ANNEXURE - X

CONCLUSION
**Conclusion:**

Finance is the process of conversion of accumulated funds to productive use. It comprises financial planning, raising the needed funds and financial analysis and control. Industrial finance involves an analysis of the various means of securing money for Industrial enterprises and administration of this money by individuals, voluntary association and corporations.

The finance function includes judgements about whether an industry should hold, reduce or increase investment in various Assets.

Finance determines how large and how fast a company should grow, in what specific forms should it hold its assets and what should be the composition of the liabilities.

Industrial development of our country depends to a large extent upon the financial resources that can be made available. This industrial finance has got some of its own peculiarities. They may be started as under:

1. It is generally required for long term
2. It is a production cost and helps to produce further capital or in other words, it is selfgenerated.
3. It is provided by a third party named as entrepreneur or industrialist and not by worker or labour.

Inspite of the various financial resources available in our country, industries have to face grave difficulties in getting adequate and timely finance and after they are starved of capital. Investing public is still averse to invest in share and debentures of joint stock enterprises. Managing Agents, at one time, where the main stream for finance. They gradually withdraw from this field on account of unhealthy atmosphere, and have, by now, been completely wiped out by the Indian Companies Act. Banks in India are carrying on simply short term credit operations.

The result is that our industries are facing dearth of finance. Thus the problem of provision of finance comes to the forefront. Commercial Banks have built a high development credit structure in our country. They have always been prepared to accommodate industries in respect of their requirements of working capital to the extent is possible within the limits of their commitments on deposits.

The Govt. come to the conclusion that if provision for industrial finance is to be met consistently with the rapidly increasing pressure of demand for it one
effective way to do it was to encourage the establishment of Industrial finance.

1. The PICUP was established in the Year 1972 under the State Industrial and Investment corporation Act. The ownership of PICUP has been transferred to the State Government of Uttar Pradesh.

The most distinguishing feature of the PICUP statute is that it has been assigned the role of the principal financial Institution, the activities of the institutions engaged in the financing, promoting or developing industry.

PICUP has been assigned a special role to play in the matter of

(i) Planning, Promoting and developing industries to fill vital gaps in industrial structure.

(ii) Providing technical and administrative assistance for promotion, Management or expansion of Industry.

(iii) Undertaking Market and investment research and surveys as also Techno-economic Studies in connection with development of Industry.

PICUP is empowered to finance all types of Industrial concerns engaged or to be engaged in the manufacture, processing or preservation of goods or
in Mining, Shipping, Transport, Hotel Industry etc or for the setting up of the industrial estates.

2. The management of PICUP vests in a Board of Directors consisting of 15 persons including a full time Chairman cum Managing Director appointing by the State Government. The Board has constituted an executive committee including the Chairman and Managing Director. The Board of Director's deals with overall policy Matters and the executive committee with proposals for sanction of financial Assistance and other matters.

3. PICUP gives direct assistance by way of term loans, Subscriptions to or underwriting of issues of shares or Debentures and guarantees. Assistance is usually granted for New projects as well as for expansion, Modernisation or renovation of existing units PICUP provides direct loans to industry units to enable them to utilise import licence under the Technical Development fund Scheme. The scheme covers all industries as also import of any other inputs needed by industrial units for improving export capabilities generally and specifically.

4. Small and Medium size units can avail of PICUP's Refinance Assistance.
The minimum repayment-period for eligible loans is generally 3 years. This has been relaxed in exceptional cases where the total term loan requirements are small and profitability estimates amply justify a shorter repayment period. Refinance is given at concessional rates of interest for loans. Besides lower rates of interest, certain other relaxations are given to small scale Industry and back ward areas, central subsidy, Interest free sales tax loans and seed capital loans are treated as equity for calculating the debt equity rates. PICUP also provides foreign currency loan assistance to small and medium size industrial units for financing import of equipment and technical know how from abroad, from the world Bank loan.

5. Under seed capital Assistance Scheme. Assists entrepreneurs who have skilled but lack finance to put in the requisite promoters contribution. Assistance under the scheme is interest free and available up to 5 years for repayment of loan.

6. PICUP has constituted a technical Assistance fund for financing wide range of Development activities. The fund could be utilised for financing (a) techno-economic surveys
(b) Preparation of project reports and feasibility studies
(c) Promotion of research
(d) entrepreneurial development programme.

7. PICUP emerged on the Industrial horizon of Uttar Pradesh in the early seventies, to accelerate the place of Industrial development in the state. PICUP attained the No.1 position amongst all the state Industrial and Investment corporations of the country within a dozen years of its inception, and has maintained this position ever since.

PICUP's portfolio covers a diverse range of Industries like electronic Petro-chemicals, chemicals, food-processing, Telecommunications engineering, Automotive components, Textiles, Nursing Homes and Diagnostic centres.

8. PICUP provides financial Assistance Normally for projects costing upto Rs. 30 million in the medium and large scale sector, the various scheme being operated are.

(1) Term loans-requirement upto Rs.9 million are met by PICUP.
(2) Bridge loan provides upto a maximum of 75% of term loan.
(3) Foreign currency loans—provides for importing capital equipments and services to the extent of Rs. 9 million at the sale which is 1.5% over London Inter Bank offered rate.

(4) Equipment financing: for expansion and modernisation up to 77.5% of the cost of capital.

(5) Equipment Leasing: Financing Assistance by way of leasing of equipment for Modernisation, expansion.

(6) Seed Capital Assistance: Provides through PICUP to a maximum extent of Rs.1.5 million.

(7) Feasibility Study Scheme: Subsidies the cost of such studies for selected projects to a extent of 75% of the cost.

Being a Govt. corporation, the management of corporation specially the top Management is dominated by Govt. offices mainly drawn from Indian Administration services.

Board of directors is a apex body, which has representative of State Govt. IDBI and schedule Banks.

The corporation is having one full time chairman, one full time managing directors and two full
time Dy. Managing Directors the average time of Chairman and M.D. two to three years for smooth operation executive management operate at two level in head office level and regional office level.

Total set up divided into different heads, headed by a department head, a senior manager level, senior manager reports to the managing directors.

10. The Authorised share capital of the Corporation has been Rs. 150 crores divided into 150,00,000 equity shares of Rs.100/- each the issued and subscribed and paid up share capital of the corporation received Rs.4 crores from the State Govt. towards equity share capital. Loans of Rs. 2 crores and Rs.6 crores were received from NOIDA and State Govt. respectively during 92-93. Refinance Assistance of Rs.53.45 crores (Rs. 41.71 crores from IDBI and Rs.11.74 crores from SIDBI) was a valid by the corporation.

12. Term loans recovery of the corporation was Rs.94.24 crores out of which Rs.49.96 crores were recovered by way of Principal. Besides, the corporation also seed Rs.4.56 crores as recovery of bridge loans during 92-93.
13. During 92-93 the corporation sanctioned Rs.13.09 crores to 17 units under equipment finance scheme and also sanctioned Rs.42.38 crores to 47 units under equipment Refinance scheme of I.D.B.I.

14. The corporation is one of the first state Industrial Investment Corporation to enter the challenging area of Merchant Banking and has been authorised as Category-I Merchant Banker by SEBI within shortspace. The corporation has managed to do substantial business in this area. Merchant Banking Activities, project certification and underwriting generate a income of Rs.60 Lakhs in 92-93.

The corporation started provided bridge loan against public issue and Rs.21.30 crores sanctioned and Rs.14.40 crores disbursed as bridge loans.

15. In order to keep pace with Industrial development, the corporation took up the activities of purchase of equipments for leasing business in year 86-87. During the year 92-93 Rs.4.68 crores sanctioned and Rs.1.25 crores disbursed, under the said scheme.

16. The joint sector represents an ideology of economic partnership, where by public sector
Institutions and private Co-promoters manage a newly promoted company through a Board of Directors. The Board companies directors of both the partners.

Normally, 26% of the equity in such cases is held by PICUP. Out of the balance equity 25% is held by the private Co-promoters and the results held by the public. After commencement of commercial production PICUP dis-invests its majority shares holdings of 26% to recycle finds for catalysing further Investment.

Subject to Necessary approvals, such projects could be set up in the assisted sector also, in which case PICUP would own share holdings 11%-15%, the private co-promoter 40%-36% and the remaining equity would be offered to the public.

Leading Industrial houses in the country including the Birlas, Goenkas, Kanodias, Reunaq, Bhartias, Singhanias, Bajorias, Glaxo have joined hands with PICUP to establish joint sector project in Uttar Pradesh.

The corporation is actively pursuring promotion of joint venture in order to give a fillip to industrialization of the state of Uttar
Pradesh out of 25 joint ventures, 15 are in production and remaining to are under active implementation.

During the year agreements were agreements were finalised for three New Projects in the Assisted sector M/s. Maya Vanaspati Ltd. M/s. Ratan Vanaspati Ltd. and M/s. Lacto Proteins Ltd. These projects involve a capital expenditure of Rs. 4842 crores and corporation would be investing Rs. 2.80 crores in the equity of these projects.

17. The government of India provides a Number of special facilities and incentives to Non-resident India's investing in India. On both repatriable and Non-repatriable basis NRIS can open a bank accounts in India freely out of funds estimated from abroad of foreign exchange brought from there.

NRIS are allowed to establish their own business/Industrial units in India by forming Indian companies with equity participation even up to 100% in certain cases, on repatriation basis. They can also import equipment without any limit. On value provided the lost of the equipment is financed out of the equipment
is financed out of their own funds.

NRIS are also eligible to subscribe to share in New issue. These schemes have been extended to overseas companies, partnership firms and socialies owned directly to the extent of 60% by NRIS.

The following tax concessions are offered in respect of NRI investments.

(i) Dividend income from units purchased out of funds remitted from abroad or from Non-resident external accounts, is free from income tax.

(ii) Balances held in Non-resident external accounts in India are free from wealth tax.

(iii) Money and value of Assets brought into India at the time of return to India for permanent settlement are exempt from wealth tax for a period of 7 years. The value of Assets acquired out of the money brought into India will also be exempt from wealth tax.

(iv) Investment in new equity issues of companies in the priority sector is free from wealth tax.

(v) Investment in certain notified savings certificates including 13 percent 6 year National Saving certificates is free from Income tax, wealth and gift taxes.
(vi) Gifts made to the relatives out of Non-resident External accounts in India, are free from gift tax.

(vii) Remittance to India out of foreign incomes are exempt from Income tax.

These tax concessions are now available to all Non-residents of Indian origin. They do not have to fulfil the test of a Non-resident under the Income tax Act. as was necessary earlier.

18. PICUP also assists entrepreneurs in availing of a package of incentives from the state and Central Govt.

1. Sales Tax exemption/defement
2. Subsidy on diesel/turbo generating sets.
3. Transports subsidy in hill districts.
4. Power sesali

A parts from these schemes other facilities offered by PICUP, include.

1. Assistance in identification and formulation of suitable, projects.
2. Data bank services.
3. Identification of sources of foreign Technology.
4. Exports services for getting various tie-ups of financial Assistance & Co-ordination
with commercial banks.

19. As a Merchant Banker, PICUP will take up management of Public Issue as lead manager, co-lead Manager of advisor. PICUP will undertake activity of Issue Management which will, among other things, consist of the preparation of prospectus and other information relating to Issue, such as determination of financial structure, the tie-up of financers and final allotment and refund of subscription.

In addition to this, PICUP will also act as advisor consultant, Manager, underwriter and portfolio Manager.

Merchant Banking division has made a head start classification of thirty three projects with a project cost of Rs. 550 crores have already been done. Bridge loan against public issue has been extended to fourteen companies by sanctioning Rs. 19.50 crores underwriting commitment of Rs. 1.78 crores has been made to eight companies.

PICUP has recently done certification of Rs.162.60 crores projects of M/s.Uniglobe Glycols Co. for manufacture of 25000 TPA Mono-Ethylene Glyco (and Rs.52 crores wheat extraction unit of M/s.Vidiani Agrotech Ltd.)
at Mathura Ranga of activities are.

1. Formulation of Action plan for complying with formalities relating to the issue and preparation to tentative budget for total issue expenses.

2. Preparation of draft prospectus and obtaining etc. approval to the same from the concerned Institutions.

3. Assistance in obtaining various consents and approvals from the Government.

4. Advising the company on strategies to market the issue.

5. Right issue management.

6. Project Appraisal.

7. Underwriting of shares.

8. Bridge loan against Public Issue.

20. PICUP will undertake consultancy services for preparation of rehabilitation schemes for sick public sector undertakings. Incase, the expertise from outside is to be engaged on a case to case basis, if would be part of the scope of work. Further, the corporation would be associated in piloting the scheme at the institutional forums as well as BIFR until a final decision is taken. Any modification that may be required in the scheme upto a final
decision by BIFR had institution would be carried out by the corporation, and the services would be covered in the fees charged by the corporation.