4 crore people of Vidarbha and MP.

EVOLUTION & DEVELOPMENT OF HUMAN RESOURCE MANAGEMENT

DR. SURESH PANDILWAR
Co-Chairman
VIA HRD Forum

Earlier, workers didn't require an organisational chart; their title was simply their line of work e.g. farmer, merchant, florist, blacksmith, servant and so on. They didn't need a middleman. The introduction of steam power and machines marked the start of the Industrial Revolution which changed how the world thought about work. The seeds of HRM were sown during the Industrial Revolution in Western Europe and the USA. The wind gradually reached India at the beginning of the 20th century.

In those days, the personnel department relied heavily on physical ledgers and every detail about employees e.g. date of joining, wages etc. was recorded by hand. This method was prone to human errors, was time-consuming, and made data retrieval bulky. Despite its drawbacks, handwritten records instilled a sense of discipline, attention to detail, and thoroughness in HR professionals. Even in our digital age, maintaining data accuracy remains crucial.

Computers entered the workplace in the late 20th century, marking the end of manual record-keeping. Early computer systems weren't user-friendly, required specialised training, and were expensive to maintain. They introduced centralised data storage, making retrieval and modification easier.

Industry 4.0 began with the 21st century and HR underwent a transformative journey. Integrated HR suites like SAP, Oracle, and PeopleSoft started offering solutions for various HR functions. Implementing these systems required significant investments in terms of money and time. They revolutionised HR by centralising data, automating processes, and providing analytics capabilities.

The evolution of HR systems reflects our progress as a society, emphasising the importance of adaptability and continuous learning. Apex bodies like VIA, NIPM, NHRD, FICCI, and EFI have helped establish a professional HR culture in India. They have forums to look after HR initiatives. Besides this, we have India-specific HR platform providers like Peoplestrong, Darwinbox, and Keka for local, end-to-end cloud-based HRM. Many companies build their software too. That sounds odd; engineering expertise is inexpensive but so is a lot of domestic software.

In HRM, the main aim is to encourage and motivate employees to identify and use their capabilities efficiently. But the buzzword today is 'Human Resource Development'. Unlike HRM, here the main objective is not just identifying an individual employee's existing potential but also those capabilities innate in them. HRD aims to bring out the hidden potential of an employee and help them develop as an individual.

VIA REPRESENTATIONS – JUNE 2024

7ST MAY

Devendra Fadnavis,Hon'ble Deputy Chief Minister, Government of Maharashtra,Mantralaya, Mumbai.
Request for an appointment to discuss energy-related issues

14TH MAY

Santosh Jha, High Commission of India, 36-38 Galle Road, Colombo-3, Sri Lanka.
Request to depute Sri Lankan delegation to VIA to explore business opportunities between two countries

12TH JUNE

Nirmala Sitharaman, Hon'ble Finance Minister, Minister of Corporate Affairs, Government of India, New Delhi.
Request for the deferment of the provision of Section 43B (h) of the Income Tax Act-1961

EMPOWERING WOMEN ENTREPRENEURS THROUGH SELF-CARE

VIA LEW organised the "Self-Care: Why You Matter" session at the VIA Auditorium, Nagpur. The session aimed to empower women entrepreneurs to embrace self-care and enhance their personal and professional lives.

The keynote speaker for the session was Kinita Seema Schripsema - Founder & CEO of Seema Global Consulting, LLC, GALLUP Global Certified Strengths Coach. Kinita shared the "5 Rs" of self-care as follows:

1. Rest: Prioritise adequate rest to rejuvenate the mind and body.
2. Recharge: Engage in activities that replenish energy and vitality.
3. Reconnect with yourself: Take time for self-reflection and understanding personal needs and desires.
4. Reconnect with others: Build and nurture meaningful relationships.
5. Retake and Rhythm: Stabilise a balanced routine that aligns with one's life goals and values.

She guided the participants through these essential aspects of self-care and encouraged them to integrate these practices into their daily lives. Earlier, VIA LEW Chairperson Rashmi Kulkarni stressed the importance of self-care for personal and professional success. Prafullata Rode presented a memento to the guest speaker. The program was conducted by Amandeep Kur Sehmi - Project Director.

VIA LEW committee members Sarita Pawar, Madhubala Singh, Shikha Khare, Chitra Parate, Dr Anita Rao, Shachi Malik, and Anjali Gupta were present. A vote of thanks was proposed by Yogita Deshmukh - Secretary of VIA LEW. The event was attended by VIA LEW members, women entrepreneurs, startups, and other interested women.

VIA NEW MEMBER PROFILE

VIA welcomes its newest members to the association

VIPUL PANCHMATIA
Director - Orange City Garment Cluster Pvt. Ltd.,Mouza Mhasala Kh.no.22/4.B/1 & 22/4C,Uppalwadi Tehsil Kamptee, Nagpur 440026

VIJAYKUMAR SHROFF
Manager - Shroff Mills Private Ltd.,T-54, Additional Amaravati Industrial Area (Textile Zone), Nandagaonpeth, Amaravati – 444901.

AMIT YENURKAR
Director - City Premier College Of Management,Kh. No. 60/2 Mouza Isasani, B/H Mihan, Hingna Road, Nagpur - 441110.

A R CHAUBEY
Director - Sas Polymers Pvt. Ltd.,C/O Shop No. 22, Rewati Complex, 1St Floor, Opposite Gurudwara Near Wadi, Octroi Naka Wadi, Nagpur - 440023.

SUMEDH S PATWARDHAN
Director-Duraweld Metsys Pvt. Ltd., Plot No. U-139 MIDC Hingna, Nagpur - 440016.

COMPLIANCE CALENDAR FOR JULY 2024

TDS/TCS

7th	TDS/TCS Payment for June 2024
15th	TCS Quarterly Statements for April to June 2024
31st	TDS Quarterly Statements for April to June 2024

Income Tax

31st	Due date to ITR for Non-Audit case for assessment year 2024-25
31st	Form 10-IE by Individuals/HUF to avail concessional tax rate u/s 115BAC

Indirect Tax & Other Compliances

11th	Details of outward supplies in GSTR1 for June 2024
13th	Quarterly Return GSTR1 for April to June 2024 for QRMP Filers
13th	Return for Input Service Distributor in GSTR6 for June 2024
15th	**P.F. and ESIC** – Payment for June 2024
18th	Quarterly Statement for composition taxable person in CMP 08 for April to June 2024
20th	GSTR3B for June 2024 if aggregate turnover above Rs. 5 crores
22nd	GSTR3B for month/quarter ended June 2024 if aggregate turnover below Rs. 5 crores
31st	To opt-out or opt-in from QRMP for the period July to September 2024
31st	**Prof. Tax** – Rs. 1,00,000 and above for June 2024