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Weekly Updates - Updated up to March 7, 2015

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Industry

➤ Traders can carry forward input tax credit to next fiscal: Government

The Delhi government provided a big relief to the city traders by allowing them to carry forward input tax credit to next financial year and extending the last date of submission of R-9 forms for last three years, up to June 30. The government's move comes with an aim to simplify business for the traders in the national capital, an official release said.

Read more at:

http://economictimes.indiatimes.com/articleshow/46488096.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cps

➤ Iran, India to form joint group to facilitate bilateral trade

Aiming to boost export of Indian products to Iran, a joint working group of experts will be formed to facilitate bilateral trade. Iran's National Standard Organization (NSO) along with the experts from the both the sides will examine the quality of the products exported. The group would evaluate the standard and look into issues over the import of rice, tea and soya, said NSO head Nayyereh Pirouzbakht. The Indian tea imported to Iran so far has been in accordance with the international Codex and ISO standards these are the base and each country has its own conditions for its imports. Read more at:

http://economictimes.indiatimes.com/articleshow/46420488.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cps

➤ Chinese firms keen to set up manufacturing units in India: Le Yucheng

Chinese companies are keen to participate in the 'Make in India' campaign and establish manufacturing facilities here, China's Ambassador Le Yucheng has said. "Certainly, (Chinese companies are interested in setting up manufacturing facilities in India). We are closely following the project of 'Make in India' initiated by Prime Minister Narendra Modi. "Chinese companies are expressing keen interest in participating in this project, Yucheng told PTI.

Read more at:

http://economictimes.indiatimes.com/articleshow/46442573.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cps

➤ Government to infuse Rs 300 crore capital in NABARD in FY'16

The government has proposed Rs 300 crore fund infusion in 2015-16 for National Bank for Agriculture and Rural Development (NABARD) to augment its capital base. The Budget has allocated the amount towards subscription to share capital of NABARD, official documents said. The government had made provision for infusion of similar amount in the rural development lender during the current fiscal.

Read more at:

http://economictimes.indiatimes.com/articleshow/46418497.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cpspt

➤ **Assam spent Rs 2,100 crore under MGNREGA in three years**

The Assam government has spent over Rs 2,100 crore in the state between 2011-12 and 2013-14 under the Mahatma Gandhi National Rural Employment Guarantee Act to generate nearly ten crore mandays. According to reports on MGNREGA for 2011-12, 2012-13 and 2013-14 tabled in the state Assembly today, the highest amount was spent in FY'12 with Rs 748.27 crore. In FY'13, the government spent Rs 651.53 crore for providing jobs under the ambitious scheme, the report said. During the last financial year, total allocated funds under this scheme for the state were Rs 731.11 crore, but the government utilized Rs 700.80 crore. In 2011-12, total mandays stood at 3.53 crore, while the government could generate 3.14 crore and 2.99 crore mandays in 2012-13 and 2013-14 fiscals respectively. In the three years, a total of 38.45 lakhs households were provided with employment opportunities under MGNREGA, the report pointed out.

Read more at:

http://economictimes.indiatimes.com/articleshow/46431547.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cpspt

➤ **India's rubber imports could rise 18 percent on lower global prices**

India's natural rubber imports could rise nearly 18 percent to a record

500,000 tonnes in the next financial year, buoyed by rising local consumption and lower prices overseas, industry officials said. Higher imports by the world's second-biggest consumer of rubber could support global prices, which have risen by more than a quarter since hitting their lowest level in more than five years last September.

Read more at:

http://economictimes.indiatimes.com/articleshow/46457319.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cpspt

Direct Tax

➤ **New Investment Pattern For Non-Government Provident Funds, Superannuation Funds And Gratuity Funds With Effect From 1st April, 2015**

Government notifies the Investment Pattern for Non-Government Provident Funds, Superannuation Funds and Gratuity Funds. This is reviewed from time to time and revisions are effected based on the developments in the financial market and economy.

Source: Press Information Bureau, Government of India, Ministry of Finance

Customs

➤ CBEC increases the additional duty of customs (commonly known as Road Cess) levied on High Speed Diesel Oil vide Notification 07/2015-Cus, dt. 01-03-2015.

➤ CBEC amended notification No. 27/2011

Customs, dated the 1st March, 2011 so as to reduce the export duty leviable on ilmenite, upgraded from 5% to 2.5% vide *Notification No. 08/2015-Cus, dt. 01-03-2015*.

Central Excise:

➤ Amendment of Notification No. 10/1996 dated 23rd July 1996 so as to provide full exemption from excise duty to all goods consumed within the factory of production in the manufacture of Agarbattis.

Source: Notification No.13/2015-Central Excise dated: 1st March, 2015

Read more at:

<http://www.cbec.gov.in/excise/cx-act/notfns-2015/cx-tarr2015/ce13-2015.pdf>

➤ Increase the Additional Duty of Excise (commonly known as Road Cess) levied on imported motor spirit (petrol) vide Notification No. 10/2015-CE, dt. 01-03-2015.

➤ Amendment of Notification No. 6/2005-CE, dated the 1st March, 2005 so as to exempt Additional Excise Duty of 5% leviable on waters including mineral waters and aerated waters containing added sugar vide Notification No. 09/2015-CE, dt. 01-03-2015.

Read more at:

<http://www.cbec.gov.in/excise/cx-act/notfns-2015/cx-tarr2015/ce09-2015.pdf>

➤ **Seeks to exempt all goods falling within the First Schedule of the CETA, 1985 from the whole of Secondary and Higher**

Education Cess leviable under Section 138 of the Finance Act, 2007

In exercise of the powers conferred by sub-section (1) of section 5A of the Central Excise Act, 1944 (1 of 1944), read with sections 136 and 138 of the Finance Act, 2007 (22 of 2007), the Central Government hereby exempts all goods falling within the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986), from the whole of the Secondary and Higher Education Cess leviable thereon under section 138 of the said Finance Act.

Read more at:

<http://www.cbec.gov.in/excise/cx-act/notfns-2015/cx-tarr2015/ce15-2015.pdf>

➤ CBEC amends Notification No. 16/2010-CE, dated the 27th February, 2010 so as to prescribe new rate of duty to unmanufactured tobacco and chewing tobacco vide Notification No. 05/2015-CE, dt. 01-03-2015.

➤ Amendment of Notification No. 42/2008-CE, dated the 1st July, 2008 so as to prescribe new rate of duty to Pan Masala and Gutkha vide Notification No. 06/2015-CE, dt. 01-03-2015.

Service Tax:

➤ Simplification of Registration Procedures in Service Tax

In supercession of Order No. 2/2011-Service Tax dated 13-12-2011, the Central Board of Excise and Customs specifies the following documentation, time limits and procedure

with respect to filing of registration applications for single premises, which shall come into effect from 1-3-2015.

General procedure

Applicants seeking registration for single premises in service tax shall file the application online in the Automation of Central Excise and Service Tax (ACES) website - www.aces.gov.in in Form ST-1.

Registration shall mandatorily require that the Permanent Account Number (PAN) of the proprietor or the legal entity being registered be quoted in the application with the exception of Government Departments for whom this requirement shall be non-mandatory. Applicants, who are not Government Departments shall not be granted registration in the absence of PAN. Existing registrants, except Government departments not having PAN shall obtain PAN and apply online for conversion of temporary registration to PAN based registration within three months of this order coming into effect, failing which the temporary registration shall be cancelled after giving the assessee an opportunity to represent against the proposed cancellation and taking into consideration the reply received, if any.

E-mail and mobile number mandatory:

The applicant shall quote the email address and mobile number in the requisite column of the application form for communication with the department. Existing registrants who have not submitted this information are required to file an amendment application by 30-4-2015.

Read more at:

<http://www.servicetax.gov.in/notifications/notfns-2015/off-ord01-2015st.pdf>

➡ Amendment in Service Tax Rules, 1994 so as to prescribe:

- (i) definition of an 'aggregator' and the 'brand name or trade name'
- (ii) the person liable to pay service tax for certain specified services;
- (iii) for issuing digitally signed invoices and their authentication by means of digital signatures.
- (iv) for preserving records in electronic form by way of authenticating by digital signatures.
- (v) To revise the alternative rates of service tax at which certain categories of service providers have an option to pay service tax.

Source: *Notification No.5/2015-Service Tax dated: 1st March, 2015*

Read more at:

<http://www.servicetax.gov.in/notifications/notfns-2015/st05-2015.pdf>

➡ Amendment notification No. 25/2012-Service Tax, dated 20th June 2012, so as to amend certain existing entries granting exemption on specified services and inserting new entries for granting exemption from service tax on specified services

- (i) Health care services by a clinical establishment, an authorized medical practitioner or para-medics; (ii) Services provided by way of transportation of a patient in an ambulance, other than those specified in (i) above. Services by an artist by way of a performance in folk or classical art forms of

(a) music, or (b) dance, or (c) theatre, if the consideration charged for such performance is not more than one lakh rupees provided that the exemption shall not apply to service provided by such artist as a brand ambassador vide *Notification No.6/2015-Service Tax dated: 1st March 2015*.

Read more at:

<http://www.servicetax.gov.in/notifications/notfns-2015/st06-2015.pdf>

➤ Amendment in notification No. 30/2012-Service Tax dated 20th June, 2012, so as to prescribe, the extent of service tax payable by the service provider and any other person liable for paying service tax other than the service provider vide *Notification No.7/2015-Service Tax dated: 1st March 2015*.

Read more at:

<http://www.servicetax.gov.in/notifications/notfns-2015/st07-2015.pdf>

➤ **Amendment in notification No. 26/2012-Service Tax, dated 20th June 2012, so as to make necessary amendments in the specified entries prescribing taxable portion and the conditions for availing the exemption therein**

Against Sl. No. 2, in column (4), for the entry, the following entry shall be substituted, namely: - "CENVAT credit on inputs, capital goods and input services, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004."

Read more at:

<http://www.servicetax.gov.in/notifications/notfns-2015/st08-2015.pdf>

[tfns-2015/st08-2015.pdf](http://www.servicetax.gov.in/notifications/notfns-2015/st08-2015.pdf)

➤ **Seeks to notify the “resident firm” as the class of persons for the purpose of sub-clause (iii) of clause (b) of section 96A of the Finance Act, 1994**

“firm” shall have the meaning assigned to it in section 4 of the Indian Partnership Act, 1932 (9 of 1932), and includes- (i) the limited liability partnership as defined in clause (n) of sub-section (1) of the section 2 of the Limited Liability Partnership Act, 2008 (6 of 2009); or (ii) limited liability partnership which has no company as its partner; or (iii) the sole proprietorship; or (iv) One Person Company.

Read more at:

<http://www.servicetax.gov.in/notifications/notfns-2015/st09-2015.pdf>

➤ **Tax pinch for flyers and new airports**

Travelling by air will be costlier with the government increasing the service tax rate and withdrawing the exemption earlier provided on the construction of new airports. Business class fares will go up 3.3 per cent with Finance Minister Arun Jaitley announcing a reduction in the abatement of service tax on business class and first class fares from 60 per cent to 40 per cent. Service tax would now be payable on 60 per cent of the fare for business class.

Read more at:

http://www.businessstandard.com/article/companies/tax-pinch-for-flyers-and-new-airports-115030200022_1.html

➤ Amendment in notification No. 31/2012-

Service Tax, dated 20th June, 2012, so as to exempt services provided for transportation of export goods by road from the place of removal to a land customs station (LCS)

Read more at :

<http://www.servicetax.gov.in/notifications/notfns-2015/st04-2015.pdf>

➔ **Amendment notification No. 25/2012-Service Tax, dated 20th June 2012, so as to amend certain existing entries granting exemption on specified services and inserting new entries for granting exemption from service tax on specified services**

Health care services by a clinical establishment, an authorized medical practitioner or para-medics; (ii) Services provided by way of transportation of a patient in an ambulance, other than those specified in (i) above. Services by an artist by way of a performance in folk or classical art forms of (i) music, or (ii) dance, or (iii) theatre, if the consideration charged for such performance is not more than one lakh rupees.

Read more at:

<http://www.servicetax.gov.in/notifications/notfns-2015/st06-2015.pdf>

➔ **Seeks to notify the “resident firm” as the class of persons for the purpose of sub-clause (iii) of clause (b) of section 96A of the Finance Act, 1994**

“Firm” shall have the meaning assigned to it in section 4 of the Indian Partnership Act, 1932 (9 of 1932), and includes- (i) the limited liability partnership as defined in clause (n)

of sub-section (1) of the section 2 of the Limited Liability Partnership Act, 2008 (6 of 2009); or (ii) limited liability partnership which has no company as its partner; or (iii) the sole proprietorship; or (iv) One Person Company.

Read more at:

<http://www.servicetax.gov.in/notifications/notfns-2015/st09-2015.pdf>

➔ **Amendment in notification No. 30/2012-Service Tax dated 20th June, 2012, so as to prescribe, the extent of service tax payable by the service provider and any other person liable for paying service tax other than the service provider.**

Read more at:

<http://www.servicetax.gov.in/notifications/notfns-2015/st07-2015.pdf>

Banking

➔ **Review Of Instructions on Housing Loans**

A. Inclusion of stamp duty and other charges in LTV ratio

With a view to encourage availability of affordable housing to such borrowers, it has been decided that in cases where the cost of the house/dwelling unit does not exceed Rs.10 lakhs, banks may add stamp duty, registration and other documentation charges to the cost of the house/dwelling unit for the purpose of calculating LTV ratio.

B. Construction linked disbursal of housing loan

As per circular DBOD.BP.BC.No.51/08.12.015/2013-14 dated September 3, 2013 on "Housing Sector: Innovative Housing Loan Products - Upfront disbursement of housing loans", in terms of which banks were advised that disbursement of housing loans sanctioned to individuals should be closely linked to the stages of construction of the housing project/houses and upfront disbursement should not be made in cases of incomplete/under-construction/green field housing projects.

In context of the above stipulation, some banks have represented that they are not able to extend home loans to the allottees in the project developed by Government Bodies/ Statutory Housing Authorities, as the payment schedule prescribed by such authorities are not linked to the stages of construction. Such authorities allot flats to the individual allottees with the following payment modes:

- ◆ One time lump-sum payment within 1 to 3 months after allotment.
- ◆ Time linked payment plan not linked to the stages of construction.

On a review, banks are advised that in cases of projects sponsored by Government/Statutory Authorities, they may disburse the loans as per the payment stages prescribed by such authorities, even where payments sought from house buyers are not linked to the stages of construction, provided such authorities have no past history of non-completion of projects.

Source: *Circular DBR.BP.BC.NO.74/08.12.015/2014-15, dated 5-3-2015*

➤ **RBI's forex reserves climb to all-time high of \$ 338.08 bn**

The Reserve Bank of India's (RBI) foreign exchange reserves hit an all-time high of \$ 338.08 billion for a consecutive week. The rise in reserves was \$ 3.89 billion. Foreign currency assets, a key component, rose by \$ 3.90 billion to \$ 312.20 billion. The reserves have been rising because the central bank has been mopping dollar flows through state-run banks.

Read more at:

http://www.businessstandard.com/article/finance/rbi-s-forex-reserves-climb-to-all-time-high-of-338-08-bn-115030600505_1.html

➤ **India, Sri Lanka discuss FTA implementation, trade issues**

Ahead of Prime Minister Narendra Modi's visit here, India and Sri Lanka have discussed the implementation of a free trade pact and stepping up economic cooperation while addressing issues of trade imbalance. Discussions on economic issues were held between the Sri Lankan side and a visiting Indian trade delegation headed by Commerce Secretary Rajeev Kher.

Read more at:

http://economictimes.indiatimes.com/articleshow/46475823.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➤ **Funding the unfunded: India helps small business borrow to grow**

A new bank announced in India's annual budget could boost loans and cut borrowing costs for the country's cash-starved small businesses tailors, mechanics and phone

booth operators who account for around a fifth of the economy. MUDRA bank - to be set up with \$3.2 billion of capital to help micro financing firms to lend more - should help leverage up firms which account for 40 percent of India's exports, just as India tries to rekindle growth, lenders and entrepreneurs say. India's small businesses employ more than 106 million workers, according to government statistics, in a country that brings a million new workers into the workforce every month. Yet according to government estimates, only 4 percent of 57.7 million small business units in India have access to institutional finance, leaving many to rely on informal lenders. Industry experts estimate that demand for loans from the sector outstrips supply by more than \$80 billion.

Read more at:

<http://in.reuters.com/article/2015/03/05/india-banks-microfinance-idINKBN0M10ED20150305>

Infrastructure

➤ Budget promises rapid construction of roads, ports; to weed out delays and corruption

Infrastructure development is poised to take a giant leap as the Budget promises rapid construction of highways, ports, ultra mega power plants, airports and renewable energy projects with the help of massive public funding made possible by delaying fiscal belt-tightening.

Analysts expect foreign direct investment,

which has been lukewarm towards Indian infrastructure, to flow into the sector. The optimism stems from the belief that the promised transparent auction and absence of uncertainty over clearances will calm overseas investors, who often say it is difficult to compete with local firms that are adept at navigating bottlenecks and roadblocks. With projects worth Rs 8.7 lakh crore stalled due to difficulties in clearances, litigation, poor performance of contractors or financial difficulties, Finance Minister Arun Jaitley said the major slippage in the past decade has been on the infrastructure front.

Read more at:

http://economictimes.indiatimes.com/articleshow/46416354.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➤ Government may declare additional 101 routes as national waterways

Government is considering a proposal to declare an additional 101 routes as national waterways. "A proposal for declaration of 101 additional routes as national waterways is under consideration by the government. The proposal covers waterways across the country, which has potential for year-round commercial navigation," Minister of State for Shipping Pon Radhakrishnan told. Inland Waterways Authority of India is conducting feasibility studies on the proposed new routes, he added. "Thereafter, based on the outcome of the study, further steps would be taken for the development of the proposed national waterways," the minister said. Read more at:

http://economictimes.indiatimes.com/articleshow/46429895.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst

➡ **Budget 2015: Digital India, smart cities projects catch the eye of IT companies**

Otherwise wary of government contracts, software firms in the country are looking up to Prime Minister Narendra Modi's IT projects, Digital India and Smart Cities, hoping that the government will execute the two ambitious programmes through public-private partnerships in the absence of any big allocations for them in the 2015-16 budget. Experts say IT companies are attracted to the two programmes despite delays in receiving payment of about Rs 5,000 crore for the work they have done for the government in the past.

Read more at:

http://economictimes.indiatimes.com/articleshow/46436787.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst

➡ **Shipping Minister Nitin Gadkari allays fears, says ports' corporatization won't hit jobs**

There will be no loss of jobs due to government's move to corporatize the major ports, shipping minister Nitin Gadkari said while adding that the government will bring amendments to the law on major ports. He said that there is no plan to private ports at any cost. In the budget speech finance minister Arun Jaitley had said that ports in public sector will be encouraged to corporatize and become companies under the

Company's Act. Soon after there were reports of trade unions fearing loss of jobs under alibi of rightsizing and downsizing the major ports. Gadkari said the intentions behind corporatizing major ports are to make them better, competitive and modernized ones. "We will ensure there is no job cut in ports while pushing such reform," the minister said. He added the focus of Narendra Modi government is to focus more on use of waterways and sea route for transportation of cargo and goods within the country to reduce congestion on road and pollution as well. Speaking on the occasion of Kamarajar Port Limited (erstwhile Ennore Port Limited) signing an agreement with Toyota Kirloskar Motor for export of automobile units through the port Gadkari asked other major automobile manufacturers to use the seas route to transport their products.

Read more at:

<http://timesofindia.indiatimes.com/india/Gadkari-allays-fears-says-ports-corporatization-wont-hit-jobs/articleshow/46450147.cms>

➡ **46 PPP projects underway in urban areas worth Rs 25,902 crore**

As many as 46 public-private partnership (PPP) projects are at various stages of implementation in 33 cities at a total approved cost of Rs 25,902.84 crore for infrastructure development in urban areas. The PPP projects in 33 states relate to Mass Rapid Transport Systems (19), solid waste management (25), water supply, parking lots, roads, flyovers and road over bridges, Urban Development Minister M Venkaiah Naidu said.

Read more at:

http://economictimes.indiatimes.com/articleshow/46454386.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst



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