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**Weekly Updates - Updated up to February 12, 2015**

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## INDUSTRY

### ➤ Extension of time for filing of Notice of appointment of the Cost Auditor in Form CRA-2

In Continuation to the General Circular No. 42/2014, the last date of filing of Form CRA-2 without any penalty/late fee is hereby extended upto March 31, 2015.

*Source: MCA General Circular No. 2/ 2015 dated: 11.02.2015*

### ➤ RBI notifies new FDI policy for medical devices segment

The Reserve Bank notified the changes in the FDI policy allowing 100 per cent foreign direct investment in medical devices segment.

"The extant FDI policy for pharmaceutical sector has since been reviewed and it has now been decided with immediate effect that there would be a special carve out for medical devices which was earlier given the same treatment as pharmaceutical sector," the RBI said. Earlier, the Union Cabinet had liberalized the FDI policy for the cash-starved medical devices sector. As per the decision, FDI up to 100 per cent through automatic route has been permitted for manufacturing of medical devices in the country. Later, the Department of Industrial Policy and Promotion (DIPP) too had notified the Cabinet's decision. Easing of norms for medical devices industry by creating special carve out in the FDI policy on pharma sector is expected to encourage

FDI inflows in this area. Medical devices include any instrument, apparatus, appliance, implant, material or other article, whether used alone or in combination, including the software intended by its manufacturer to be used specially for human beings or animals for one or more of the specific purposes. It also includes a device which is a reagent, calibrator, control material, kit, equipment or system whether used alone or in combination thereof intended to be used for examination and providing information for medical or diagnostic purposes.

Read more at:

[http://www.moneycontrol.com/news/economy/rbi-notifies-new-fdi-policy-for-medical-devicessegment\\_1290192.html?utm\\_source=ref\\_article](http://www.moneycontrol.com/news/economy/rbi-notifies-new-fdi-policy-for-medical-devicessegment_1290192.html?utm_source=ref_article)

### ➤ Indian accounting standards notification in a month: MCA

KOLKATA: The government is planning to come out with a notification for implementation of the proposed Indian Accounting Standards (Ind-AS) in a month's time, a top government official said".

The notification for Ind-AS is going to happen in a month," Ministry of Corporate Affairs Joint Secretary A S Bhatia said on the sidelines of a seminar on corporate governance organized by the CII and the Institute of Cost Accountants.

Ind-AS adoption will bring India at par with more than 105 countries where International Financial Reporting Standards are mandatorily followed. The government's

commitment to adopt Ind-AS will further strengthen India's ability to attract foreign capital and access global capital markets.

The National Advisory Committee on Accounting Standards has given its approval. This shall be applied to the companies of financial year 2015-16 voluntarily and from 2016-17 on a mandatory basis for all listed entities over net worth of over Rs 500 crore.

In the next year, the standards will be applicable to all listed companies and unlisted companies having net worth of over Rs 500 crore and followed by that unlisted entities over Rs 250 crore net worth has to follow the new accounting rules.

Read more at:

[http://articles.economictimes.indiatimes.com/2015-02-06/news/58879125\\_1\\_ind-as-cost-accountants-rs-500-crore](http://articles.economictimes.indiatimes.com/2015-02-06/news/58879125_1_ind-as-cost-accountants-rs-500-crore)

### ➡ **India likely to keep lead over China in gold consumption: World Gold Council**

India is likely to remain the world's biggest gold consumer this year after regaining the top spot from China in 2014, driven by robust jewellery demand, the World Gold Council (WGC) said. Indian consumer demand for gold jewellery and investment totalled 842.7 tonnes last year, compared with 813.6 tonnes by China, according to WGC data. Demand dipped in both countries in 2014 from record levels a year earlier, but Indian demand slid only 14 percent, compared with a much steeper 38 percent fall in China. The two countries accounted for over half of global demand.

Read more at:

[http://economictimes.indiatimes.com/articleshow/46208897.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://economictimes.indiatimes.com/articleshow/46208897.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

### ➡ **Section 234A of The Income-Tax Act, 1961 - Interest For Defaults In Furnishing Return of Income - Chargeability of Interest Under Section 264A on Self-Assessment Tax Paid Before Due Date of Filing of Return of Income**

Interest under section 234A of the Income-tax Act, 1961 (hereinafter the Act) is charged in case of default in furnishing return of income by an assessee. The interest is charged at the specified rate on the amount of tax payable on the total income, as reduced by the amount of advance tax, TDS/TCS, any relief of tax allowed under section 90 and section 90A, any deduction allowed under section 91 and any tax credit allowed in accordance with the provisions of section 115JAA and section 115JD of the Act.

Since self-assessment tax is not mentioned as a component of tax to be reduced from the amount on which interest under section 234A of the Act is chargeable, interest is being charged on the amount of self-assessment tax paid by the assessee even before the due date of filing of return. It has been held by the Hon'ble Supreme Court in the case of CIT v. Prannoy Roy, 309 ITR 231 (2009) that the interest under section 234A of the Act on default in furnishing return of income shall be payable only on the amount of tax that has not been deposited

before the due date of filing of the income-tax return for the relevant assessment year. Accordingly, the present practice of charging interest under section 234A of the Act on self-assessment tax paid before the due date of filing return was reviewed by CBDT.

The Board has decided that no interest under section 234A of the Act is chargeable on the amount of self-assessment tax paid by the assessee before the due date of filing of return of income.

*Source: Draft Circular No. 2/2015 [F.NO.385/03/2015-IT (B), dated: 10-2-2015]*

#### ➤ **FPIs can re-invest coupons in Govt. securities even if investment limit in Govt. securities is fully utilized**

FPIs shall be permitted to invest in government securities, the coupons received on their existing investments in government securities. These investments shall be kept outside the applicable limit (currently USD 30 billion) for investments by FPIs in government securities. AD Category I banks shall ensure reporting of such investments as may be prescribed from time to time.

Read more at:

<http://corporatelaws.taxmann.com/topstories/104010000000042861/fpis-can-re-invest-coupons-in-govt-securities-even-if-investment-limit-in-govt-securities-is-fully-utilized.aspx>

#### ➤ **Black money: India presses for automatic exchange of tax information at G20 meet**

ISTANBUL: India has called for expeditious implementation of the automatic exchange of tax information saying it would help in tracking illegal money stashed in foreign banks. Raising the issue at the recently concluded meeting of the G20 Finance Ministers and central bank governors here, Minister of State for Finance Jayant Sinha advocated "full and fast implementation" of Automatic Exchange of Information within the agreed time-frame. "This would help India to trace transactions of money illegally earned or stashed in foreign banks without paying appropriate taxes in the countries where those transactions took place," Sinha said. During his intervention, Sinha expressed concern over the unconventional monetary policies adopted by a number of advanced economies.

*Source: PTI / 11 Feb, 2015*

#### ➤ **CBDT takes prompt action in investigating cases of black money stashed abroad; seeks further info in 600 cases**

Information about HSBC foreign bank accounts was received from the French authorities in respect of 628 Indian persons/entities. Out of the said 628 persons, 200 were either non-residents or non-traceable, leaving 428 cases of residents which were found actionable. For these 428 actionable cases the net amount of peak balance was about Rs.4500 crore.

Read more at:

<http://www.incometaxindia.gov.in/Lists/Press%20Releases/Attachments/348/Press-Release-CBDT-09.09.2015.pdf>



### ➤ GDP base year revision not to help government contain fiscal deficit

The new series of national accounts with 2011-12 as base year for computing economic growth rate is unlikely to provide any cushion to government in meeting the fiscal deficit target of 4.1 per cent of GDP. The CSO data released today revealed that with the revision of base year, the size of economy or Gross Domestic Product (GDP) is pegged at Rs 126.54 lakhs crore at current prices during 2014-15 lower than the budget estimates of Rs 128.76 lakhs crore. Nominal GDP has been pegged at Rs 126 lakhs crore... somewhat lower than the level assumed in the Union Budget, which would make the task of restricting the fiscal deficit at 4.1 per cent of GDP slightly more stringent," said Aditi Nayar, senior economist with ICRA.

Read more at:

[http://economictimes.indiatimes.com/articleshow/46178452.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=ppst](http://economictimes.indiatimes.com/articleshow/46178452.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst)

### ➤ Road Ministry to enhance scope of e-governance to entire system

Aimed at ensuring transparency and better administration, the Road Transport and Highways Ministry today said it aims to bring the entire system fall under the scope of e-governance module. Launching a web-based application to make payment process for works related to National Highways more transparent, Road Transport and Highways Minister Nitin Gadkari said he plans to make

every system of the ministry online. "We will make all system online to ensure transparency and to faster governance. People have to come to office even for small work. We want to stop that and ensure they can do it from their homes only," Gadkari said. The minister said the payment monitoring system would also facilitate easy communication between various offices and allow a user to track the status of a bill. Using the system, the ministry can also independently check position of processing of bills by different departments and utilization of funds scheme wise.

Read more at:

[http://economictimes.indiatimes.com/articleshow/46173905.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=ppst](http://economictimes.indiatimes.com/articleshow/46173905.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst)

### ➤ Government eyes \$2 billion in foreign funds for expansion of major ports

The government is planning to raise nearly \$2 billion (about Rs 12,400 crore) in overseas funding for expansion of major ports in the country as well as to execute rail and road projects to connect them to the hinterland.

The shipping ministry is likely to soon finalize the proposal for a dozen major ports that have a combined US dollar denominated income of about \$400 million a year, officials said, adding that the plan will require the nod of the finance ministry and the Reserve Bank of India. "Ports are not hard pressed for money but we want access to cheaper funds. We can use our dollar denominated earnings as a security to raise

more finance and it will be hedging for our funds as well," a senior government official said. Most of the Rs 2.96 lakh crore investments envisaged in major and non-major ports by 2020 has to come from the private sector.

However, public funds will be required for activities such as deepening of port channels, and expansion of rail and road connectivity from ports to the hinterland. India allows foreign direct investment up to 100% under automatic route for construction and maintenance of ports.

Read more at:

[http://economictimes.indiatimes.com/articleshow/46168641.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=ppst](http://economictimes.indiatimes.com/articleshow/46168641.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst)

### ➡ **Inland waterways: How Nitin Gadkari is steering some of modern India's biggest infrastructure projects**

As minister of road transport and highways, and shipping, Nitin Gadkari runs a highly visible and critical ministry in the Narendra Modi government, but has — surprisingly — shown an averseness to the spotlight. He does talk occasionally to the press, as he did earlier this week about the prime minister asking him to prepare a policy to promote clean fuel. There is also the customary speech at government functions. Not to forget the odd controversy when he was snapped riding a scooter without a helmet or when he is said to have shown a keen interest in becoming the chief minister of Maharashtra, his home state.

Read more at:

[http://economictimes.indiatimes.com/articleshow/46158808.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=ppst](http://economictimes.indiatimes.com/articleshow/46158808.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst)

### ➡ **India to take pragmatic steps to boost Chinese investments**

In an effort to woo Chinese investment as part of its 'Make In India' pitch, the government will now be aggressively encouraging Chinese companies to set up their manufacturing units in India. The home ministry is said to have conceded to the foreign ministry's plea that there need not be an "alarmist" attitude to Chinese investments in India.

Read more at:

[http://economictimes.indiatimes.com/articleshow/46166350.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=ppst](http://economictimes.indiatimes.com/articleshow/46166350.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst)

### ➡ **Govt. constitutes high level committee for monitoring CSR implementation by Cos**

Constitution of a High Level Committee to suggest measures for improved monitoring of the implementation of Corporate Social Responsibility policies by the companies under Section 135 of the Companies Act, 2013.

Read more at:

[http://www.mca.gov.in/Ministry/pdf/General\\_Circular\\_01\\_2015.pdf](http://www.mca.gov.in/Ministry/pdf/General_Circular_01_2015.pdf)

### ➡ Global CEOs call on PM Narendra Modi; intend to increase investment in India

A group of global CEOs, including Dieter Zetsche of Daimler AG and Feffrey Jaensubhakiji of GIC AM, expressed intention to increase investment in India. Anshu Jain of Deutsche Bank AG, Kurt Bock of BASFBSE, Heinrich Biersinger of Thyssen Krupp and Yngve Slyngstad of Norgos along with other two CEOs called on Prime Minister Narendra Modi here. "They appreciated the economic reform initiatives of the Prime Minister, and also expressed their intention to increase investments in India," a PMO release said. The Modi-led government has initiated a slew of economic reforms, including liberalization of FDI policy for sectors like insurance and railways, to attract foreign investments. The government has also taken measures towards ease of doing business in the country. The 'Make in India' campaign launched by the government has attracted attention of global investors.

Read more at:

[http://economictimes.indiatimes.com/articleshow/46099143.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=ppst](http://economictimes.indiatimes.com/articleshow/46099143.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst)

### ➡ Asian Development Bank says committed to supporting smart cities in India

Manila-based Asian Development Bank (ADB) said it is committed to supporting India's ambitious plan to build 100 smart cities in the country. ADB President

Takehiko Nakao said the agency will continue to play an important role in the development of inclusive, green and resilient cities and for the success of Sustainable Development Goals (SDGs) and the global climate change agenda.

Read more at:

[http://economictimes.indiatimes.com/articleshow/46135751.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=ppst](http://economictimes.indiatimes.com/articleshow/46135751.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst)

### ➡ Mauritius seeks India's cooperation in construction of mobile bridges

Mauritius sought India's cooperation in construction of mobile bridges to be used for evacuation of people in event of natural disasters like floods. During his meeting with Environment Minister Prakash Javadekar, his Mauritius counterpart Jayeshwur Raj Dayal also sought India's cooperation in disaster management. Sources said the visiting Mauritius minister also showed lot of interest in the design philosophy of the New Paryavaran Bhavan focused on increasing the efficiency of resource usage like energy, water and materials while minimizing the impact of the building on human habitat and the environment. Natural disasters like flash floods and coastal erosion are part of the topography of Mauritius. The visiting Mauritius minister said his country is facing difficulties in rescuing people when bridges are washed away or collapsed during the harsh weather conditions. So he sought India's cooperation in constructing mobile bridges and also train their engineers to fix

and maintain them, the sources said.

Read more at:

[http://economictimes.indiatimes.com/articleshow/46123654.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=ppst](http://economictimes.indiatimes.com/articleshow/46123654.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst)

➔ **Devendra Fadnavis ready to provide infra; seeks tax sops to make Mumbai a financial hub**

The Maharashtra government has proposed that the central government allow foreign banks and companies to use Mumbai for their global financial transactions as part of its plan to turn the city into a global financial hub on the lines of Singapore or Hong Kong. In an exclusive interview with ET, Maharashtra chief minister Devendra Fadnavis said Mumbai has the advantage of location, being five hours ahead of London, and that the government may consider tax concessions to help foreign banks and companies to move their financial desks to Mumbai.

Read more at:

[http://economictimes.indiatimes.com/articleshow/46117869.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=ppst](http://economictimes.indiatimes.com/articleshow/46117869.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst)

➔ **Safe Harbour Rules for Specified Domestic Transactions of Govt. Electricity Cos**

Notification No. 11 /2015 dated: 4<sup>th</sup> February, 2015 brings safe harbor rules for specified domestic transaction.

Read more at:

[http://www.incometaxindia.gov.in/communications/notification/notification\\_11\\_2015.pdf](http://www.incometaxindia.gov.in/communications/notification/notification_11_2015.pdf)

## BANKING

➔ **Re-repo in Government Securities Market**

It has now been decided to permit re-repo in government securities, including state development loans and Treasury Bills, acquired under reverse repo, subject to following conditions:

- Scheduled commercial banks and Primary Dealers (PDs) maintaining subsidiary general ledger (SGL) account with the Reserve Bank of India will be permitted to re-repo the securities acquired under reverse repo;
- Mutual Funds and Insurance Companies maintaining SGL account with the Reserve Bank of India will also be permitted to re-repo the securities acquired under reverse repo, subject to the approval of the regulators concerned;
- Re-repo of securities can be undertaken only after receipt of confirmation/matching of first leg of repo transaction;
- Re-repo period should not exceed the residual period of the initial repo;
- Eligible entities undertaking re-repo transactions should 'flag' the transactions as a re-repo on the authorized reporting platform.

Participants may review their systems and controls to ensure strict compliance with the requirement of reporting of re-repo transactions. All repo/re-repo transactions should be subject to internal audit and concurrent audit. Violation of the regulatory guidelines, if any, may be brought to the notice of Chief General Manager, Financial Markets Regulation Department, Reserve Bank of India, Mumbai.



Source: Notification No. RBI/2014-15/454  
FMRD.DIRD.5/14.03.002/2014-15 dated:  
February 05, 2015

### ➤ **RBI unveils guidelines for implementation of 'Countercyclical Capital Buffer'**

The Internal Working Group of the Reserve Bank of India under the Chairmanship of Shri B Mahapatra had submitted the final Report on the implementation of Countercyclical Capital Buffer (CCCB) in July, 2014. The Report made recommendations in areas such as indicators that may be used for CCCB decisions, thresholds for activating the buffer, lead time for announcement of buffer, etc.

Read more at:

<http://corporatelaws.taxmann.com/topstories/104010000000042860/rbi-unveilsguidelines-for-implementation-of-countercyclical-capital-buffer.aspx>

### ➤ **Reserve Bank of India directs banks to report kisan vikas patra deals daily**

MUMBAI: The Reserve Bank directed banks to report all kinds of Kisan Vikas Patra (KVP) transactions on a daily basis, failing which bank or their branches may face penal action, including de-authorization. As per RBI rules, banks need to directly credit KVP dealings such as receipt, payment, penalty to government's account at the Central Account Section of the RBI in order to maintain uniformity for reporting, reconciliation and accounting. "The agency banks are required to observe the rules and

regulations of the Scheme, and non-observance of rules and regulations would attract penal action, including de-authorization of the branch or bank," RBI said in a notification.

Source: PTI / Feb 9, 2015

### ➤ **RBI bans offshore investors from buying corporate bonds below three-year maturity**

Foreign investors are free to chase Indian bonds and mutual fund schemes to fish for higher returns, but hot money should look for destinations. It's a message RBI has sent to offshore investors by banning them from buying corporate bonds below a three-year maturity. Foreign portfolio investors (or FPIs) have also been told to stay away from short-maturity liquid or money market schemes. Regulator has allowed them to reinvest their interest earnings from sovereign bonds even if the total investment limit at \$30 billion is exhausted. Also, two new contracts will be introduced in interest-rate futures — an exchange traded product used to cover rate risks. Governor Raghuram Rajan couldn't have been more explicit when he told the media RBI "will allow some room for patient investors who have stayed with us." The reason: "We want to make sure we have a bulletproof balance sheet when the inevitable interest rate rise comes," he said.

Read more at:

[http://economictimes.indiatimes.com/articleshow/46115668.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=ppst](http://economictimes.indiatimes.com/articleshow/46115668.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst)



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