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Weekly Updates - Updated up to March 31, 2015

INDUSTRY

➤ Over 250 companies appoint women directors to meet norm on last day

Waking up at the last moment, over 250 companies including Adani Power, Adani Ports, Essar Oil and GVK Power appointed women directors to meet the SEBI deadline of midnight tonight for having at least one female member on their boards. The companies have, however, mostly appointed wives or daughters of their promoters or top executives, while some have also replaced their independent directors with their female family members, mainly wives, daughters or sisters.

Read more at:

http://economictimes.indiatimes.com/articleshow/46761547.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst

➤ Retro tax law not applicable on dividends by foreign firms

Dividends declared by a foreign company, having assets in India, to another overseas arm will not be taxable in India. The Central Board of Direct Taxes (CBDT) has issued a direction to income-tax officials to clear the air on three year-old controversial retrospective amendment to tax indirect transfers. This will also provide tax certainty to foreign investors. "Declaration of dividend by such a foreign company outside India does not have the effect of transfer of any underlying assets located in India," the CBDT said. It means that dividends declared

and paid by a foreign company outside India in respect of shares which derive their value substantially from assets situated in India would not be deemed to be income accruing in India vide Circular No.4/2015 [F. No. 500/17/2015-FT&TR-IV], dated 26-3-2015.

Read more at:

http://economictimes.indiatimes.com/articleshow/46709674.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst

➤ Sukanya Samriddhi scheme to earn at 9.2% interest, PPF 8.7% for FY'16

Investments in Sukanya Samriddhi Account, the special deposit scheme for girl child, will earn higher interest rate of 9.2 per cent, while the rate on popular tax saving Public Provident Fund has been retained at 8.7 per cent for 2015-16. "It has been decided to provide 9.2 per cent rate of interest on investments in the scheme for the next fiscal as compared to 9.1 per cent at the moment.

Read more at:

http://economictimes.indiatimes.com/articleshow/46760312.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst

➤ Govt. notifies various entities for the purpose of exemption under Section 10(46)

In exercise of the powers conferred by clause (46) of Section 10 of Income Tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purpose of the said clause "Kerala Toddy Workers' Welfare Fund

Board” a Board established under the “Kerala Toddy Workers’ Welfare Fund Act, 1969.

Read more at:

<http://www.taxmann.com//topstories/10401000000043937/govt-notifies-various-entities-for-the-purpose-of-exemption-under-section-1046.aspx>

➔ **FDI: DIPP now moves cabinet note to allow composite caps on FDI**

In an effort to simplify the foreign direct investment regime, the department of industrial policy and promotion (DIPP) has moved a note to the Cabinet to do away with the distinction between different types of foreign investments through a composite cap on foreign investments. The move, aimed to promote ease of doing business in India, was announced by Finance Minister Arun Jaitley in the budget last month.

Read more at:

<http://economictimes.indiatimes.com/news/economy/finance/dipp-now-moves-cabinet-note-to-allow-composite-caps-on-fdi/articleshow/46695701.cms>

BANKING

➔ **RBI proposes lower corporate lending limit to 25% of tier-1 capital**

To encourage alternate funding sources in the corporate bonds and commercial paper market for companies, the Reserve Bank of India proposed to more than halve a bank's

lending to a group to about 25% of its tier-1 equity capital, from as high as 55% as it moves towards international standards on eliminating systemic risk.

The move is aimed at forcing large borrowers who have been seen as big drag on the system due to over leveraging to raise fund selling bonds which would bring in discipline and eliminate stress on banks. RBI said that this move would push large companies tap the corporate bonds and commercial paper markets for meeting at least a part of their financing needs.

Read more at:

http://economictimes.indiatimes.com/articleshow/46720158.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➔ **Risk Management and Inter-bank Dealings: Revised Position Limits for Foreign Portfolio Investors (FPIs) in the Exchange Traded Currency Derivatives (ETCD) market**

Presently, FPIs can take position – both long (bought) as well as short(sold) – in foreign currency up to USD 10 million or equivalent per exchange. As a measure of further liberalization, it has now been decided to increase the limit (long as well as short) for FPIs in USD-INR pair up to USD 15 million per exchange. In addition, FPIs shall be allowed to take long (bought) as well as short (sold) positions in EUR-INR, GBP-INR and JPY-INR pairs, all put together, up to USD 5 million equivalent per exchange. These limits shall be monitored by the exchanges and breaches, if any, may be

reported. For the convenience of monitoring, exchanges may prescribe fixed limits for the contracts in currencies other than USD such that these limits are within the equivalent of USD 5 million.

Source: Circular No. 91 dated: March 31, 2015

➤ **RBI lays down norms for 'International Financial Services Centre'**

For the purpose of this sub-regulation, and without any loss of generality of the above, the expression 'financial institution' shall include banks, non-banking financial companies, insurance companies, brokerage firms, merchant banks, investment banks, pension funds, mutual funds, trusts, exchanges, clearing houses, and any other entity that may be specified by the Government of India or a Financial Regulatory Authority.

Read more at:

<http://corporatelaws.taxmann.com/topstories/104010000000043936/rbi-lays-down-norms-for-international-financial-services-centre.aspx>

➤ **Kotak Mahindra-ING Vysya merger gets RBI approval**

The merger deal between Kotak Mahindra Bank and ING Vysya Bank has received the Reserve Bank's approval, which would create the country's fourth largest private sector lender. "The scheme of amalgamation (of Kotak Mahindra Bank and ING Vysya Bank) shall come into effect from April 1, 2015," Kotak Mahindra Bank said in a

statement quoting RBI approval. It got RBI approval for the merger.

Read more at:

http://economictimes.indiatimes.com/articleshow/46766994.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➤ **RBI lays down norms for 'International Financial Services Centre'**

Financial Service shall mean activities a financial institution is allowed to carry out as specified in the respective act of the Parliament or by the Government of India or by any Regulatory body.

Read more at:

<http://corporatelaws.taxmann.com/topstories/104010000000043936/rbi-lays-down-norms-for-international-financial-services-centre.aspx>

INFRASTRUCTURE

➤ **Government to bring 101 inland waterways under national network**

Clearing the decks for port development and water transport, cabinet approved inclusion of 101 inland waterways to the national waterways network and gave in-principle nod to the Sagarmala project. Cabinet also approved setting up of a special purpose vehicle to provide efficient rail evacuation systems to major ports to enhance their handling capacity and efficiency. Government wants to utilize the vast waterways network of the country to build a

fuel-efficient and cost-saving mode of transportation and build an intermodal logistic supply chain. The development of waterways for navigation will also decongest rail and road network.

Read more at:

http://economictimes.indiatimes.com/articleshow/46695843.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst

➔ **Andhra Pradesh government seeks Singaporean technology to make energy from waste**

The Andhra Pradesh Government has sought the Singaporean technology to make energy from waste.

Read more at:

http://economictimes.indiatimes.com/articleshow/46759473.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst

➔ **NHAI speeds up chronically delayed projects in Uttar Pradesh**

The massive traffic congestion on the busy Lucknow Kanpur highway could soon be a thing of past, as the widening of the project is slated to be completed by early July. A vital link between the state capital-Lucknow and the industrial city of Uttar Pradesh-Kanpur, the highway has been congestion prone for nearly a decade, with vehicle pile up of more than a kilometer long being a common sight in recent months. The highway widening project which started in December 2005, had given some hope but

the project getting delayed torn between the tussle of the state government with NHAI. Six other chronically delayed highway projects linking various parts of Uttar Pradesh have also been put on fast track ever since the new dispensation at the centre and the state government's changed priorities have put development of the forefront.

Read more at:

http://economictimes.indiatimes.com/articleshow/46699081.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst

➔ **Japan to extend Rs 2,760 crore loan to India for river projects**

India has signed a Rs 2,760 crore loan deal with Japan for the development of the second phase of the Rengali irrigation project in Odisha and cleaning of river Mula-Mutha in Pune, Maharashtra. The 'Exchange of Notes' on Japanese (Official Development Assistance) ODA Loan for the two projects totalling JPY 53.023 billion was here. The pact was signed between Ambassador of Japan to India Takeshi Yagi and Joint Secretary in Indian Finance Ministry Tarun Bajaj. The Japanese ODA loan for Rengali Irrigation Project (Phase 2) will be provided to install irrigation facilities, organize and build the capacity of Water Users Associations, and extend technical guidance to the farmers in the area of River Burahmani in Odisha.

Read more at:

http://economictimes.indiatimes.com/articleshow/46719250.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst

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➤ **Government amends norms for financial support to PPP in infrastructure**

Government approved amendments to the Public Private Partnerships (PPP) guidelines to enhance financial support to projects in infrastructure sector. The Cabinet Committee on Economic Affairs, chaired by Prime Minister Narendra Modi, has approved the change in the definition of a 'Private Sector Company' in the guidelines for financial support to Public Private Partnerships in Infrastructure under the Viability Gap Funding Scheme (VGF Scheme), an official statement said. This has been done to remove any ambiguity in interpretation of the term 'Private Sector Company' and to align it with the definition of 'Government Company' in the Companies Act, 2013, it said.

Read more at:

http://economictimes.indiatimes.com/articles/how/46762577.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➤ **Make in India: Hinduja Group expanding in defence sector in a big way, says Co-Chairman**

Global conglomerate Hinduja Group is making a foray into the defence sector in a "big way" and may soon add it as their 11th autonomous business to "strengthen India's self-security". The London-based Hinduja group has the ability to manufacture parts that might be needed in the field of defence

equipment, NRI industrialist and Co-Chairman Gopi Hinduja said.

Read more at:

http://economictimes.indiatimes.com/articles/how/46734834.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➤ **India, Taiwan to jointly chip in for Make in India**

Indian and Taiwanese firms have agreed to extend bilateral investment ties for technology and knowledge transfer and manufacturing opportunities, in line with the government's Make in India initiative. The India Electronics and Semiconductor Association (IESA) signed a memorandum of understanding with the Taiwan Electrical and Electronic Manufacturers' Association for the partnership.

Read more at:

http://economictimes.indiatimes.com/articles/how/46672419.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➤ **Shipbuilding potential must be used under 'Make in India': PM Modi**

India has great potential in the area of shipbuilding, and this must be pursued as part of the 'Make in India' initiative, Prime Minister Narendra Modi said. He made the remarks when a delegation from the maritime sector, led by Minister for Shipping Nitin Gadkari, called on him on the occasion of National Maritime Day.

Read more at:

http://economictimes.indiatimes.com/articleshow/46783622.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➔ **Kochi to get world-class infrastructure for IT firms**

State-run Infopark has signed 90-year lease agreement with infrastructure and logistics firm Caspian Techparks to build world-class facilities for IT and ITeS companies in its phase II project of IT park here. Under the agreement, Kochi-based Caspian Techparks, a logistics and infrastructure development company, will build facility in phased manner for housing both IT and ITES companies on the 2.62 acres of land leased by the company in Phase II, Caspian Techparks said in a statement. "This is yet another milestone in the development of Infopark's Phase II project, which is coming up on 160 acres adjacent to Phase I," Nair said. "The project is expected to generate about 4,000 jobs when completed," he said.

Read more at:

http://economictimes.indiatimes.com/articleshow/46636233.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

FOREIGN TRADE

➔ **US, India plan joint investment treaty for easing business**

The US and India are planning to launch

negotiations to sign a high quality bilateral investment treaty to create an enabling business environment in India, a senior American diplomat has said. "With India now having concluded its own model bilateral investment treaty (BIT) framework, we are poised to be able to engage with the Indians and commence in negotiations on a bilateral investment treaty," Assistant Secretary of State for South and Central Asia Nisha Desai Biswal said.

Read more at:

http://economictimes.indiatimes.com/article/show/46701081.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➔ **Make India energy sufficient, cut imports: PM Modi**

Pitching for an energy sufficient India, Prime Minister Narendra Modi said the country should cut oil imports by 10 per cent by 2022, while exhorting domestic firms to become global players and the well off to give up subsidized cooking gas connections.

Read more at:

http://economictimes.indiatimes.com/article/show/46712405.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➔ **Finance minister Arun Jaitley pitches for overseas asset acquisition to cut energy imports**

India should grab the opportunity offered by increasing cost of production in China to

pitch itself as a global manufacturing hub, finance minister Arun Jaitley said, while pitching for acquisition of assets overseas in a bid to cut dependence on energy imports. "Wages in China have gone up. That part of the world is now becoming costlier. Can we, therefore, create a world class infrastructure in India," Jaitley said Friday, speaking at Sri Ram College of Commerce, his alma mater.

Read more at:
http://economictimes.indiatimes.com/article/show/46721077.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➤ Cotton exports to tank 41 per cent as China curbs buying

Cotton exports from India, the world's second-biggest producer and seller, are expected to fall 41 percent to 7 million bales this crop year ending on Sept. 30 as top buyer China curbs purchases, Textile Commissioner Kiran Soni Gupta said. India also lowered the production estimate to 39 million bales from the previous forecast of 40 million bales made in October. The prior export forecast was 9 million bales for this season. China, the world's largest cotton importer, accounts for more than 60 percent of total raw cotton exports from India. The rest goes to Bangladesh, Pakistan and Vietnam.

Read more at:
http://economictimes.indiatimes.com/article/show/46759478.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➤ India, Canada prepare road map for

CEPA ahead of PM Narendra Modi's visit

Ahead of Prime Minister Narendra Modi's visit to Canada, negotiators from the two sides have prepared a road map for a comprehensive bilateral free trade agreement between the two countries which could facilitate Indian textile and pharmaceutical products greater access to the Canadian market besides free movement for Indian professionals. The latest round of talks on a comprehensive economic partnership agreement (CEPA) held last week in Delhi after a gap of nearly two years saw Canada agreeing to put aside contentious issues related to services for later. Canada, which has a high interest in financial services and telecom, was pushing for a deal to get advantage of all future policy liberalization by removal of market access barriers, the so-called 'ratchet approach'. It also wanted to benefit from the bilateral services agreements signed by India in future.

Read more at:
http://economictimes.indiatimes.com/article/show/46764835.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➤ Foreign Trade Policy: CII demands interest sop, abolition of MAT in SEZ units

Read more at:
http://economictimes.indiatimes.com/article/show/46762028.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst



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