

the CMA

e-BULLETIN

THE INSTITUTE OF
COST ACCOUNTANTS
OF INDIA

(Statutory body under an Act of Parliament)



www.icmai.in

MARCH 2014 | VOL. 2 | NO. 3

EDITORIAL

Bad loans are the highest among the large corporate accounts

Public sector banks are likely to log higher bad loans by the end of this month compared with the same period last year, said finance minister P Chidambaram after reviewing their performance. He also blamed large corporates for this, saying bad loans are high on large corporate accounts. Ministry officials claim the top 30 such accounts are on the government radar.

Chidambaram said during the April-December period, the banks recovered Rs18,933 crore. This is only about 20 per cent of the total non-performing assets (NPAs) in the banking system at about Rs1,92,000 crore.

“High bad loans are the biggest challenge for the banking sector. Bad loans are the highest among the large corporate accounts,” Chidambaram said.

The NPAs essentially are the bad debts in the banking system. The NPAs in the banking system have grown from Rs.68,220 crore in 2008-09 to Rs1,94,000 crore in 2012-13. Of this, the share of the

public sector banks alone is Rs1,62,000 crore.

The gross non-performing assets (NPAs) of banks could rise to 4.2-4.4% by March, from 4.1% as on December, ICRA said. By March, the gross NPAs of state-run banks could rise to 4.8-5% of total loans in the banking system, ICRA said in its banking sector update.

Considering the current business slowdown, the stretched working capital cycles of corporates and the slow pace of economic recovery, ICRA is of the view that the gross NPA percentage of the public sector banks (PSBs) would be at 4.8-5% as on March 31, 2014.

Private Banks are expected to be comfortable in terms of capital, given their higher level of current capitalization and better earnings and asset quality profile.

We are pleased to release the third issue of the second volume of the CMA e-Bulletin for our readers. Hope you enjoy reading this issue of the e-bulletin. We look forward to your valuable suggestions and comments which will help us further improve this publication.

the CMA e-BULLETIN

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory body under an Act of Parliament)

MARCH 2014 | VOL. 2 NO. 3

CONTENTS

3		Indian Economy	20		Service Tax
5		Banking	21		SEBI
8		Income Tax	22		Foreign Trade
9		Employees Provident Fund	25		Value Added Tax
10		Customs	25		Company law
14		Central Excise	27		Major Highlights of Interim Finance Budget 2014

DIRECTORATE OF RESEARCH, INNOVATION & JOURNAL

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

President, The Institute of Cost Accountants of India: CMA Suresh Chandra Mohanty

Vice President, The Institute of Cost Accountants of India: CMA Dr A S Durga Prasad

Chairman, Research, Innovation and Journal Committee: CMA Manas Kumar Thakur

Editor: CMA Dr Debaprosanna Nandy

Updated upto February 28, 2014

HEADQUARTERS

CMA BHAWAN 12, SUDDER STREET
KOLKATA 700 016, INDIA

PHONES: +91-33-2252 1031/1034/1035/1492/1602
/1619/7143/7373

FAX: +91-33-2252-7993/1026

DELHI OFFICE

CMA BHAWAN, 3 INSTITUTIONAL AREA
LODHI ROAD,

NEW DELHI 110003, INDIA

PHONES: +91-11-24622156/57/58, 24618645

FAX: +91-11-43583642

OFFICE OF RESEARCH, INNOVATION & JOURNAL

CMA BHAWAN, 4TH FLOOR
84, HARISH MUKHERJEE ROAD
KOLKATA 700 025, INDIA

Board: +91-33-2454+0086/87/0184,

Fax: +91-33-2454 0063



www.icmai.in

Please send your feedback on the CMA
e-BULLETIN at: cma.ebulletin@icmai.in

**Behind every successful
business decision, there is
always a CMA**

This publication does not constitute professional advice. The information in this publication has been obtained or derived from sources believed by The Institute of Cost Accountants of India (ICAI) to be reliable. Readers of this publication are advised to seek their own professional advice before taking any course of action or decision, for which they are entirely responsible, based on the contents of this publication. ICAI neither accepts nor assumes any responsibility or liability to any reader of this publication in respect of the information contained within it or for any decisions readers may take or decide not to or fail to take.

© 2014 The Institute of Cost Accountants of India. All rights reserved.

INDIAN ECONOMY

News

➔ **RBI chief says policy rate is appropriately set**

India's policy interest rate is appropriately set, said RBI Governor Raghuram Rajan, who has raised rates three times by a combined 75 basis points since September despite economic growth at a decade low.

Source: *Mumbai (Reuters), dated: 26 Feb 2014*

➔ **India can grow faster if it executes investments: Rangarajan**

India's economy could grow at an annual rate of as much as 7 per cent if large-scale investment projects are implemented quickly, Prime Minister Manmohan Singh's economic adviser said on 26th Feb 2014.

Source: *New Delhi - (Reuters), dated: 26 Feb 2014*

➔ **Sluggish state auction exposes bond market reform hurdles**

A move by India to make the pricing of roughly \$30 billion in debt sold each year by individual states more market-based has met resistance from both issuers and investors; underscoring the difficulties it faces in deepening its bond markets.

Source: *Mumbai (Reuters) dated: 26 Feb 2014*

➔ **State bond sale raises \$1.2 bln, again misses target**

Indian states raised 76.5 billion rupees via 10-year bonds, much less than the targeted amount for a second consecutive time, after a recent proposal to price the debt on a market basis triggered widespread caution.

Source: *Mumbai (Reuters) dated: 25 Feb 2014*

➔ **FM says RBI must abide by government focus on growth**

The finance minister chided the central bank on Tuesday over its focus on fighting inflation, saying the Reserve Bank of India (RBI) also needed to abide by the government policy to promote economic growth.

Source: *New Delhi (Reuters), dated: 18 Feb 2014*

➔ **U.S. on solid footing despite cold weather -Fed's Williams**

A top Federal Reserve policymaker said on Wednesday the U.S. economy is on a "really solid footing" for this year despite a rash of cold weather that has prompted weaker data reports, adding the Fed will very likely keep trimming its stimulus.

Source: *Reuters, dated: 20 Feb 2014*

➔ **Chidambaram wants RBI to balance**

price stability and growth

The Reserve Bank of India (RBI) should strike a balance between price stability and growth when announcing its monetary policy, the finance minister said on 17 Feb, 2014, hinting at his unhappiness over its rate hike decisions.

Source: *Reuters (New Delhi) dated: 17 Feb 2014*

➔ **Tax on super rich ought to be revised in full budget - Chidambaram**

The finance minister said on Monday a tax on the super rich ought to be revised when the full budget is prepared after elections due by May.

Source: *Reuters (New Delhi) dated: 17 Feb 2014*

➔ **January rate hike overruled external committee members**

Reserve Bank of India (RBI) Governor Raghuram Rajan's surprise decision to raise interest rates last month was opposed by most external members of an advisory committee, minutes released on 17 Feb 2014.

Source: *Reuters (New Delhi) dated: 17 Feb 2014*

➔ **Expert views: Finance minister presents 2014/15 interim budget**

Finance Minister P. Chidambaram presented the interim budget for the fiscal year 2014/15.

Source: *Reuters dated: 17 Feb 2014*

➔ **Food subsidy for 2014/15 seen at 1.15 trl rupees**

Finance Minister P. Chidambaram forecast that India's total spending on food subsidies will be at least 1.15 trillion rupees in 2014/15.

Source: *Reuters (New Delhi) dated: 17 Feb 2014*

➔ **Petroleum subsidy seen sharply lower in 2014/15**

Finance Minister P. Chidambaram told parliament that India's petroleum subsidy would be contained at 634.27 billion rupees in 2014/15, from a revised figure of 854.8 billion rupees in the current fiscal year.

Source: *Reuters (New Delhi) dated: 17 Feb 2014*

➔ **India's economic outlook seen improving in 2014/15**

India's economic outlook for 2014/15 looks better than the current fiscal year due to resurgence in exports, global economic revival and moderation in inflation, Finance Minister P. Chidambaram said in his interim budget on Monday.

Source: *Reuters (New Delhi) dated: 17 Feb 2014*

➔ **Govt's interest payment cost seen rising to 4.27 trln rupees in 2014/15**

The government's interest payment cost is expected to rise to 4.27

trillion rupees in 2014/15 from a revised 3.8 trillion rupees in the current fiscal year, the government said in its budget document.

Source: Reuters (New Delhi) dated: 17 Feb 2014

➤ **India to spend 2.5 trillion rupees on food, fertilizer and fuel subsidies in 2014/2015**

India's total spending on food, fertilizers and fuel subsidies will be 2.5 trillion rupees in 2014/15, Finance Minister P. Chidambaram said on 17 Feb 2014.

Source: Business Economy dated: 17 Feb 2014

➤ **Gross market borrowing seen at 5.97 trln rupees in 2014/15**

India's Finance Minister P. Chidambaram forecast that the country's gross market borrowing would be 5.97 trillion rupees 2014/15, on the lower end of market expectations.

Source: Business Economy dated: 17 Feb 2014

➤ **India to set up debt management office**

Finance Minister P. Chidambaram said on Monday he would propose setting up a non-statutory public debt management office that could start from fiscal 2014/15.

Source: Business Economy dated: 17 Feb 2014

➤ **Agri exports likely to touch \$45 bln vs. \$41 bln in 2012/13**

Finance Minister P. Chidambaram told parliament on Monday that India's 2013/14 agricultural exports were likely to touch \$45 billion vs. \$41 billion in 2012/13.

Source: Business Economy dated: 17 Feb 2014

➤ **Current account deficit seen at \$45 billion in 2013/14**

Finance Minister P. Chidambaram told parliament that the country's current account deficit would be contained at \$45 billion in 2013/14.

Source: Business Economy dated: 17 Feb 2014

➤ **Fiscal deficit seen at 4.6 pct of GDP in 2013/14**

Finance Minister P. Chidambaram told parliament that the country's fiscal deficit would be contained at 4.6 percent of GDP in 2013/14, beating his own target.

Source: Business Economy dated: 17 Feb 2014

➤ **India's forex reserves higher at \$292.33 bln as of Feb 7 - RBI**

India's foreign exchange reserves rose to \$292.33 billion as of February 7, from \$291.07 billion in the earlier week stated by Reserve Bank of India

Source: Reuters dated: 14 Feb 2014

➤ **Jan WPI inflation eases more than expected to eight-month low**

India's wholesale price-based inflation eased to an eight-month low in January as food prices moderated, offering some relief to policymakers who have long battled to get a handle on surging prices.

Source: Business Economy dated: 14 Feb 2014

➤ **Expert Views - Jan WPI inflation eases to eight-month low**

India's wholesale prices-based inflation (WPI) eased to an eight-month low of 5.05 percent in January, helped by moderating food prices, government data showed on Friday.

Source: Business Economy dated: 14 Feb 2014

➤ **Economic affairs secretary hopes there will be real push for growth**

Economic Affairs Secretary Arvind Mayaram said he hopes policymakers will try to bolster growth with wholesale price index inflation easing to an eight-month low in January.

Source: Business Economy dated: 14 Feb 2014

➤ **United Bank risks breaching Basel III capital norms - Fitch**

Fitch Ratings said on Tuesday United Bank of India was at risk of becoming the first lender in Asia to breach the minimal capital ratios mandated by Basel III norms after the small lender posted a net loss and said bad debts increased.

Source: Reuters dated: 11 Feb 2014

➤ **Trade deficit narrows on 77 percent drop in gold imports**

India's trade deficit narrowed in January, helped by a 77 percent drop in imports of gold and silver while exports ticked up, improving the outlook for the country's fragile current account balance.

Source: Reuters dated: 11 Feb 2014

➤ **Jan inflation seen easing on food, fuel prices but still elevated**

India's high inflation probably eased to a seven-month low last month as food and fuel prices showed signs of moderating, providing some respite to the Reserve Bank of India which has been hiking interest rates to curb soaring prices, Reuters polls showed on Tuesday.

Source: Reuters dated: 11 Feb 2014

➤ **Govt cuts growth forecast to less than 5 pct before polls**

India on Friday cut its estimate of annual growth for the fiscal year to 4.9 percent from 5 percent because of a contraction in the manufacturing and mining sectors.

Source: Reuters dated: 07 Feb 2014

➔ Germany to offer 1.09 billion euro loan to India

Germany has agreed to offer 1.09 billion euro loan to India - its highest ever since 1958 - for various development projects, as per government statement.

Source: Reuters dated: 06 Feb 2014

➔ Air India, Jet Airways hit as FAA downgrades India aviation rating

U.S. authorities have downgraded India's aviation safety rating, citing a lack of safety oversight, meaning the country's carriers cannot increase flights to the world's biggest aviation market and face extra checks for existing ones.

Source: Aerospace & Defence, Top News, Business Economy dated: 01 Feb 2014

BANKING

Notifications/Circulars

➔ Alteration in the name of "Mizuho Corporate Bank Ltd."

to "Mizuho Bank Ltd - Alteration in the name of "Mizuho Corporate Bank Ltd." to "Mizuho Bank Ltd." in the Second Schedule to the Reserve Bank of India Act, 1934 vide *Circular RBI/2013-2014/480, DBOD.No.Ret.BC/ 94/12.07.108/2013-14 dated: 4.2.2014.*

➔ Non-Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs) – Directions – Modifications in "Pricing of Credit -

It has been decided that the interest rates charged by an NBFC-MFI to its borrowers will be the lower of the following:

- The cost of funds plus margin as indicated in the company circular DNBS. (PD)CC.No.300/03.10.38/2012-13 dated August 3, 2012 read with circular DNBS (PD) CC.No.327/03.10.038/2012-13 dated May 31, 2013; or
- The average base rate of the five largest commercial banks by assets multiplied by 2.75.

The above instructions will come into effect from the quarter beginning April 01, 2014. The Bank will announce the applicable average base rate on March 31, 2014 and every quarter end thereafter.

Source: RBI/2013-14/482, DNBS (PD)

CC.No.369/03.10.038/2013-14, dated: Feb 04, 2014

➔ RRB/RCB- FCNR (B)/NRE deposits – Exemption from maintenance of CRR/SLR and Exclusion from Outstanding Advances for Priority Sector Lending for RRBs –

As per *circular RPCD.CO.RRB/RCB.BC.No.20/03.05.33/2013-14 dated August 19, 2013*, on the captioned subject, wherein banks were advised that with effect from fortnight beginning August 24, 2013, incremental FCNR (B) deposits as also NRE deposits with

reference base date of July 26, 2013, and having maturity of three years and above, mobilized by them will be exempt from maintenance of CRR and SLR. Further, advances extended against such incremental FCNR (B)/NRE deposits qualifying for exemption from CRR/SLR requirements will also be excluded from Outstanding Advances for computation of priority sector lending targets for Regional Rural Banks.

➔ Exemption granted on incremental FCNR (B)/ NRE deposits from maintenance of CRR/SLR will be withdrawn with effect from reporting fortnight beginning March 8, 2014 -

Based on *circular RBI/2013-14/486, RPCD.CO.RRB/RCB.BC.No.83/03.05.33/2013-14, dated: Feb 11, 2014* it has been decided that the exemption granted on incremental FCNR (B)/NRE deposits from maintenance of CRR/SLR will be withdrawn with effect from reporting fortnight beginning March 8, 2014, i.e., only the eligible amount of incremental FCNR (B) and NRE deposits of maturities of three years and above from the base date of July 26, 2013, and outstanding as on March 7, 2014, would qualify for CRR/SLR exemption till their maturities/ pre-mature withdrawals. Further, advances extended against the above mentioned incremental FCNR (B)/NRE deposits, qualifying for exemption from CRR/SLR requirements, will be eligible for exclusion from Outstanding Advances, till their repayment, for computation of priority sector lending targets for Regional Rural Banks.

➔ Deregulation of Interest Rates on Non-Resident (External) Rupee (NRE) Deposits –

As per *circulares RPCD.CO.RRB.BC.No.65/03.05.33/2013-14 and RPCD.CO.RCB.BC.No.68/07.51.014/2013-14 dated December 2, 2013* advising Regional Rural Banks (RRBs) and State/Central Cooperative Banks (StCBs/CCBs) that the freedom to offer interest rates on incremental NRE deposits with maturity of 3 years and above without any ceiling in order to pass on the benefit of exemption provided on such deposits from CRR/SLR requirements will remain valid up to January 31, 2014, subject to review. Based on *circular RBI/2013-14/488, RPCD.CO.RRB.RCB.BC.NO.85/03.05.33/2013-14, dated: Feb 11, 2014* it has been decided to extend the above dispensation till February 28, 2014. With effect from March 1, 2014, the interest rate ceiling will revert to the position prior to August 19, 2013, for RRBs and August 22, 2013, for StCBs/CCBs i.e. interest rates offered by banks on NRE deposits cannot be higher than those offered by them on comparable domestic rupee deposits.

➔ Interest Rates on FCNR (B) Deposits

As per *circular RPCD.CO.RRB.BC.No.63/03.05.33/2013-14 and RPCD.RCB.BC.Dir.No.69/07.51.014/2013-14 dated December 2, 2013* advising Regional Rural Banks (RRBs) and State/Central Cooperative Banks (StCBs/CCBs) respectively that interest rate ceil-

ings on FCNR (B) deposits for maturity period of one year to less than three years and three to five years, prescribed vide circular RPCD.CO.RRB.BC.No.22/03.05.33/2013-14 dated August 19, 2013 for RRBs and RPCD.RCB.BC.Dir.No.27 /07.51.014/2013-14 dated August 22, 2013 for StCBs/CCBs will remain unchanged subject to review.

As per Circular RBI/2013-14/489, RPCD.CO.RRB.RCB.BC.NO.87/03.05.33/2013-14, dated: Feb 11, 2014, it has been decided that the interest rate ceiling on FCNR (B) deposits prescribed vide circular dated August 19, 2013 and August 22, 2013, referred to above, will continue till February 28, 2014 and will revert to the ceiling prior to August 19 and August 22, 2013, as under:

Maturity Period	Existing	With effect from March 1, 2014
1 year to less than 3 years	LIBOR/Swap plus 200 basis points	No change
3 - 5 years	LIBOR/Swap plus 400 basis points	LIBOR/ SWAP plus 300 basis points

➤ **Term Repo under Liquidity Adjustment Facility- Operational Guidelines**

Based on the circular FMD.MOAG. No. 92 /01.01.009/2013-14 dated October 29, 2013 on the captioned subject. Taking into account the requests received from the market participants, it has been decided to revise the timings of the Term Repo auctions from 2.30-3.00 PM to 11.00 -11.30 AM. All other terms and conditions for the term repo as stipulated in our circular FMD.MOAG.No.89/01.01.009/2013-14 dated October 8, 2013 remain unchanged vide Circular RBI/2013-14/491 (FMD.MOAG.No.98/01.01.009/2013-14) dated: Feb 13, 2014.

➤ **Central Repository of Information on Large Credits (CRILC) – Revision in Reporting**

As per DBS.Dir.OSMOS.No.3327/33.01.001/2013-14 dated September 11, 2013 along with a Directive of even date issued under Section 27(2) of BR Act 1949 introducing the “Central Repository of Large Common Exposures-Across Banks” by subsuming the erstwhile Form A return on Large Borrowers (Rs 100 million and above) in the quarterly off-site return on Large Credit. Banks have since submitted the revised Return for the quarter ended September 2013. Subsequently, RBI has issued the final Guidelines on “Early Recognition of Financial Distress, Prompt Steps for Resolution and Fair Recovery for Lenders: Framework for Revitalizing Distressed Assets in the Economy” on January 30, 2014 which would be fully effective from April 1, 2014. The Guidelines, inter-alia, envisaged creation of a CRILC by RBI to collect, store, and disseminate credit data to banks. According to para 1.4 of the Guidelines, the framework will be fully effective from April 1, 2014. Hence banks must

put in place necessary system and infrastructure, as also carry out necessary tests for correct outputs, well before the due date to effectively implement the Framework. In the meanwhile, we advise that the reporting format of the Return for the quarter ended December 2013 quarter has undergone revision. The revised format with explanatory footnotes on the new items including Special Mention Account 2 (SMA-2) were forwarded to the banks vide our e-mail message dated January 30, 2014.

Source: RBI/2013-14/492 (DBS.No.OSMOS. 9862/33.01.018/2013-14) dated: Feb 13, 2014

➤ **Foreign investment in India by SEBI registered FII, QFI and long term investors in Corporate Debt**

To encourage long term investors, it has now been decided, to reduce, with immediate effect, the existing Commercial Paper sub-limit of USD 3.5 billion by USD 1.5 billion to USD 2 billion. The balance USD 1.5 billion shall, however, continue to be part of the total Corporate debt limit of USD 51 billion and will be available to eligible foreign investors for investment in Corporate debt. The revised position is given below:

Instruments	Limit	Eligible Investors	Remarks
Corporate Debt including Commercial Papers	USD 51 Billion	FIIs, QFIs and Long terms investors registered with SEBI – Sovereign Wealth Funds (SWFs), Multilateral Agencies, Pension/ Insurance/ Endowment Funds, Foreign Central Banks.	Eligible Investors may invest in Commercial Papers only up to USD 2 billion within the limit of USD 51 billion.

The operational guidelines in this regard will be issued by SEBI Source: Circular No.104- A.P. (DIR Series) - RBI/2013-14/494 dated: RBI/2013-14/494

➤ **FIMMDA’s Trade Reporting and Confirmation platform for OTC transactions in Corporate Bonds and Securitized Debt Instruments**

- Based on the circulars IDMD. 530/03.64.00/2007-08 dated July 31, 2007 and IDMD.PCD. 06/14.03.06/2013-14 dated August 26, 2013 on the captioned subject. Currently, the OTC trades in Corporate Bonds and Securitized Debt Instruments are being reported on FIMMDA’s Trade Reporting and Confirmation platform. It has now been decided that all entities regulated by the Reserve Bank should report their secondary market OTC trades in Corporate Bonds and Securitized Debt Instruments within 15 minutes of the trade on any of the stock exchanges (NSE, BSE and MCX-SX). These trades may be cleared and settled through any of the clearing corporations

(NSCCL, ICCL and MCX-SX CCL). This circular is effective from April 01, 2014.

Source: RBI/2013-14/500 (IDMD.PCD. 10/14.03.06/2013-14) dated: Feb 24, 2014

➔ Security Incident Tracking Platform- Reporting thereon -

Information on Security, particularly security incidents, external attacks, internal compromises etc. is unique to each bank. Sharing of such information/ incidents/experiences would greatly benefit banks in taking appropriate preventive/corrective measures. As of now, information sharing among banks on these issues is not very prevalent. The National Security Council (NSC) has requested IDRBT to set up necessary facilities to enable sharing of information among banks and also dissemination of information on emerging security threats. Towards this end, IDRBT has developed a Security Incident Tracking Platform where banks would be able to report security incidents in an anonymous manner; thus keeping the information reported by the banks confidential. The platform will be hosted on the INFINET and the access provided only to Chief Information Security Officers (CISOs) of respective banks. IDRBT is simultaneously making arrangements to gather global threat intelligence from various sources in coordination with CERT-In. Information on Security, particularly security incidents, external attacks, internal compromises etc. is unique to each bank. Sharing of such information/ incidents/experiences would greatly benefit banks in taking appropriate preventive/corrective measures. As of now, information sharing among banks on these issues is not very prevalent.

Source: RBI/2013-14/501 (DIT CO No.1857/07.71.099/2013-14) dated: Feb 26, 2014

➔ Call/Notice Money Market Operations -

It has been decided to dispense with the extant practice of Banks/PDs/ Co-operative banks approaching RBI for fixing of prudential limits for transactions in Call / Notice Money Market. Banks/PDs/ Co-operative banks may, with the approval of their Boards, arrive at the prudential limits for borrowing/lending in Call/Notice Money Market in terms of the IDMD Master Circular dated July 01, 2013. The limits so arrived at may be conveyed to the Clearing Corporation of India Ltd. (CCIL) for setting of limits in NDS-CALL System, under advice to Financial Markets Department (FMD), Reserve Bank of India. This circular comes into effect from March 03, 2014.

Source: RBI/2013-14/504 (IDMD/PCD/No. 11/14.01.01/2013-14) dated: Feb 26, 2014.

➔ Framework for Revitalizing Distressed Assets in the Economy - Refinancing of Project Loans, Sale of NPA and Other Regulatory Measures

Guidelines on the subject of 'Refinancing of Project Loans', 'Sale of

NPAs by Banks' and other regulatory measures are as under:

Refinancing of Project Loans

- Sale of Financial Assets to Securitization Company (SC)/Reconstruction Company (RC)
- Purchase/Sale of Non-Performing Financial Assets to Other Banks
- Use of Counter-cyclical/Floating Provision
- Bank Loans for Financing Promoters' Contribution
- Credit Risk Management
- Reinforcement of Regulatory Instructions
- Registration of Transactions with CERSA
- Board Oversight

Source: RBI/2013-14/502 (DBOD.BP.BC.No. 98/21.04.132/2013-14) dated: Feb 26, 2014

➔ Inclusion in/exclusion from the Second Schedule to the Reserve Bank of India Act, 1934- Regional Rural Banks (RRBs)

It is advised that the names of eight amalgamated Regional Rural Banks have been included in the Second Schedule to the Reserve Bank of India Act, 1934 by Notification RPCD.CO.RRB. BC.No.55/03.05.100/2013-14 dated November 14, 2013 published in the Extraordinary Gazette of India (Part III - Section 4) dated January 6, 2014. Simultaneously, the names of 20 erstwhile Regional Rural Banks (RRBs) have been excluded from the Second Schedule to the Reserve Bank of India Act, 1934 by notification RPCD.CO.RRB.No.56/03.05.100/2013-14 dated November 14, 2013 published in the above Extraordinary Gazette of India.

Source: RBI/2013-14/505 (RPCD.CO RRB.

BC.No./89/03.05.100/2013-14) dated: Feb 26, 2014

➔ Guidelines on 'Fit and Proper Criteria' for Chief Executive Officers (CEOs) of Multi-State Urban Co-operative Banks

Guidelines on 'Fit and Proper Criteria' for Chief Executive Officers (CEOs) of Multi-State Urban Co-operative Banks. It would be observed there from that the Government of India has prescribed the minimum eligibility criteria for appointment to the post of Chief Executive Officer of Multi-State Urban Co-operative Banks. It has been brought to our notice that some of the UCBs registered under the Multi-State Co-operative Societies Act either have not laid down the 'fit and proper criteria' for appointment of Chief Executive Officer in their bank or the same is not being adhered to as per the above guidelines.

As the 'fit and proper criteria' have been prescribed pursuant to the recommendations of TAFUCB, you are advised to ensure that the guidelines for appointment of Chief Executive Officer of the bank are followed in letter and spirit.

Source: RBI/2013-14/506 (UBD CO BPD (PCB) Cir. No. 49/12.05.001/2013-14) dated: Feb 28, 2014

➔ Major Happenings (at a glance)

RBI

- A.P. (DIR Series) Circular No.101 (February 4, 2014) Export of Goods and Services: Export Data Processing and Monitoring System (EDPMS).
- DBOD.No.Ret.BC. 93 /12.01.001/2013-14 (January 31, 2014) Section 42(1) of the Reserve Bank of India Act, 1934 and Section 24 of the Banking Regulation Act, 1949 - FCNR(B)/NRE deposits - Exemption from Maintenance of CRR/SLR and Exclusion from ANBC for Priority Sector Lending.
- FCNR (B)/NRE deposits – Exemption from maintenance of CRR/SLR and Exclusion from Outstanding Advances for Priority Sector Lending for RRBs.
- NSDL Circular No.: NSDL/POLICY/2014/0017 (February 18, 2014) : Change in Pay-in & Pay-out time for NSE, BSE and MCX-SX settlements.

INCOME TAX

Notifications/Circulars

➔ Clarification regarding scope of additional income-tax on distributed income u/s 115R of the Income-tax Act -

Central Board of Direct Taxes hereby clarifies that additional income-tax under sub-section (2) of section 115R of the Act is to be levied on income distributed by way of dividend to unit-holders of mutual funds or specified companies and receipts from redemption/repurchase of units or allotment of additional units by way of bonus units would not be subjected to levy of additional income tax under the above section vide circular no. 6/2014 dated: 11th February 2014.

➔ Extension of due date for filing IT Refunds claims

The CBDT has issued circular 04/2014 dated 10.02.2014 pointing out that a large number of returns have become non-est as ITR-V was not furnished within the due date. As a result the refund claims have not been processed. In order to mitigate the grievances of the taxpayers pertaining to non-receipt of tax refunds, CBDT in exercise of powers under section 119(2) (a) of the Act, relaxes and extends the date for filing ITR-V Form for Assessment Years 2009-10, 2010-11 and 2011-12 till 31.03.2014 for returns e-Filed with refund claims within the time allowed under section 139 of the Act. Central Board of Direct Taxes also relaxes the time-frame of issuing the intimation as provided in second proviso to sub section (1) of Section 143 of the Act and directs that such returns shall be processed within a period of six months from end of the month in which ITR-V is received and the intimation of processing of such returns shall be sent to the assessee concerned as per laid down procedure.

➔ Clarification regarding disallowance of expenses under section 14A of the Income tax Act in cases where corresponding exempt income has not been earned during the FY –

Central Board of Direct Taxes, in exercise of its powers under section 119 of the Act hereby clarifies that Rule 8D read with section 14A of the Act provides for disallowance of the expenditure even where taxpayer in a particular year has not earned any exempt income vide circular no. 05/2014 dated: 11th February 2014.

➔ Clarifications

The Protocol amending the convention between the Government of the Republic of India and the Government of the United Kingdom of Great Britain and Northern Ireland, for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital which was signed at London on the 30th October, 2012 whereas, the date of entry into force of the said protocol amending the Convention is the 27th day of December, 2013, being the date of later of the notifications of completion of the procedures as required by the respective laws for entry into force of the said Protocol. Now, therefore, in exercise of the powers conferred by Section 90 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby directs that all the provisions of said Protocol shall be given effect to in the Union of India with effect from the 27th day of December, 2013 vide Notification No.10/2014/F.No. 505/3/1986-FTD-I] dated: 10/2/2014.

➔ CBDT ex-post facto extends due-date of filing TDS/TCS statements for Government deductors

CBDT extends due-date of filing TDS/TCS statements to March 31, 2014 for Government deductors, in view of special circumstances; Extension with respect to TDS/TCS statements for FY 2012-13 (2nd to 4th Quarter) and FY 2013-14 (1st to 3rd Quarter); CBDT acknowledged delay in filing such statements due to late furnishing of Book Identification Number ('BIN'), mandatorily required and which stabilized during FY 2012-13 only; Despite delay attributable to reasons beyond control, mandatory fee u/s. 234E for late filing levied in case of several Government deductors; To mitigate grievance of such deductors current extension ex-post facto granted; Any fee u/s. 234E already paid by a Government deductor will not be refunded.

Case Laws

➔ Eligibility for deduction u/s. 80IA -

Transfer of ongoing business- Treatment of income derived – Held that:- M/s. Meenakshi Infrastructure Pvt. Ltd., was duly approved by the Ministry of Commerce, Govt. of India as an industrial park in terms of Industrial Park Scheme, 2002 notified by the Department of Industrial Policy & Promotion, Ministry of Commerce and that assessee is entitled for deduction u/s. 80IA(4)(iii) of the Income-tax Act, 1961 - M/s. Meenakshi Infrastructure Pvt. Ltd., has transferred the operation and maintenance of industrial park – the transfer was duly noted by the Department of Industrial Policy & Promotion and intimated to both

transferor and transferee vide Ministry's letters dated 9th August, 2006 and 3rd August, 2007 – thus, the assessee is entitled for deduction u/s. 80IA(4)(iii) of the Act for the unexpired period during which the transferor enterprise would have been entitled for deduction if the transfer had not taken place – but, M/s. Meenakshi Infrastructure Pvt. Ltd., cannot claim deduction u/s. 80IA(4) on the same income - There cannot be overlapping claim by each other.

The AO straightaway disallowed the claim of deduction u/s. 80IA (4) and not gone into the quantification of deduction, such as whether computation is proper or not – thus, the matter remitted back to the AO for fresh adjudication of computation aspect of deduction u/s 80IA (4) of the Act – Decided partly in favour of Revenue.

Source: *The Asst. CIT Circle-10(1), Hyderabad versus M/s. Vijay Infotech Ventures, Secunderabad (2014 (2) TMI 946 - ITAT HYDERABAD - Income Tax)*

➤ HC: Sec 10A deduction allowed though STP approval obtained 6 years after starting business

HC allows Sec. 10A deduction for AY 2007-08, pursuant to Software Technology Park ('STP') approval granted in 2006 though business commenced in year 2000; Rejects Revenue's restrictive interpretation of Sec. 10A(2) since manufacture of computer software commenced much earlier; If Revenue's interpretation of Sec. 10A(2)(i) was accepted, undue stress would be given to expression "begins to manufacture" appearing in Sec 10A; Other aspects relating to "commencement on or after" also require equal emphasis : Delhi HC.

Source: *Quantum Coders Ltd. [TS-119-HC-2014(DEL)]*

➤ HC: 100% depreciation unavailable on machineries not "exclusively used" for windmill manufacture

HC upholds 100% depreciation claim on wind energy generators under Rule 5(10A)(xviii), being such machinery and plant used in the manufacture of wind mill, a renewal energy device; However, restricts depreciation claim to 25% for other machineries not used for wind mill manufacture, thus not falling under 'block of assets' u/s 2(11); Rejects ITAT's position that in absence of expression "exclusively used" in depreciation table annexed to IT Act, 'exclusivity' for purpose of manufacture is not the test for grant of depreciation; On question of ITAT's jurisdiction u/s 254(2), HC holds that reliance on a ruling which was irrelevant to assessee's facts, causing prejudice to the assessee, resulted in a mistake apparent on record, liable to be corrected u/s 254(2) : Madras HC

Source: *TTG Industries Ltd. [TS-95-HC-2014(MAD)]*

EMPLOYESS PROVIDENT FUND

News

➤ Labour Ministry asks EPFO to provide permanent PF account number soon

• The Labour Ministry has asked EPFO to provide permanent PF

account numbers to its 5 crore members in a time-bound manner so that they don't need to transfer provident fund accounts after changing jobs.

- According to sources, the direction in this regard was given to the Employees' Provident Fund Organization (EPFO) by Labour Secretary Gauri Kumar at the February 5 meeting of the Central Board of Trustees (CBT), the apex decision making body of the organization.
 - The EPFO expects 1.2 crore claims in 2013-14, including around 13 lakh PF transfer claims. During 2012-13, it settled 107.62 lakh claims. Eighty eight per cent of these were processed within 30 days, as prescribed by the body's citizen charter.
- Source: *Press Trust of India dated: February 09, 2014*

➤ Provident fund ceiling raised, minimum pension fixed at Rs 1,000

Trustees of retirement fund body Employees Provident Fund Organization (EPFO) on Wednesday approved a proposal to provide a monthly pension of minimum Rs 1,000, a decision that will immediately benefit about its 28 lakh pensioners.

The Central Board of Trustees (CBT), the apex decision-making body of EPFO, also decided to raise the monthly wage ceiling to Rs 15,000 from Rs 6,500 by amending the Employee Provident Fund scheme, 1952, so that more workers can be brought under its various social security programmes.

- According an EPFO official, the Labour Ministry will soon move proposal before the Union Cabinet for its approval for the Rs 1,000 minimum monthly pension.
- The board has also decided to reduce administrative charges from 1.10 per cent of the basic wage, including basic pay and dearness allowance, to 0.85 per cent. Besides, the trustees have also approved a proposed change in the methodology of computing the pensionable salary.
- The pensionable salary will be calculated on the basis of average salary of the last 60 months instead of 12 months as provided in the EPS-95.
- However, the proposed change in the methodology for computing pensionable salary was approved with a dissent note from the trade unionist members of the CBT.

Source: *Press Trust of India, dated: February 06, 2014*

➤ Provident fund body to consider raising retirement age to 60 years

The Central Board of Trustee (CBT), the apex decision making body of the Employees Provident Fund Organization (EPFO), will consider a proposal to raise the retirement age of organized sector workers to 60 years for its pension.

- Besides, the CBT in its meeting on February 5 will also deliberate on a proposal to withdraw two years bonus under the pension scheme provided to subscribers after rendering 20 years of pensionable service. At present, under the Employees' Pension Scheme (EPS-95), EPFO subscribers cease to be members of the pension scheme

and can apply for fixation of their pension after the age of 58 years. Thus, they cannot contribute to the scheme after the age of 58 years.

- The Finance Ministry in its memorandum to Labour Ministry has proposed these amendments in the EPS-95 after giving its concurrence for providing a minimum entitlement of Rs 1,000 minimum monthly pension under the scheme.
 - The ministry is of the view that raising the retirement age for this purpose will help subscribers accumulate a bigger corpus while delaying the payout by two years.
 - The proposal, if approved, would immediately benefit 27 lakh pensioners. At present, there are about 44 lakh pensioners. Of this 27 lakh, including 5 lakh widows, get less than Rs 1,000 a month.
 - The Finance Ministry has already agreed to pay Rs 1,217 crore during 2014-15 for ensuring minimum pension of Rs 1,000 per month under the scheme.
 - In the meeting, CBT is likely to approve the proposal for amending the EPS-95, EPF and EDLI scheme to enhance the maximum wage ceiling to Rs 15,000 per month from Rs 6,500 per month.
 - At present, the provident fund body does not cover organized workers under its social sector schemes whose basic wages including basic pay and dearness allowance exceed Rs 6,500 at the time of joining of service.
 - Besides other things, the trustees will also consider the proposal for computing the pensionable salary. It is proposed to calculate pensionable salary on the basis of average of salary last 60 months instead of 12 months at present. The pensionable salary is used for fixing pension of the EPFO subscribers after attaining the age of 58 years.
- Source: Press Trust of India dated: February 02, 2014

➤ Piramal, Canada's CPPIB form \$500mn realty investment fund

- Ajay Piramal -promoted Piramal Enterprises, said it has formed a strategic alliance with Canada Pension Plan Investment Board to set up a \$500 million real estate finance company in India.
- It will provide rupee debt financing to residential projects in Indian cities.
- Piramal and CPPIB will initially invest USD 250 million each in the venture, which will focus on providing project-level debt to local developers across Mumbai, Delhi region, Bangalore, Pune and Chennai markets. Piramal added that the company has raised this amount through internal accruals.
- The diversified Piramal Group had launched its financial arm in 2011 with a focus on the real estate sector.

CUSTOMS

Notifications/Circulars

➤ Customs Baggage Declaration Regulations 2013

In exercise of powers conferred by clause (a) of section 81 of the Customs Act, 1962, the Central Board of Excise and Customs here-

by makes further amendment in the Customs Baggage Declaration Regulations, 2013 called Customs Baggage Declaration (Amendment) Regulations, 2014 vide *notification no. 10/2014-Cus (NT), dt. 10-02-2014.*

➤ Tariff Value in respect of some of the imported goods

CBEC amends principal notification no. 36/2001-Customs (N.T.), dated the 3rd August, 2001 vide *Notification No. 14/2014 - Customs (N.T.) dated: 28th February 2014* and fixes the tariff values specified in column (4) of the Table below, in respect of the imported goods of the description specified in the corresponding entry in column (3) of the said Table and falling under Chapter or heading or sub-heading No. of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975). The principal notification was last amended vide *Notification No. 11/2014-Customs (N.T.), dated the 14th February, 2014.*

TABLE-1

Sl. No.	Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value US \$ (Per Metric Tonne)
(1)	(2)	(3)	(4)
1	1511 10 00	Crude Palm Oil	914
2	1511 90 10	RBD Palm Oil	957
3	1511 90 90	Others – Palm Oil	936
4	1511 10 00	Crude Palmolein	964
5	1511 90 20	RBD Palmolein	967
6	1511 90 90	Others – Palmolein	966
7	1507 10 00	Crude Soyabean Oil	972
8	7404 00 22	Brass Scrap (all grades)	3924
9	1207 91 00	Poppy seeds	3195

TABLE-2

Sl. No.	Chapter/ heading/ sub- heading/tariff item	Description of goods	Tariff value US \$ (Per Metric Tonne)
(1)	(2)	(3)	(4)
1	71 or 98	Gold, in any form, in respect of which the benefit of entries at serial number 321 and 323 of the Notification No. 12/2012-Customs dated 17.03.2012 is availed	433 per 10 grams
2	71 or 98	Silver, in any form, in respect of which the benefit of entries at serial number 322 and 324 of the Notification No. 12/2012-Customs dated 17.03.2012 is availed	699 per kilogram

TABLE-3

Sl. No.	Chapter/ heading/ sub- heading/tariff item	Description of goods	Tariff value US \$ (Per Metric Tonne)
Sl. No.	Chapter/ heading/ sub- heading/tariff item	Description of goods	Tariff value (US \$ Per Metric Tons)
(1)	(2)	(3)	(4)
1	080280	Areca nuts	1872

➔ **CBEC deleted Cotton Yarn from the exemption list**

Central Government hereby exempts goods when imported into India against a duty credit scrip issued under the Focus Market Scheme in accordance with paragraph 3.14 of the Foreign Trade Policy (hereinafter referred to as the said scrip) from the whole of the duty of customs leviable thereon under the First Schedule to the Customs Tariff Act, 1975 (51 of 1975); and also from the whole of the additional duty leviable thereon under section 3 of the said Customs Tariff Act. As per Notification No. 07/2014-Customs dated: 24th February, 2014, CBEC deleted Cotton Yarn (for the paragraph 3.14.5 of the Foreign Trade Policy) from the exemption list specified in paragraph 3 of the notification no. 93/2009-Customs, dated the 11th September, 2009 (last amendment - Notification No. 52/2013-Customs dated the 26th December, 2013).

➔ **Amendment in Notification No. 21/2012-Customs dated 17.03.2012 Customs dated 17.03.2012**

Central Government hereby exempts the goods of the description specified in column (3) of the Table below, falling within the Chapter, heading, sub-heading or tariff item of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) as are specified in the corresponding entry in column (2) of the below Table, when imported into India, from so much of the additional duty of customs leviable thereon under sub-section (5) of section 3 of the said Customs Tariff Act, as is in excess of the amount calculated at the standard rate specified in the corresponding entry in column (4) of the Table aforesaid. Based on *Notification No. 06/2014-Customs, dated: 17th February, 2014* after serial number 83 and the entries relating thereto, the following serial number and entries has been inserted, namely:-

Sl. No.	Chapter, heading, sub- heading or tariff item of the First Schedule	Description of goods	Standard rate
(1)	(2)	(3)	(4)
83A	84	Goods specified against S. No. 394A of the Table annexed to the notification of the Government of India in the Ministry of Finance(Department of Revenue), No. 12/2012-Customs, dated the 17th March, 2012: Provided that the exemption available under this notification shall be subject to the conditions, if any, specified in respect of such goods under the said notification No. 12/2012-Customs, dated the 17th March, 2012; Provided further that nothing contained in this entry shall apply on goods imported on or after the 1st day of January, 2015	Nil

Note: The exemption contained in S. No. 1 of the Table shall not apply to goods in respect of which an exemption from the duty leviable under the said First Schedule is claimed based on the country of origin of such goods.

➔ **Amendment in Notification No. 12/2012-Customs dated 17.03.2012**

Central Government hereby makes the following further amendments in the notification of the Government of India, in the Ministry of Finance (Department of Revenue), No. 12/2012-Customs; dated the 17th March, 2012 vide *Notification No. 05/2014-Customs dated: 17th February, 2014*. After serial number 16, 138, 187, 368, 394 and the entries relating thereto, the following serial number and entries has been inserted as mentioned in the below table in order to claim exemption when the said goods are imported into

India from so much of the duty of customs leviable thereon under the said First Schedule as is in excess of the amount calculated at the standard rate specified in the corresponding entry in column (4) of the said Table and also from so much of the additional duty leviable thereon under sub-section (1) of section 3 of the said Customs Tariff Act 1975 (51 of 1975) as is in excess of the additional duty rate specified in the corresponding entry in column (5) of the said Table, subject to any of the conditions, specified in the Annexure to this notification, the condition number of which is mentioned in the corresponding entry in column (6) of the said Table.

Sl. No. (1)	Chapter or Heading or sub-heading or tariff item (2)	Description of goods (3)	Standard rate (4)	Additional duty rate (5)	Condition No. (6)
16A	0511 99 99	Human Embryo	Nil	-	1A
138A	2711 11 00 2711 21 00	Liquefied Natural Gas (LNG) imported for consumption in the C2-C3 Plant of M/s Oil and Natural Gas Corporation Limited located in the Dahej Special Economic Zone (hereinafter referred to as the SEZ unit) for the purposes of authorized operations in the SEZ unit	Nil	Nil	8A
138B	2711 11 00 2711 21 00	The remnant Liquefied Natural Gas (LNG) or Natural Gas (NG) cleared into the Domestic Tariff Area (DTA), after completion of the authorized operations carried out by the C2-C3 Plant of M/s Oil and Natural Gas Corporation Limited, located in the Dahej Special Economic Zone (hereinafter referred to as the SEZ unit): Provided that no exemption shall be available if exemption has been claimed on the quantity of LNG/NG other than the quantity which has been consumed for the authorized operation in the SEZ unit.	Nil	Nil	-
187A	3823 11 11, 3823 11 12, 3823 11 19	All goods	7.5%	-	-
368A	84 or any other Chapter	Goods specified in List 16A required for construction of roads	Nil	-	9
394A	84	The following goods to be imported by or on behalf of Bank Note Paper Mill India Private Limited (BNPMIPL) namely:- (i) plant or machinery or equipment, related spares and consumables imported by or on behalf of BNPMIPL, for setting up of a Bank Note Paper Mill project to manufacture Cylinder Mould Vat Made Watermarked Banknote (CWBN) paper and other security paper at Mysore, Karnataka; and (ii) Plant or machinery or equipment, related spares and consumables for online inspection of pulp.	5%	Nil	-

Sl. No. (1)	Chapter or Heading or sub-heading or tariff item (2)	Description of goods (3)	Standard rate (4)	Additional duty rate (5)	Condition No. (6)
397	84 or any other Chapter	The following goods, namely:- (A) Tunnel boring machines (B) Parts and components of (A) for use in the assembly of Tunnel boring machines	Nil Nil	— —	— —

Note: 1. Entries relating to Serial No.397 have been amended vide Notification No. 04 /2014-Customs dated: 3rd February, 2014.

2. In the ANNEXURE,

(i) after condition number 1, the following condition shall be inserted, namely:-

“1A	If the importer furnishes an undertaking to the Deputy Commissioner of Customs or the Assistant Commissioner of Customs, as the case may be, that the human embryo shall not be used for commercial purpose”;
-----	---

(ii) after condition number 8, the following condition shall be inserted, namely:-

“8A	If in respect of the LNG for which exemption is claimed - (a) the importer indicates in the Bill of Entry, the quantity of LNG for which the exemption is claimed and (b) the importer produces a certificate from the jurisdictional Specified Officer of the SEZ unit certifying that the quantity of LNG for which exemption is being claimed has actually been consumed in terms of equivalent quantity by the SEZ unit for the purposes of authorized operations during the preceding month.
-----	---

For details please visit: <http://www.cbec.gov.in> – Customs / Notification No. 05/2014- Customs dated: 17th February, 2014 and Notification No. 12/2012-Customs dated 17th March, 2012

➤ Levy of safeguard duty on import of Sodium Nitrite

Import of Sodium Nitrite, falling under tariff item 2834 10 10 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), the Director General (Safeguard), in his final findings, published vide number G.S.R. 637 (E), dated the 17th September, 2013, in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), dated the 17th September, 2013, has come to the conclusion that increased imports of Sodium Nitrite into India has caused and threatened to cause further serious injury to the domestic producers of Sodium Nitrite, necessitating the imposition of safeguard duty on imports of Sodium Nitrite into India, and accordingly has recommended the imposition of safeguard duty on imports of the subject goods into India;

Therefore Central Government hereby imposes on Sodium Nitrite falling under tariff item 2834 10 10 of the First Schedule to the Customs Tariff Act, when imported into India, a safeguard duty at the following rate below vide *Notification No. 01/2014-Customs (SG) dated: 26th February, 2014:*

(a) Thirty per cent ad valorem minus anti-dumping duty payable, if any, when imported during the period from 26th February, 2014 to 25th February, 2015 (both days inclusive); and

(b) Twenty eight per cent ad valorem, minus anti-dumping duty payable, if any, when imported during the period from 26th February, 2015 to 25th May, 2015 (both days inclusive).

2. Nothing contained in this notification shall apply to imports of Sodium Nitrite from countries notified as developing countries under clause (a) of sub-section (6) of section 8B of the Customs Tariff Act, other than the People's Republic of China.

➤ Regarding export of a prohibited items under Advance Authorization

The Department of Revenue has issued notification no. 01/2014-Customs dated 17.01.2014 to implement changes in the Foreign Trade Policy (2009-14). The changes in the FTP provide for permitting the export of items which are otherwise prohibited for export, namely, items falling under Chapter 7 and 15 of ITC (HS) Schedule 2, under the Advance Authorization Scheme with specific conditions that are stricter than under a normal Advance Authorization. Amongst the stricter conditions are – (a) export is subject to pre-import condition and the resultant product exported has to be manufactured out of the raw material already imported under the scheme (b) there has to be notified SION/prior fixation of norms by Norms Committee in terms of Para 4.4.2 of HBP Vol.1 (c) the Import/Export is permitted only through specific EDI enabled ports (d) EO period is 90 days from the date of clearance on import with no extensions (e) facility of regularisation of bonafide defaults under para 4.28 of HBP vol.1 is not available (f) imported material is subject to actual user condition and no transfer for any purpose, including job work, is permitted (g) imported material found defective or unfit for use has to be re-exported within thirty days, extendable by another thirty days. Further, at the time of export an undertaking from the authorization holder has been prescribed to the effect that the resultant products, being exported against the authorization, which is otherwise prohibited for export, has been manufactured from the material already imported under the authorization. This undertaking is to also contain details of imports and exports made under the authorization. This condition

has been prescribed to enable the customs officer to form a reasonable satisfaction that the goods under export are not the prohibited goods.
Source: Circular No. 04/2014-Customs dated: 10th February, 2014

CENTRAL EXCISE

Notifications/ Circulars

➔ Amendments in the Notification No. 12/2012-Central Excise, dated the 17th March, 2012

In exercise of the powers conferred by sub-section (1) of section 5A

of the Central Excise Act, 1944 (1 of 1944), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India, in the Ministry of Finance (Department of Revenue), No. 12/2012-Central Excise, dated the 17th March, 2012, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 163(E), dated the 17th March, 2012, namely:-

New Serial No. and Rates:

Sl. No	Chapter or heading or sub-heading or tariff item of the First Schedule	Description of excisable goods	Rate	Conditions
263A	8517	(i) Mobile handsets including cellular phones (ii) Mobile handsets including cellular phones	6% 1%	- 16
345	84 (except 8424 81 00, 8432, 8433, 8436, 8437, 8452 10 12, 8452 10 22, 8452 30, 8452 90, 8469 00 30, 8469 00 40, 8479 89 92)	All goods	10%	-
346	85 (except 8548 10)	All goods	10%	-
347	87	The following goods namely:- (i) Motor vehicles falling under headings 8702 and 8703 cleared as ambulances duly fitted with all fitments, furniture and accessories necessary for an ambulance from the factory manufacturing such motor vehicles; (ii) Motor vehicles falling under 8702 and 8703 for transport of up to thirteen persons, including the driver (other than three wheeled motor vehicles for transport of up to seven persons), which after clearance has been registered for use solely as ambulance; (iii) Motor vehicles falling under heading 8702, 8703 for transport of up to thirteen persons, including the driver (other than three wheeled motor vehicles and Sports Utility Vehicles specified at Sl. No. 356), which after clearance have been registered for use solely as taxi. (iv) Sports Utility Vehicles specified against Sl. No. 356, which after clearance have been registered for use solely as taxi.	8% 8% 80% of the excise duty paid at the time of clearance 80% of the excise duty paid at the time of clearance	- 26 26 26
348	8701	Road tractors for semitrailers of engine capacity more than 1800 cc	8%	-
349	8702 10 91, 8702 10 92, 8702 10 99, 8702 90 91, 8702 90 92, 8702 90 99	Motor vehicles for the transport of ten or more persons, including the driver.	8%	-

Sl. No	Chapter or heading or sub-heading or tariff item of the First Schedule	Description of excisable goods	Rate	Conditions
350	8703	Hybrid motor vehicles Explanation. - For the purpose of this entry, "hybrid motor vehicle" means a motor vehicle, which uses a combination of battery powered electric motor and an internal combustion engine to power the vehicle to drive trains, but does not include such micro-hybrid motor vehicle with start and stop technology, using battery powered electric motor only while in static condition.	8%	—
351	8703	Three wheeled vehicles for transport of not more than seven persons, including the driver.	8%	—
352	8704	Motor vehicles, other than petrol driven dumpers of tariff item 8704 10 90.	8%	—
353	8704 10 90	Petrol driven dumpers	20%	—
354	8702, 8703	Following motor vehicles of length not exceeding 4000 mm, namely:- (i) Petrol, liquefied petroleum gases (LPG) or compressed natural gas (CNG) driven vehicles of engine capacity not exceeding 1200cc; and (ii) Diesel driven vehicles of engine capacity not exceeding 1500 cc.	—	—
355	8702 and g 8703	Following motor vehicles, namely:- (i) Motor vehicles of engine capacity not exceeding 1500 cc; and (ii) Motor vehicles of engine capacity exceeding 1500 cc. (other than motor motor vehicles specified against entry at Sl. No. 356)	20% 24%	— —
356	8703	Motor vehicles of engine capacity exceeding 1500 cc, popularly known as Sports Utility Vehicles (SUVs) including utility vehicles.	24%	—
357	8702,8703	Hydrogen vehicles based on fuel cell technology	8%	—
358	8702, 8703, 8704	Three or more axled motor vehicles for transport of goods or for transport of eight or more persons, including the driver (other than articulated vehicle)	8%	—
359	8702,8703,	(1)Motor vehicles manufactured by a manufacturer, other than the manufacturer of the chassis- (i) for the transport of more than six persons but not more than twelve persons, excluding the driver, including station wagons; (ii) for the transport of more than twelve persons, excluding the driver; (iii) for the transport of not more than six persons, excluding the driver, including station wagons; (iv) for the transport of goods, other than petrol driven; (v) for the transport of goods, other than mentioned against (iv). (2) Vehicles of heading 8716 manufactured by a manufacturer, other than the manufacturer of the chassis.	20% 8% 20% 8% 20% 8%	30 30
360	8706 00 11, 8706 00 19	Chassis fitted with engines, for the tractors of heading 8701	8%	—
361	8706 00 21 or 8706 00 39	The following goods, namely:- (i) Chassis for use in the manufacture of battery powered road vehicles; (ii) Chassis for three or more axled motor vehicle (other than chassis for articulated vehicle).	8% 8%	2 —

Sl. No	Chapter or heading or sub-heading or tariff item of the First Schedule	Description of excisable goods	Rate	Conditions
362	8706 00 43 or	The following goods, namely:- (i) Chassis for use in the manufacture of battery powered road vehicles; (ii) Chassis for three or more axled motor vehicle (other than chassis for articulated vehicle); (iii) Motor chassis for vehicles of heading 8704 (other than petrol driven) fitted with engines, whether or not with cab.	10% 10% 10%	2 - -
363	8706 00 43	For dumpers, other than petrol driven, other than those designed,- (a) for use off the highway; (b) with net weight (excluding pay-load) exceeding eight tonnes; and (c) for maximum pay-load capacity not less than 10 tonnes.	10%	-
364	8706 00 49	Motor chassis for vehicles of heading 8704 (petrol driven) fitted with engines, whether or not with cab.	10%	-
365	8706 0029	All goods	10%	-
366	8706 00 42	All goods	9%	-
367	8706 00 31 or 8706 00 41	Chassis fitted with engines for three wheeled motor vehicles	8%	-
368	8711	Motor-cycles (including mopeds) and cycles fitted with an auxiliary motor, with or without side-cars	8%	-
369	8716	Trailers and semitrailers; other vehicles, not mechanically propelled; parts thereof	8%	-

Source: Notification No. 04/2014 - Central Excise dated: 17th February, 2014

Note: Conditions

2	Where such use is elsewhere than in the factory of production, the exemption shall be allowed if the procedure laid down in the Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2001, is followed
3	The exemption shall be allowed if it has been proved to the satisfaction of an officer not below the rank of the Deputy Commissioner of Central Excise or the Assistant Commissioner of Central Excise, as the case may be, having jurisdiction that such goods are cleared for the intended use specified in column (3) of the Table
16	If no credit under rule 3 or rule 13 of the CENVAT Credit Rules, 2004 has been taken in respect of the inputs or capital goods used in the manufacture of these goods
26	a) The manufacturer pays duties of excise at the rate specified under the First Schedule and the Second Schedule read with exemption contained in any notification of the Government of India in the Ministry of Finance (Department of Revenue), at the time of clearance of the vehicle; (b) the manufacturer takes credit of the amount equal to the amount of duty paid in excess of that specified under this exemption, in the Account Current, maintained in terms of Part V of the Excise Manual of Supplementary Instructions issued by the Central Board of Excise and Customs and thereafter files a claim for refund of the said amount of duty before the expiry of six months from the date of payment of duty on the said motor vehicle, with the Deputy Commissioner of Central Excise or the Assistant Commissioner of Central Excise
30	If no credit of duty paid on the chassis falling under heading 8706 has been taken under rule 3 or rule 13 of the CENVAT Credit Rules, 2004

➔ **Amendment in notification No. 12/2012 Central Excise dated 17.03.2012**

As per notification no. 03/2014-Central Excise, dated: 3rd February, 2014 hereby makes the further amendments in the notification of the Government of India, in the Ministry of Finance (Department of Revenue), No. 12/2012-Central Excise, dated the 17th March, 2012. CBEC further exempts the excisable goods of the description specified in column (3) of the Table below from so much of the duty of excise specified thereon under the First Schedule to the Excise Tariff Act as is in excess of the amount calculated at the rate specified in the corresponding entry in column (4) of the said Table and subject to the relevant conditions specified in column (5) of the Table aforesaid:

Sl.No (1)	Chapter or heading or sub-heading or tariff item of the First Schedule (2)	Description of excisable goods (3)	Rate (4)	Condition No. (5)
94A	28	Dicalcium phosphate (DCP) of animal feed grade confirming to IS specification No. 5470:2002	Nil	
205A	7302 or 8530	Railway or tramway track construction material of iron and steel. Explanation - For the purposes of this exemption, the value of the goods shall be the value of goods excluding the value of rails.	12%	49, i.e. if manufactured out of rails on which duty of excise has been paid and no credit of duty paid on such rails has been taken under rule 3 or rule 13 of the Cenvat Credit Rules, 2004.

➔ **CBEC deleted Cotton Yarn from the exemption list specified in paragraph 2 of the notification number 30/2012-Central Excise, dated the 9th July, 2012 (last amendment in notification no. 31/2013-Central Excise, dated: 26th December, 2013)**

As per the notification number 30/2012-Central Excise, dated the 9th July, 2012 (last amendment in notification no. 31/2013-Central Excise, vide number G.S.R. 793 (E), dated: 26th December, 2013) Central Government hereby exempts some goods specified in the First Schedule and the Second Schedule to the Central Excise Tariff

Act, 1985 (5 of 1986), when cleared against a Focus Market Scheme duty credit scrip issued to an exporter by the Regional Authority in accordance with paragraph 3.14 of the Foreign Trade Policy from-

- (i) the whole of the duty of excise leviable thereon under the First Schedule and the Second Schedule to the Central Excise Tariff Act, 1985 (5 of 1986);
- (ii) the whole of the additional duty of excise leviable thereon under section 3 of the Additional Duties of Excise (Goods of Special Importance) Act, 1957 (58 of 1957); and
- (iii) the whole of the additional duty of excise leviable thereon under section 3 of the Additional Duties of Excise (Textiles and Textile Articles) Act, 1978 (40 of 1978).

As per Notification No. 05/2014-Central Excise dated: 24th February, 2014, CBEC deleted Cotton Yarn (for the paragraph 3.14.5 of the Foreign Trade Policy) from the exemption list specified in paragraph 2 of the notification number 30/2012-Central Excise, dated the 9th July, 2012 (last amendment in notification no. 31/2013-Central Excise, vide number G.S.R. 793 (E), dated: 26th December, 2013).

➔ **New Quarterly Return Form**

CBEC seeks to substitute Quarterly return prescribed vide Notification No. 73/2003-Central Excise(N.T.) dt 15.9.2003 by an amended Quarterly Return Form – Notification No. 11/2014-CENT dt. 28-02-2014

➔ **Amendment in Form A-1**

The CBEC has as amended Form A-1 (Application for Central Excise Registration) vide Notification 10/2014-CENT dated: 28-02-2014. In these Form in Part I, under the heading, “Identification of business requiring registration”, after the words “Unit in Export Processing Zone”, the word “importer” shall be inserted.

➔ **Documents and Accounts**

The CENVAT credit shall be taken by the manufacturer or the provider of output service or input service distributor. Based on Notification No. 09/2014 – Central Excise (N.T.) dated: 28th February, 2014, CENVAT Credit Rules, 2004, rule 9 was further amended and it is now decided by CBEC that a first stage dealer or a second stage dealer or a registered importer, as the case may be, shall submit within fifteen days from the close of each quarter of a year to the Superintendent of Central Excise, a return in the form specified, by notification, by the Board.

➔ **Registration**

The CBEC has amended the Central Excise Rules, 2002(notification number 04/2002-CE(NT), dated the 1st March, 2002) vide Notification No. 08/2014 – Central Excise (N.T.) dated: 28th February, 2014, relating that every person, who produces, manufactures, carries on trade, holds private store-room or warehouse or otherwise uses excisable goods or an importer who issues an invoice on which CEN-

VAT Credit can be taken, shall get registered provided that a registration obtained under rule 174 of the Central Excise Rules, 1944 or rule 9 of the Central Excise (No.2) Rules, 2001 shall be deemed to be as valid as the registration made under this sub-rule for the purpose of these rules.

➔ CENVAT Credit (Third Amendment) Rules, 2014

The CBEC has as amended the Cenvat Credit Rules, 2004 (*Notification No. 23/2004-Central Excise (N.T.) dated: 10th September, 2004*) vide *Notification No. 05/2014 – Central Excise (N.T.) dated: 24th February, 2014* called the CENVAT Credit (Third Amendment) Rules, 2014 which will come into force on the 1st day of April, 2014 in relation to credit of service tax attributable to service used by more than one unit shall be distributed pro rata on the basis of the turnover of such units during the relevant period to the total turnover of all its units, which are operational in the current year, during the relevant period.

➔ CBEC rescind the Notification No 18/2013

CE (N.T.), dt. 31.12.2013 - As per *Notification No. 07/2014 – Central Excise (N.T.) dated: 26th February, 2014* CBEC rescinds the notification of the Government of India, Ministry of Finance (Department of Revenue), No. 18/2013-Central Excise (NT) dated the 31st December, 2013 relating to CENVAT Credit Rules, 2004 (amended as CENVAT Credit (Third Amendment) Rules, 2013 vide notification 18 /2013-CE (N.T.) dated: 31th December, 2013).

Reference: Principle *Notification is Notification No. 23/2004 – Central Excise (N.T.), dated the 10th September, 2004*

➔ CBEC rescind the Notification No 17/2013

CE (N.T.),dt. 31.12.2013 - As per *Notification No. 06/2014 – Central Excise (N.T.) dated: 26th February, 2014* CBEC rescinds the notification of the Government of India, Ministry of Finance (Department of Revenue), 17/2013 – Central Excise (NT), dated the 31st December, 2013 relating to CENVAT Credit (Third Amendment) Rules, 2013.

Reference: Principle *Notification number 04/2002-Central Excise (NT), dated the 1st March, 2002*

➔ Clarification regarding effective date for levy of excise duty on cigarettes at the enhanced rates vide Finance Act, 2012

In the Budget 2012-13, vide Finance Bill, 2012 as introduced in the Lok Sabha on 16.03.2012, the basic excise duty rate was increased on various lengths of cigarettes by imposing an ad valorem component in addition to the specific duty, through clause 141 of the Finance Bill read with the Seventh Schedule. The issue that arises for consideration is whether the excise duty levied on cigarettes at higher specific rates by virtue of the Government amendments to the Finance Bill, 2012 would be applicable w.e.f. 17.03.2012, immediately on the expiry of the day on which the Finance Bill, 2012 was introduced

or w.e.f. 28.05.2012, when the Finance Bill, 2012 received the assent of the President. It is, thus, clarified that the tariff rate of duty on cigarettes levied vide amendments in the Finance Act, 2012 shall be applicable from the date of enactment of the said Finance Act i.e. 28.05.2012 and not from 17.03.2012 vide *Circular 981/5/2014 dated: 11-02-2014*.

Case Laws

➔ The Central Excise Act, 1944 Section 35G & 35 L

Held: The appellants herein is the Commissioner of Service Tax who has preferred these appeals under Section 83 of the Finance Act, 1994 read with Section 35G of the Central Excise Act, 1944. Whether liaison charges/management support charges were taxable and fall under the ambit of the 'management consultancy service' defined under Section 65(105) (r) of the Act. The question relates to rate of tax as no tax would be payable in case the stand of the respondent-assessee is accepted.

The assessee is engaged in the activity of washing of coal, which they claim amounts to manufacturing and, therefore, was not covered under the head 'business auxiliary service' or 'cargo handling service'. Loading and unloading of coal was done by the assessee and they were not providing services to a third person. For the purpose of beneficiation of coal, raw coal had to be brought to their washeries, washed and re-supplied and for this purpose coal was loaded and unloaded. In this appeal again, the issue relates to rate of tax i.e. whether the said activities were taxable as 'business auxiliary service' or 'cargo handling service'. Hence, the present appeal also would not be maintainable before the High Court under Section 83 of the F. Act read with Section 35G of the CE Act.

Tribunal decided the issue in favour of the assessee and has held that the activities of operating executive lounge at the airport were not covered under the head 'airport service'. Observations on whether the said service falls under the head 'business auxiliary service' have been made, but it was observed that the said aspect was not relevant as it was not the subject matter of the adjudication order. The question raised in the present appeal also relates to rate of tax as the issue is whether the respondent-assessee was providing 'airport services' under Section 65(105)(zzm) of the F. Act or 'services' could have been taxed otherwise. Appeals not maintainable.

Source: *Commissioner of Service Tax vs Ernst & Young Pvt Ltd (DEL-HC) dated: February 25, 2014*

➔ Rejection of refund claim - subsequent fluctuation in the prices - issuance of credit notes

Unjust enrichment under section 11B of the Central Excise Act - Held that:- subsequent reduction in prices by passing on higher discounts to the customers after the clearance of the goods cannot alter the excise duty liability of the appellant M/s Videocon - Once the assessee has cleared the goods on the classification and price indicated by him at the time of the removal of the goods from the factory gate, the assessee becomes liable to payment of duty on that date and time

and subsequent reduction in prices for whatever reason cannot be a matter of concern to the Central Excise Department as the liability to payment of excise duty was concerned. This is the view which was taken by the Tribunal in the case of Indo Hacks Ltd. v. Collector of Central Excise, Hyderabad - [1985 (2) TMI 137 - CEGAT, NEW DELHI] and it seems to us that the Tribunal's view that the duty is chargeable at the rate and price when the commodity is cleared at the factory gate and not on the price reduced at a subsequent date is unexceptionable. Besides as rightly observed by the Tribunal the subsequent fluctuation in the prices of the commodity can have no relevance whatsoever so far as the liability to pay excise duty is concerned - Decided against assessee.

Source: *M/S Videocon International Ltd versus Commissioner of Central Excise (2014 (2) TMI 877 - CESTAT Mumbai - Central Excise)*

➤ **100% EOU - Demand of SAD on account of clearance to other units located in DTA by way of stock transfer - Benefit of exemption from levy of SAD leviable under Section 3(3) of the Customs Tariff Act 1975 - Interest u/s 11AB**

Held that: - it is admitted position that the goods are not exempted from the Sales tax in the DTA to which they have been cleared from EOU unit of the appellant. Thus, we hold that the appellant is entitled to the benefit of exemption from levy of SAD leviable under Section 3(3) of the Customs Tariff Act 1975 in view of the specific exemption granted under Notification NO. 23/2003-CE, as amended - Decided in favour of assessee.

Source: *M/s VVF LTD versus Commissioner of Central Excise (2014 (2) TMI 922 - CESTAT Mumbai - Central Excise)*

➤ **100%EOU - Clearance of non-duty paid goods to DTA - Extended period of limitation - Imposition of interest and penalty**

Appellants were working under Notification 1/95-CE dated 1.4.1995 and procuring the raw material without payment of duty on the condition that the same is used in the manufacture of goods exported - Held that:- statutory records maintained by the appellants show the use of the raw material procured without payment of duty for intended use. However, the detailed investigation was conducted from various transporters as well as buyers, which shows that in fact the raw material which was procured without payment of duty was cleared clandestinely to DTA. The documents prepared by the appellants were found to be fake and ultimately in the year 2006, the evidence collected was put to the proprietors and they admitted the clandestine clearance of the goods without payment of duty and thereafter the show cause notices were issued within five years hence the ratio of the above decisions relied upon by the Revenue are fully applicable on the facts of the present case. As the appellants are not disputing the demands on merits before the adjudicating authority nor in the present appeals, therefore we find no merit in the contention of the appellants that the demands are time barred - Decided against assessee.

Source: *Vibha Impex and Jannat Fabrics versus Commissioner of Central Excise, Nashik (2014 (2) TMI 916 - CESTAT Mumbai - Central Excise)*

➤ **Denial of CENVAT Credit - Penalty under Rule 15(1) of CENVAT Credit Rules, 2004 and Rule 15(2) of the said Rules read with Section 11AC of the Central Excise Act**

Enhancement in penalty - Held that: - appellant issued the purchase order for purchasing the CI scrap. They received the CI scrap accompanied with invoices indicated as CI scrap. Rule 9(3) of the CENVAT Credit Rules as it stood at the material period provides that the manufacturer of excisable goods taking CENVAT credit on inputs shall take reasonable steps to ensure that the input or capital goods in respect of which he has taken the CENVAT credit on which the appropriate duty of excise as indicated in the documents accompanying the goods has been paid. The Explanation to Rule 9(3) of the said Rules provides that the manufacturer shall be deemed to have been taken reasonable steps if he satisfies himself about the identity and address of the manufacturer or supplier as the goods may be showing the documents evidencing payment of excise duty either from his personal knowledge or on the basis of the certificate given by a person.

Dealer is registered under Central Excise Rules and they are in existence in their address. There is no material available that the CENVAT invoices accompanied with goods are not genuine. So, in my considered opinion, the appellant had satisfied the conditions as provided under Rule 9(3) of the said Rules. Hence, there is no reason to deny the credit on the appellant. The dispute raised by the Revenue of value of the goods, cannot be reason for denial of CENVAT credit subject to fulfillment of condition of CENVAT Credit Rules. Apart from that, the transaction of the goods at a lower price is within the domain of buyer and seller - impugned order is modified insofar as the demand of duty along with interest and penalty imposed on the appellant are set aside - Decided in favour of assessee.

Source: *M/s. Sri Suguna Machine Works, Unit-II versus CCE, Coimbatore (2014 (2) TMI 875 - CESTAT Chennai - Central Excise)*

➤ **Waiver of pre-deposit - Cenvat credit on the service tax paid on the input services**

Notification No. 8/2005-ST, dated 1.3.2005- Whether Cenvat Credit of service tax paid by a job-worker on the taxable service received by the respondent is liable to be denied to the latter on the ground that the job worker was not liable to pay the tax by virtue of exemption Notification No. 8/2005-ST, dated 1.3.2005 - Held that: - issue involved in this case is squarely covered by the decision of Federal Mogul TPR India Ltd. vs. CCE Bangalore - [2010 (5) TMI 350 - CESTAT, BANGALORE] and CCE v. Laxmi Metal Pressing Works Pvt. Ltd. - [2009 (10) TMI 181 - CESTAT, MUMBAI] therefore, the assessee has made out a case for 100% waiver of pre-deposit of all dues adjudged against them. Accordingly, I grant waiver of the requirement of pre-deposit of duty, interest and penalty and stay recovery thereof during the pendency of the appeals - Stay granted.

Source: *M/S AIA Engineering Ltd versus Commissioner of Central Excise (2014 (2) TMI 873 - CESTAT Mumbai - Central Excise)*

➔ **Availment of CENVAT Credit**

Whether the appellant is entitled to take CENVAT credit on welding electrodes which has been used in the repair and maintenance of inputs which has gone into manufacturing of final product - Held that:- Following decision in Supreme Court in the case of Union of India vs. Hindustan Zinc Ltd. - [2006 (11) TMI 551 - SUPREME COURT OF INDIA] it is held that the assessee is entitled to avail input credit on welding electrodes which has been used for repair and maintenance of plant and machinery - Decided in favour of assessee.

Source: *M/S Echjay Forgings Pvt Ltd versus Commissioner of Central Excise (2014 (2) TMI 872 - CESTAT Mumbai - Central Excise)*

➔ **Availment of CENVAT Credit - appellant had taken Cenvat Credit of service tax paid on telephone**

services, courier services and insurance services for insurance of the company's employees & vehicles - Held that:- As regards the mobile telephone services, the same is in respect of the landline phone installed in the factory and phone provided to the appellant company to their employees. Obviously, no manufacturer would provide mobile phones to his employees purely for their personal use. Mobile phones are provided by a company to its employees for the company's work. Therefore, just because some calls may have been made by the employees for their personal work, it cannot be presumed that mobile phones have been used by the employers for their personal work only - telephone services availed in respect of the mobile phones supplied to their employees are admissible for cenvat credit. In view of this, the impugned order disallowing the cenvat credit in respect of telephone services is not sustainable - insurance is the requirement of Section 38 of the Employees State Insurance Act, 1948 mandating that all the employees be insured in the manner provided in this Act. In view of this, it has to be held that providing of insurance cover to the employees for compliance with the provisions of Employees State Insurance Act, 1948 has to be treated as service used in or in relation to the manufacture of final product - As regards the insurance of the company's vehicles, since the vehicles have been used for the company's work, the same would also have to be treated as covered by "input service" would be eligible for Cenvat Credit - Decided in favour of assessee.

Source: *M/s Econ Antri Ltd versus Commissioner of Central Excise (2014 (2) TMI 870 - CESTAT New Delhi - Central Excise)*

Excise Act, 1944 (1 of 1944), read with section 83 of the Finance Act, the Central Government hereby directs that the service tax payable on the services provided by an authorized person or sub-broker to the member of a recognized association or a registered association, in relation to a forward contract, shall not be required to be paid in respect of such taxable service on which the service tax was not being levied during the aforesaid period in accordance with the said practice vide *Notification 03/2014-ST dt. 03-02-2014*.

➔ **Services provided by cord blood banks by way of preservation of stem cells and services by way of loading, unloading, packing, storage or warehousing of rice are exempted from service tax**

As per Notification No. 25/2012-Service Tax dated: 20th June, 2012 Central Government hereby exempts some taxable services from the whole of the service tax leviable thereon under section 66B of Finance Act, 1994 (32 of 1994). Now based on Notification 04/2014 - Service Tax dated: 17th February, 2014 services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation (Entry - 2A) and services by way of loading, unloading, packing, storage or warehousing of rice (Entry -40) are exempted from the whole of the service tax leviable thereon under section 66B of the said Act vide *Notification 04/2014 - Service Tax dated: 17th February, 2014*.

➔ **Cotton Yarn deleted from the exemption list of taxable services provided against a scrip from whole of service tax**

Based on *Notification No.06 / 2013 - Service Tax, dated: 18th April, 2013*, Central Government, hereby exempts certain taxable services provided or agreed to be provided against a scrip by a person located in the taxable territory from the whole of the service tax leviable thereon under section 66B of the said Act. The above notification is applicable to the Focus Market Scheme duty credit scrip issued to an exporter by the Regional Authority in accordance with paragraph 3.14 of the Foreign Trade Policy. Now based on Notification No. 05/2014-Service Tax dated: 24th February, 2014, Cotton Yarn (for the paragraph 3.14.5 of the Foreign Trade Policy) has been deleted from the exemption list of taxable services provided or agreed to be provided against a scrip by a person located in the taxable territory from the whole of the service tax leviable thereon under section 66B of the said Act.

SERVICE TAX

Notifications/Circulars

➔ **Levy of service tax on services provided by an authorized person or sub-brokers to the member of a commodity exchange**

In exercise of the powers conferred by section 11C of the Central

Case Laws

➔ **Waiver of pre deposit - Demand of service tax - Interest u/s 75 - Penalty u/s 77 & 78 - Business Auxiliary Service**

Commission paid to overseas agents for procurement of export orders for textile products - Availment of the benefit of Notification No.14/2004-ST, dated 10.09.2004 - Held that:- applicant had already deposited a sum of Rs.31,06,942/-, we find it sufficient for admission

of the appeal and waive of pre-deposit of the balance amount of tax, interest and penalties and stay recovery thereof during the pendency of the appeal - Stay granted

Source: *M/s. Arvind Traders versus Commissioner of Customs, Central Excise and Service tax, Tiruchirapalli (2014 (2) TMI 910 - CESTAT Chennai - Service Tax)*

➔ **Waiver of pre deposit - Demand of service tax - Manpower Recruitment or Supply Agency Service**

Held that: - no prima facie case for the appellant. It was on detailed examination and appreciation of the provisions of the relevant agreements that the Commissioner arrived at the conclusion that Manpower Recruitment or Supply Agency Service was rendered under these agreements by the appellant to the clients - Cleaning or up-keep of premises of the clients was in relation to one of the functions of some of the employees. By and large, these agreements disclosed the real nature of the transaction which appears to be supply of manpower by the appellant to the clients. This service is squarely covered by Section 65(68) of the Finance Act 1994. Prima facie, therefore, the appellant cannot claim a good case against the demand of service tax under the aforesaid head - Conditional stay granted.

Source: *M/s. Sridevi Business Solutions Pvt. Ltd. versus The Commissioner of Service Tax Bangalore (2014 (2) TMI 907 - CESTAT Bangalore - Service Tax)*

➔ **Waiver of pre-deposit - Export of services or not - classification of service - taxability of the margin on Letters of Credit retained by the applicant**

commission agent services - Held that:- We are prima facie of the view that consideration in question was for services rendered by applicant to the foreign buyers and not to the vendors and since the consideration had been realized in foreign exchange by the applicant. The applicant was engaged in promotion of exporting of goods and since the general policy on taxation is to avoid taxation on export activities calling for pre-deposit to hear this appeal is not justified - stay granted.

Source: *Fifth Avenue Sourcing Pvt. Ltd. versus Commissioner of Service Tax, Chennai (2014 (2) TMI 908 - CESTAT Chennai - Service Tax)*

SEBI

Notifications/Circulars

➔ **FII/QFI investments in Commercial Papers**

As per Circular CIR/IMD/FIIC/6/2013 dated April 01, 2013, SEBI had permitted FIIs and QFIs to invest upto US\$ 3.5 billion in Commercial Papers within the Corporate Debt limit of US\$ 51 billion. The Reserve Bank of India has reduced the existing sub-limit for FII/QFI investment in Commercial Papers from USD 3.5 billion to USD 2 billion. Accordingly, in partial modification of Para 4 of the SEBI

circular CIR/IMD/FIIC/6/2013 dated April 01, 2013, eligible investors may invest in Commercial Papers only upto US\$ 2 billion and upto US\$5 billion in Credit Enhanced Bonds within the Corporate Debt limit of US\$ 51 billion vide Circular CIR/IMD/FIIC/4/2014, dated: February 14, 2014.

➔ **Establishment of Connectivity with both depositories NSDL and CDSL**

Companies eligible for shifting from Trade for Trade Settlement (TFTS) to Normal Rolling Settlement - It is observed from the information provided by the depositories that the companies listed in Annexure 'A' have established connectivity with both the depositories. Stock Exchange specifies that company's may be eligible for shifting from Trade for Trade Settlement (TFTS) to Normal Rolling Settlement subject to the condition that at least 50% of other than promoter holdings as per clause 35 of Listing Agreement are in dematerialized mode before shifting the trading in the securities of the company from TFTS to normal Rolling Settlement. For this purpose, the listed companies shall obtain a certificate from its Registrar and Transfer Agent (RTA) and submit the same to the stock exchange/s. However, if an issuer-company does not have a separate RTA, it may obtain a certificate in this regard from a practicing company Secretary/Chartered Accountant and submit the same to the stock exchange/s vide Circular -CIR/MRD/DP/ 08 /2013 dated: February 11, 2014.

➔ **Safeguards to avoid trading disruption in case of failure of software vendor**

Software vendors who provide software to market participants and market infrastructure institutions for the purpose of trading, risk management, clearing and settlement play a crucial role in the securities market. Any inability on the part of such software vendors to provide software or related services in timely and continuous manner may create a situation of stress in the securities market. Based on Circular CIR/MRD/DP/07/2014 dated: February 11, 2014 stock exchanges may advise the stock brokers to adequate mechanism / procedure to ensure smooth transition by stock broker(s) to another software vendor in case of inability of the existing software vendor to provide software and related services in timely and continuous manner. Measures are mentioned below:

- Explore the possibility of establishing a 'software escrow arrangement' with their existing software vendors.
- In case of large stock brokers, consider reducing dependence on a single software vendor for trading and risk management systems, by engaging more than one software vendor
- Consider including the following in their contracts with the software vendor:
 - i. access to documents related to design and development specifications in the event software vendor fails to provide continuous and timely services to the stock broker;

ii. development of expertise at the end of the stock broker through appropriate training with regard to software usage and maintenance

iii. appropriate penalty clauses for cases of disruptions to the trading system of the stock broker on account of (a) software vendor failing to provide continuous and timely services to the stock broker or (b) glitches to the software provided by the software vendor; obligation on the part of the software vendor to cooperate in case of audit of software including forensic audit, if required

➤ Individual scrip wise price bands on non-F&O eligible scrip's in Index Derivatives

In order to protect against excessive price movements, with respect to those scrips on which no derivatives products are available but which are part of Index Derivatives, it has been decided to implement appropriate individual scrip wise price bands upto 20% on such scrips vide *Circular CIR/MRD/DP/04/2014 dated: February 06, 2014.*

➤ Testing of software used in or related to Trading and Risk Management

As per *Circular CIR/MRD/DP/ 06 /2014, dated: February 07, 2014* SEBI has decided to partially revise the requirements as follows:

- With respect to testing of software related to (a) fixes to bugs in the software, (b) changes undertaken to the stock brokers' software / systems pursuant to a change to any stock exchange's trading system, and (c) software purchased from a software vendor that has already been tested in the mock environment by certain number of stock brokers, stock exchanges may prescribe a faster approval process to make the process of approval expeditious.
- Stock exchanges may suitably schedule the requirements of mock testing, certification of test reports by system auditor(s) and the software approval process, so as to facilitate a speedy approval and a smooth transition of the stock brokers to the new / upgraded software.
- With regard to changes / updates to stock broker's trading software that intend to modify the 'look and feel' and do not affect the risk management system of the stock broker or the connectivity of the trading software with stock exchange's trading system, it is clarified that mock testing and consequent system audit may not be insisted upon by the stock exchanges.
- Stock exchanges shall direct their stock brokers to put in place adequate mechanism to restore their trading systems to "production state" at the end of testing session so as to ensure integrity of stock brokers' trading system. In order to ensure that stock brokers are not using software without requisite approval of the stock exchanges, stock exchanges are advised to put in place suitable mechanism to prevent any unauthorized change to the approved software.
- Stock exchanges are directed to take necessary steps and put in place necessary systems for implementation of the above and also to make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision the provisions

of this circular to the notice of the stock brokers / trading members of the stock exchange

- Stock exchanges are also directed to bring the provisions of this circular to the notice of the stock brokers / trading members of the stock exchange.

➤ Guidelines for inspection of Depository Participants (DPs) by Depositories

Depository System Review Committee (DSRC) was constituted by SEBI to undertake a comprehensive review of the depository system of Indian Securities market. SEBI has issued guidelines for inspection of Depository Participants (DPs) by Depositories vide *Circular CIR/MRD/DMS / 05 /2014 February 07, 2014.*

For more details please visit: <http://www.sebi.gov.in> - Circulars

FOREIGN TRADE

Notifications/Circulars

➤ Existing Foreign Trade Policy 2009-14 (RE-2013) will remain in force until 31.3.2014

The existing Foreign Trade Policy 2009-14 (RE-2013) was to remain in force until 31.3.2014. To provide continuity in policy environment, this is being extended beyond 31.3.2014 until further order vide *Notification No. 69 (RE-2013)/2009-2014 dated: 19th February, 2014.*

➤ Amendment in Chapter 5 of Foreign Trade Policy 2009-14

Additional time of 3 years for fulfillment of Export Obligation may be allowed to the concerned EPCG Authorization holder, if such holder receives relief under Corporate Debt Restructuring mechanism vide *Notification No: 70 (RE-2013)/2009-2014 dated: 20 February, 2014.*

➤ Export of Arms and related materials to Government of Iraq

Based on *Notification No 68 (RE-2013)/2009-2014 dated: 12 February, 2014* export of Arms and related material to Government of Iraq has been permitted subject to 'No Objection Certificate' from the Department of Defence Production.

➤ Market Linked Focus Products Scrip (MLFPS)

Export of Products/Sectors of high export intensity/employment potential (which are not covered under present FPS List) would be incentivized @ 2 % of FOB value of exports (in free foreign exchange) under FPS when exported to the Linked Markets (countries), which are not covered in the present FMS list. Such products will be listed in Table 2 or Table 3 of Appendix 37D of HBPv1, for exports made from 27.8.2009 onwards, unless a specific date of export/period is specified by public notice/notification. Incentive to the products listed in Table 3 will be in addition to any benefit which the same item may be entitled to under Table 1 or Table 2 of Appendix 37D vide *Notification*

No: 71 (RE-2013)/2009-2014 dated: 27.02. 2014.

➤ **Applicability of “Actual User Condition” for import of Maize (Corn) under TRQ**

The Public Notice No.47 dated 18.5.2011, inter alia, had deleted ‘Actual User’ condition for imports under Tariff Rate Quota (TRQ) Scheme. This was challenged before the Hon’ble High Court of Andhra Pradesh in WAMP No. 447 of 2012 in WA No. 228 of 2012. The Hon’ble High Court of Andhra Pradesh had passed an interim order on 04.04.2012 (in para 30). Hon’ble High Court of Andhra Pradesh has given an order that the maize importers under TRQ would have to satisfy ‘Actual User’ condition till the writ petition is finally disposed off or until further order vide policy *circular No.13 (RE-2013)/2009-2014 dated: 24th February, 2014.*

➤ **Export of Goods and Services: Export Data Processing and Monitoring System (EDPMS)**

It is now advised that EDPMS has been operationalized with effect from February 28, 2014 and the same would be available to AD banks with effect from March 01, 2014. Accordingly, AD banks are advised to use web link <https://edpms.rbi.org.in/edpms> for accessing the system. The user credentials for accessing the system have already been shared with the AD bank vide *Circular No. 109 - RBI/2013-14/507 A.P. (DIR Series) dated: February 28, 2014.*

➤ **Exim Bank’s Line of Credit of USD 10 million to the Government of the Republic of Nicaragua**

Exim Bank’s Line of Credit of USD 10 million to the Government of the Republic of Nicaragua –vide *Circular No. 108, dated: 24-02-2014.*

➤ **Foreign Direct Investment (FDI) into a Small Scale Industrial Undertakings (SSI) / Micro & Small Enterprises (MSE) and in Industrial Undertaking manufacturing items reserved for SSI/MSE**

With the promulgation of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, the extant policy for foreign direct investment (FDI) in Small Scale Industrial unit and in a company which has de-registered its small scale industry status and is not engaged or does not propose to engage in manufacture of items reserved for small scale sector, has since been reviewed and it has been decided that;

- i. a company which is reckoned as Micro and Small Enterprises (MSE) (earlier Small Scale Industries) in terms of MSMED Act, 2006 and not engaged in any activity/sector mentioned in Annex A to schedule 1 to the Notification, ibid may issue shares or convertible debentures to a person resident outside India, subject to the limits prescribed in Annex B to schedule 1, in accordance with the entry routes specified therein and the provision of Foreign Direct Investment Policy, as notified by the Ministry of Commerce & Industry, Government of India, from time to time.
- ii. any Industrial undertaking, with or without FDI, which is not

an MSE, having an industrial license under the provisions of the Industries (Development & Regulation) Act, 1951 for manufacturing items reserved for manufacture in the MSE sector may issue shares in excess of 24 per cent of its paid up capital with prior approval of the Foreign Investment Promotion Board of the Government of India.

Further, in terms of the provisions of MSMED Act, (i) in the case of the enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the Industries (Development and Regulation) Act, 1951, a micro enterprise means where the investment in plant and machinery does not exceed twenty five lakh rupees; a small enterprise means where the investment in plant and machinery is more than twenty five lakh rupees but does not exceed five crore rupees; (ii) in the case of the enterprises engaged in providing or rendering services, a micro enterprise means where the investment in equipment does not exceed ten lakh rupees; a small enterprise means where the investment in equipment is more than ten lakh rupees but does not exceed two crore rupees.

Source: Circular 107, dated: 20-02-2014

➤ **Facilities to NRIs/PIOs and Foreign Nationals – Liberalization - Reporting Requirement**

With a view to having access to more real time data, it has been decided to collect this information on a monthly basis. Accordingly, AD - Category I banks may furnish on a monthly basis, a statement on the number of applicants and total amount remitted, as per proforma annexed, to the Chief General Manager-in-Charge, Foreign Exchange Department, Foreign Investments Division (NRFAD), Reserve Bank of India, Central Office, Mumbai-400001 within 7 days of the end of the reporting month vide *Circular No. 106 - A.P (DIR Series) - RBI/2013-14/496 dated: February 18, 2014.*

➤ **External Commercial Borrowings (ECB) Reporting arrangements**

In order to capture details of the financial hedges contracted by corporates, of their foreign currency exposure relating to ECB and their foreign currency earnings and expenditure, the format of ECB-2 Return has been modified (Part-E) and the same has been given in the Annex. The reporting in the modified ECB-2 Return will be applicable from the return of the month April 2014 onwards. There is no change in the reporting procedure and corporates raising ECB continue to submit ECB-2 Return on a monthly basis duly certified by the designated AD Category-I bank so as to reach Department of Statistics and Information Management (DSIM) of Reserve Bank of India within seven working days from the close of month to which it relates vide *Circular No. 105 - A. P. (DIR Series) - RBI/2013-14/495 dated: February 17, 2014.*

➤ **Foreign investment in India by SEBI registered FII, QFI and long term investors in Corporate Debt**

To encourage long term investors, it has now been decided, to reduce, with immediate effect, the existing Commercial Paper sub-limit of

USD 3.5 billion by USD 1.5 billion to USD 2 billion. The balance USD 1.5 billion shall, however, continue to be part of the total Corporate debt limit of USD 51 billion and will be available to eligible foreign investors for investment in Corporate debt.

The revised position is given below:

Instruments	Limit	Eligible Investors	Remarks
Corporate Debt including Commercial Papers	USD 51 Billion	FII, QFI and Long terms investors registered with SEBI – Sovereign Wealth Funds (SWFs), Multilateral Agencies, Pension/ Insurance/ Endowment Funds, Foreign Central Banks.	Eligible Investors may invest in Commercial Papers only upto USD 2 billion within the limit of USD 51 billion.

➤ Clarifications regarding Import of Gold / Gold Dore by Nominated Banks /Agencies/Entities

Government of India and the Reserve Bank of India have been receiving representations related to Advance Authorization (AA) / Duty Free Import Authorization (DFIA). As per *Circular No.103 - A.P. (DIR Series) - RBI/2013-14/493 - February 14, 2014* the following clarifications which come into force with immediate effect:

- a) In case of AA / DFIA issued before August 14, 2013, the condition of sequencing imports prior to exports shall not be insisted upon even in case of entities / units in the SEZ and EoUs, Premier and Star Trading Houses.
- b) The imports made as part of the AA/DFIA scheme will be outside the purview of the 20:80 scheme. Such Imports will be accounted for separately and will not entitle the Nominated Agency/ Banks/Entities for any further import.
- c) The Nominated Banks / Agencies / Entities may make available gold to the exporters (other than AA/DFIA holders) operating under the Replenishment Scheme. They can resort to import of gold for the purpose, if considered necessary. However, such import will be accounted for separately and will not entitle them for any further import.
- d) Import of gold in the third lot onwards will be lesser of the two:
 - i) Five times the export for which proof has been submitted; or

- ii) Quantity of gold permitted to a Nominated Agency in the first or second lot.

3. Further with reference to A.P. (DIR Series) Circular No. 82 dated December 31, 2013 on import of Gold Dore, it is clarified that:

- i) The refiners are allowed to import Gold Dore of 15% of their licence for each of the first two months.
- ii) In case, the quantity has already been identified by DGFT for first two lots, import of such quantity will be in compliance with the guidelines issued vide A.P. (DIR Series) Circular No. 82 dated December 31, 2013.
- iii) DGFT, through a notification, may include new refiners, and fix licence quantity for them.

➤ Foreign Direct Investment – Reporting under FDI Scheme: Amendments in form FC-GPR

In terms of para 9 (1) A of Schedule I to the FEMA Notification No. 20 dated May 03, 2000 as amended from time to time, Indian companies are required to report the details of the amount of consideration received for issuing shares and convertible debentures under the Foreign Direct Investment (FDI) scheme to the Regional Office of the Reserve Bank in whose jurisdiction the Registered Office of the company operates, within 30 days of receipt of the amount of consideration. Further, in terms of Para 9 (1) B of Schedule *ibid*, the companies are required to report the details of the issue of shares / convertible debentures in form FC-GPR, to the Regional Office concerned, within 30 days of issue of shares / convertible debentures. In order to further capture the granular details of FDI as regards Brownfield/Greenfield investments and the date of incorporation of investee company, Form FC-GPR has been revised. Accordingly, the details of FDI should, henceforth, be reported in the revised Form FC-GPR vide *Circular No. 102 - A.P. (DIR Series) - RBI/2013-14/490 dated: February 11, 2014*.

➤ Third party payments for export / import transactions

In view of the difficulties faced by exporters / importers in meeting the condition “firm irrevocable order backed by a tripartite agreement should be in place” specified in the abovementioned Circular, it has been decided that this requirement may not be insisted upon in case where documentary evidence for circumstances leading to third party payments / name of the third party being mentioned in the irrevocable order/ invoice has been produced. This shall be subject to conditions as under:

- (i) AD bank should be satisfied with the bona-fides of the transaction and export documents, such as, invoice / FIRC.
- (ii) AD bank should consider the FATF statements while handling such transaction.

Further, with a view to liberalizing the procedure, the limit of USD 100,000 eligible for third party payment for import of goods, stands withdrawn.

Source: *Circular No.100 - A.P. (DIR Series) - A.P. (DIR Series) dated: Feb 04, 2014*

VALUE ADDED TAX

Notifications/Circulars

➔ Online details of Invoice & GR (T-2 Form) in respect of goods procured from outside Delhi vide VAT - Delhi - DVAT - F.7 (433)/Policy-II/VAT/2012/1332-1342, dated: 28-02-2014.

➔ Extension of Amnesty Scheme till 28.02.2014 vide VAT - Delhi - DVAT - F.3 (26)/Fin (Rev-I)/2013-14/DSVI/238-243, dated: 18-02-2014.

➔ Withdrawal of AR-1 Form vide VAT - Delhi - DVAT - F.3(384)/Policy/VAT/2013/1307-1319 - 14-02-2014.

COMPANY LAW

Notifications/Circulars

➔ Use of word, National, in the names of Companies or Limited Liability Partnerships (LLPs)

No company should be allowed to be registered with the word 'National' as part of its title unless it is a government company and the Central / State government(s) has a stake in it vide MCA Circular No 2/2014, dated the 11th February, 2014.

➔ Clarification with regard to Section 185 of the Companies Act, 2013

MCA notified that any guarantee given or security provided by a holding company in respect of loans made by a bank or financial institution to its wholly owned subsidiary company, exemption as provided in clause (d) of sub-section (8) of Section 372A of the Companies Act, 1956 shall be applicable. This clarification will, however, be applicable to cases where loans so obtained are exclusively utilized by the subsidiary for its principal business activities vide F.No.1/12/2013-CL.V dated 14th Feb, 2014.

➔ Companies (Corporate Social Responsibility Policy) Rules, 2014

In exercise of the powers conferred under section 135 and sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes rules called the Companies (Corporate Social Responsibility Policy) Rules, 2014. It will come into force on the 1st day of April, 2014.

Corporate Social Responsibility (CSR) means and includes but is not limited to:-

Projects or programs relating to activities specified in Schedule VII to the Act; or

• Projects or programs relating to activities undertaken by the board of directors of a company (Board) in pursuance of recommendations of the CSR Committee of the Board as per declared CSR

Policy of the company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act.

• "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.

• "CSR Policy" relates to the activities to be undertaken by the company as specified in Schedule VII to the Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a company;

• "Net profit" means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely :-

i. any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and

ii. any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act;

iii. Provided that net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies Act, 1956 (1 to 1956) shall not be required to be re-calculated in accordance with the provisions of the Act;

iv. Provided further that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381 read with section 198 of the Act.

Corporate Social Responsibility

Every company including its holding or subsidiary, and a foreign company defined under clause (42) of section 2 of the Act having its branch office or project office in India, which fulfills the criteria specified in sub-section (1) of section 135 of the Act shall comply with the provisions of section 135 of the Act.

CSR Activities.-

(1) The CSR activities shall be undertaken by the company, as per its stated CSR Policy, as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.

(2) The Board of a company may decide to undertake its CSR activities approved by the CSR Committee, through a registered trust or a registered society or a company established by the company or its holding or subsidiary or associate company under section 8 of the Act or otherwise:

Provided that-

• if such trust, society or company is not established by the company or its holding or subsidiary or associate company, it shall have an established track record of three years in undertaking similar programs or projects;

• the company has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds

on such projects and programs and the monitoring and reporting mechanism.

(3) A company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programs in accordance with these rules.

(4) Subject to provisions of sub-section (5) of section 135 of the Act, the CSR projects or programs or activities undertaken in India only shall amount to CSR Expenditure.

(5) The CSR projects or programs or activities that benefit only the employees of the company and their families shall not be considered as CSR activities in accordance with section 135 of the Act.

(6) Companies may build CSR capacities of their own personnel as well as those of their Implementing agencies through Institutions with established track records of at least three financial years but such expenditure shall not exceed five percent of total CSR expenditure of the company in one financial year.

(7) Contribution of any amount directly or indirectly to any political party under section 182 of the Act, shall not be considered as CSR activity.

CSR Committees.-

(1) The companies mentioned in the rule 3 shall constitute CSR Committee as under.-

(i) an unlisted public company or a private company covered under subsection (1) of section 135 which is not required to appoint an independent director pursuant to sub-section (4) of section 149 of the Act, shall have its CSR Committee without such director ;

(ii) a private company having only two directors on its Board shall constitute its CSR Committee with two such directors;

(iii) with respect to a foreign company covered under these rules, the CSR Committee shall comprise of at least two persons of which one person shall be as specified under clause (d) of sub-section (1) of section 380 of the Act and another person shall be nominated by the foreign company.

(2) The CSR Committee shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company.

CSR Policy.-

(1) The CSR Policy of the company shall, inter-alia, include the following namely - a list of CSR projects or programs which a company plans to undertake falling within the purview of the Schedule VII of the Act, specifying modalities of execution of such project or programs and implementation schedules for the same; and monitoring process of such projects or programs:

Provided that the CSR activities does not include the activities undertaken in pursuance of normal course of business of a company provided further that the Board of Directors shall ensure that activities included by a company in its Corporate Social Respon-

sibility Policy are related to the activities included in Schedule VII of the Act.

(2) The CSR Policy of the company shall specify that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a company.

CSR Expenditure

CSR expenditure shall include all expenditure including contribution to corpus, or on projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act.

CSR Reporting

(1) The Board's Report of a company covered under these rules pertaining to a financial year commencing on or after the 1st day of April, 2014 shall include an annual report on CSR.

(2) In case of a foreign company, the balance sheet filed under sub-clause (b) of sub-section (1) of section 381 shall contain an Annexure regarding report on CSR.

Display of CSR activities on its website

The Board of Directors of the company shall, after taking into account the recommendations of CSR Committee, approve the CSR Policy for the company and disclose contents of such policy in its report and the same shall be displayed on the company's website, if any, as per the particulars specified in the Annexure.

Source: *Companies Law - Co. Law - 1/18/2013-CL.V - 27-02-2014*

➤ Notification relating to amendments of Schedule VII of Companies Act, 2013

(1) In Schedule VII, for items (i) to (x) and the entries relating thereto, the following items and entries shall be substituted, namely:-

“(i) eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;

(ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;

(iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

(iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;

(v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art;

setting up public libraries; promotion and development of traditional arts and handicrafts;
 (vi) measures for the benefit of armed forces veterans, war widows and their dependents;
 (vii) training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
 (viii) contribution to the Prime Minister's National Relief Fund or any other-fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
 (ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
 (x) rural development projects."

2. This notification shall come into force with effect from 1st April, 2014.

Source: *Companies Law - Co. Law - 1/15/2013-CL-V - 27-02-2014*

MAJOR HIGHLIGHTS OF INTERIM FINANCE BUDGET 2014 ON TAX FRONT

Finance Minister P. Chidambaram has presented the Interim Union Finance Budget for F.Y. 2014-15. Major Highlights of the same on tax front are as follows:-

➔ Excise Duty

- The Excise Duty on all goods falling under Chapter 84 & 85 of the Schedule to the Central Excise Tariff Act is reduced from 12 percent to 10 percent for the period up to 30.06.20 14. The rates can be reviewed at the time of regular Budget.
- To give relief to the Automobile Industry, which is registering unprecedented negative growth, the excise duty is reduced for the period up to 30.06.2014 as follows:
 - Small Cars, Motorcycle, Scooters and Commercial Vehicles - from 12 % to 8%
 - SUVs - from 30% to 24%
 - Large and Mid-segment Cars – from 27/24% to 24/20%
- It is also proposed to make appropriate reductions in the excise duties on chassis and trailers – The rates can be reviewed at the time of regular Budget
- To encourage domestic production of mobile handsets, the excise duties for all categories of mobile handsets is restructured. The rates will be 6% with CENVAT credit or 1 percent without CENVAT credit.

➔ Service Tax

- The loading and un-loading, packing, storage and warehousing of rice is exempted from Service Tax.
- The services provided by cord blood banks are exempted from Service Tax.

➔ Custom Duty

- To encourage domestic production of soaps and oleo chemicals, the custom duty structure on non-edible grade industrial oils and its fractions, fatty acids and fatty alcohols is rationalized at 7.5 percent.
- To encourage domestic production of specified road construction machinery, the exemption from CVD on similar imported machinery is withdrawn.
- A concessional custom duty 5 percent on capital goods imported by the Bank Note Paper Mill India Private Limited is provided to encourage domestic production of security paper for printing currency notes

➔ Income Tax

No changes in Direct tax laws in interim budget

➔ OTHER BUDGET HIGHLIGHTS - THE CURRENT ECONOMIC SITUATION AND THE CHALLENGES

- The state of world economy has been the most decisive factor affecting the fortunes of every developing country.
- The world economy has been witnessing a sliding trend in growth, from 3.9 percent in 2011 to 3.1 percent in 2012 and 3 percent in 2013.
- The economic situation of major trading partners of India, who are also the major source of our foreign capital inflows, continues to be under stress. United States has just recovered from long recession, Euro zone, as a whole, is reporting a growth of 0.2 percent, and China's growth has also slowed down.
- The economic challenges faced by our country are common to all emerging economies. Despite these challenges, we have successfully navigated through this period of crisis.
- Apart from embarking on the path of fiscal consolidation, the objectives of price stability, self sufficiency in food, reviving the growth cycle, enhancing investments, promoting manufacturing, encouraging exports, quickening the phase of implementation of projects and reducing a stress on important sectors were the goals set in 2012-13.

➔ State of Economy

Deficit and Inflation

- The fiscal deficit for 2013-14 contained at 4.6 percent.
- The correct account deficit projected to be at USD 45 billion in 2013-14 down from USD 88 billion in 2012-13.
- Foreign exchange reserve to grow by USD 15 billion in this Financial Year
- No more talk of down grade of Indian Economy by Rating Agencies.
- Fiscal stability at the top of the Agenda.
- Government and RBI have acted in tandem to bring down inflation.
- WPI inflation down to 5.05 percent and core inflation down to 3.0 percent in January 2014.
- Food inflation down to 6.2 percent from a high of 13.8 per cent. ➔

➔ Agriculture

- Agricultural sector has performed remarkably well.
- Food grain production estimated for the current year is 263 million tonnes compared to 255.36 million tonnes in 2012-13.
- Agriculture export likely to cross USD 45 billion higher from USD 41 billion in 2012-13.
- Agricultural credit to exceed the target of Rs. 7 lakh crores.
- Agricultural GDP growth for the current year estimated at 4.6 percent compared to 4.0 percent in the last four years.

➔ Investment

- Savings rate at 30.1 percent and investment rate of 34.8 percent in 2012-13.
- Government set up a Cabinet Committee on investment and the Project Monitoring Group to boost investment. By end of January 2014, Projects numbering 296 with an estimated project cost of Rs. 660,000 crore cleared.

➔ Foreign Trade

- Despite a decline in growth of global trade, our export has recovered sharply.
- The estimated merchandise export is estimated to reach USD 326 billion indicating a growth rate of 6.3 percent in comparison to the previous year.

➔ Manufacturing

- The sluggish import is a matter of concern for manufacturing and domestic trade sector.
- Due to deceleration in investment, the manufacturing sector has witnessed a sluggish growth.
- The National Manufacturing Policy has set the goal of increasing the share of manufacturing in GDP to 25 percent and to create 100 million jobs over a decade.
- 8 National Investment and Manufacturing Zones (NIMZ) along Delhi Mumbai Industrial Corridor (DMIC) have been announced. 9 Projects had been approved by the DMIC trust.
- 3 more Industrial Corridors connecting Chennai and Bengaluru, Bengaluru and Mumbai & Amritsar and Kolkata are under different stages of preparatory works.
- Additional capacities are being installed in major manufacturing industries.
- Notification of a public procurement policy, establishing technology and common facility centres, and launching the Khadi Mark are steps taken to promote Micro Small and Medium Enterprises

➔ Infrastructure

- In 2012-13 and in nine months of the current financial year, 29,350 MW of power capacity, 3,928 Kms of National Highways, 39,144 Kms of Rural Roads, 3,343 Kms of New Railway track and 217.5 million tonnes of capacity per annum in our ports have been created to give a big boost to infrastructure industries.

- 19 Oil and Gas blocks were given out for exploration and 7 new Air ports are under construction.
- Infrastructure debt funds have been promoted to provide finances for infrastructure Projects.

➔ Exchange Rates

- Rupee came under pressure following indications by US Federal Reserve of reduction in asset purchases in May 2013.
- Government, RBI and SEBI undertook a number of measures to facilitate capital inflows and stabilize the foreign exchange markets. As a result among emerging economy currencies rupee was least affected when actual reduction took place in December 2013.

➔ GDP Growth

- The GDP slow-down which began in 2011-12 reaching 4.4 percent in Q1 of 2013-14 from 7.5 percent in the corresponding period in 2011-12 has been controlled by numerous measures taken by the Government. Growth in the third and fourth quarter of the current year is expected to be 5.2 percent and that for the whole year has been estimated at 4.9 percent.
- The declining fiscal deficit, stable Exchange Rate and reducing Current Account Deficit, moderation in inflation, increasing exports are reflection of a more stable economy today.

➔ UPA's record of Growth

- In India growth is an imperative but sustainable and inclusive growth model must address the concerns of environment, inter generational equity, indebtedness etc.
- Un paralleled record of growth in 10 years of UPA Government.
- Production of food grains up from 213 million tonnes to 263 million tonnes, installed power capacity up to 2,34,600 MW from 1,12,700 MW, coal production 554 million tonnes from 361 million tonnes, 3,89,578 Kms of Rural Roads under PMGSY from 51,511 Kms, over a period of 10 years.
- The expenditure on Health & Family Welfare has reached Rs. 36,322 crore from Rs. 7,248 ten years ago.
- The expenditure on Education has reached Rs. 79,451 crore from Rs. 10,145 ten years ago.
- UPA-I & UPA-II Governments have delivered above the trend growth of 6.2 percent, which prevailed over a period of 33 years

➔ Report Card of 2013-14

- De-controlling sugar, gradual correction of diesel prices, rationalization of railway fares, was some of the courageous and long overdue decisions taken by the Government.
- Applications were invited for issue of new bank licenses.
- DISCOMS, mostly sick are being restructured with generous central assistance.
- 12.8 lakhs land titles covering 18.80 lakh hectare were distributed under the Scheduled Tribes and Other traditional Forest Dwellers Act.
 - The oppressive colonial law of 1894 was substituted with the

Right to Fair Compensation and Transparency in Land Acquisition Rehabilitation and Resettlement Act.

- National Food Security Act was passed assuring food to 67 percent of the population/ households.
- The new companies Act replaced a law of 1956 vintage.
- The PFRDA Act was passed to establish a statutory regulator for the New Pension Scheme.

➔ Economic Initiative

- Centrally Sponsored Schemes were restructured into 66 Programs for greater Synergy. Funds under these programs will be released as Central assistance to State Plan, thus giving greater authority and responsibility. As a result, Central assistance to plans of States & UTs will rise substantially from Rs. 136,254 crore in BE 2013-14 to Rs. 338,562 crore in 2014-15.
- Record Capital expenditure of Rs. 257,641 cores in 2013-14 by public sector enterprises.
- About 50,000 MW of Thermal and Hydel Power capacity is under construction after receiving all clearances and approvals. 78,000 MW of power capacity have been assured coal supply.
- Liberalized FDI policy in tele-communication, pharmaceuticals, civil aviation, power trading exchange, and multi brand retail to attract large investment.
- Approval to establish 2 semi conductor wafer fab units.
- Approval of IT modernization project of Department of Post.
- Kudankulam Nuclear Power Plant Unit-I achieved criticality and is generating 180 Million Units of power.
- Fast breeder Reactor at Kalpakkam and 7 Nuclear Power Reactors under construction.
- National Solar Mission to add 4 Ultra Mega Solar Power Projects each with the capacity of over 500 MW in 20 14-15.
- Ministry of MSME will create the 'India Inclusive Innovation Fund' to promote grass root innovations with social returns to support enterprises in the MSME sector with an initial contribution of Rs. 100 crore to the corpus of the fund.

➔ Social Sector Initiative

- A Venture Capital Fund to provide concessional finance to Scheduled Caste will be set up by IFCI with an initial capital of Rs. 200 crore which can be supplemented every year.
- The restructured ICDS, under implementation in 400 districts, will be rolled out in remaining districts from 1.4.2014.
- A National Agro-Forestry Policy 2014 has been approved.
- A mechanism for marketing minor Forest produce has been introduced and an allocation of Rs. 444.59 crore has been made to continue the Scheme in 2014-15.
- A new Plan Scheme with an allocation of Rs. 100 crore has been approved to promote community radio station
- New technologies such as JE vaccine, a diagnostic test for Thalassaemia and Magnivisualizer for detection of cervical cancer have been delivered to people.

➔ Additional Central Assistance to some States

- A sum of Rs. 1200 crore as additional central assistance to North Eastern states, Himachal Pradesh and Uttarakhand in this financial year.
- India joined a handful of countries when it launched the Mars Orbiter Mission.
- The Country has acquired capability in launch vehicle technology, cryogenics and navigation, meteorological and communication satellites.
- Several flight tests, navigational satellites and space missions are planned for 2014-15

➔ Redeeming promises

- A Corpus has been created for 'Nirbhaya Fund' with a non lapsable grant of Rs. 1000 crore. 2 Proposals to ensure the dignity and safety of women have been approved which will be funded from the Nirbhaya Fund. A sum of Rs. 1000 crore has again been provided in FY 2014-15
- The National Skill Certification and monetary reward schemes launched in August 2013 with an allocation of Rs. 1000 crore has been widely hailed as a success. A sum of Rs. 1000 crore is proposed to be transferred to the NSD Trust to scale up its programme rapidly.
- Government remains fully committed to Aadhar under which 57 crore Unique Numbers have been issued so far and to opening bank accounts for all Aadhar holders to promote financial inclusion.
- Through the Direct Benefic Transfer (DBT) Scheme, a total of Rs. 628 crore (54, 20,114 transactions) has been transferred directly to the beneficiaries till 31st January 2014 under 27 Schemes.

OVERVIEW OF THE INTERIM BUDGET

In order to sustain the pace of plan expenditure, it has been kept at the same level in 2014-15 at which, it was budgeted in 2013-14.

Ministries/Departments which run key flagship programmes have been provided adequate funds in 2014-15 either equal to or higher than in the BE 2013-14. These include Ministries namely, Minority Affairs, Tribal Affairs, Housing & Poverty Alleviation, Social Justice & Empowerment, Panchayat Raj, Drinking Water and Sanitation, Women & Child Development, Health & Family Welfare, Human Resource Development and Rural Development.

➔ Railways

- Budgetary support to Railways has been increased from Rs. 26,000 crore in BE 2013-14 to Rs. 29,000 crore in 2014-15.
- It is proposed to indentify new instruments and new mechanisms to raise funds for Railway Projects.

➔ SC Sub-Plan and Tribal Sub-Plan, Gender Budget and Child Budget

- 48,638 crore and 30,726 crore are allocated to the SC Sub-Plan and Tribal Sub-Plan respectively.
- Gender Budget and Child Budget has 97,533 crore and 81,024 crore respectively. Non Plan Expenditure
- Non Plan expenditure is estimated at 12, 07,892 crore.
- The expenditure on subsidies for food, fertilizer & fuel will be 246,472 crore slightly higher than the revised estimates of 245,453 crore in 2013-14.
- 115,000 crore has been allocated for food subsidies taking in to account, Government's firm and irrevocable commitment to implement the National Food Security Act throughout the country.

➔ Defence

- 10 per cent hike in Defence allocation has been given in comparison to BE 2013-14.
- Government has accepted the principle of one rank one pension for the Defence Forces which will be implemented prospectively from the FY 2014-15. A sum of 500 crore is proposed to be transferred to the Defence Pension Account in the current Financial Year itself.

Central Armed Police Forces

- A modernization Plan at a cost of 1 1,009 crore has been approved to strengthen the capacity of Central Armed Police Forces and to provide them the state-of-art, equipment and technology.

➔ Financial Sectors

- All the announcements concerning the Financial sector made in the Budget Speech of February 2013 have been implemented.
- 11,300 crore is proposed to be provided for Capital infusion in Public Sector Banks.
- 5,207 new branches have been opened against the target of 8,023.
- Bhartia Mahila Bank has been established.
- 6,000 crore and 2,000 crore have been provided to Rural and Urban Housing Funds respectively.
- The target of 700,000 crore of Agricultural Credit is likely to be exceeded by the Banks. The target for 2014-15 is 800,000 Crore.
- 23,924 crore has been released under the Interest Subvention Scheme on farm loans, with effective rate of interest on farm loans at 4 percent including subvention of 2 percent and incentive of 3 percent for prompt payment.

Credit to Minority Communities

- The number of bank accounts of minorities has increased to 43, 5 2,000 at the end of March 2013 from 14, 15,000 ten years ago. The volume of lending has soared to Rs. 66,500 crore from Rs. 4,000 crore in the same period.
- Loans to minorities stood at Rs. 211,451 crore at the end of December 2013.

Self-Help Groups (SHGs) Loans

- Ten years ago, only 9, 71,182 women Self-Help Groups (SHGs) had ben credit linked to banks. At the end of December 2013, 4,11,6000 women SHGs had been provided credit and the outstanding amount of credit wars. 36,893 crore

Education Loans

A moratorium period is proposed for all education loans taken up to 31.3.2009 and outstanding on 31.12.2013. Government will take over the liability for outstanding interest as on 31.12.2013 but the borrower would have to pay interest for the period after 1.1.2014. An amount of Rs. 2,600 crore has been provided this year and it will benefit nearly 9 lakh student borrowers.

Insurance and the four public sector general insurance companies have opened around 3000 offices in towns with a population of 10,000 or more to serve peri-urban and rural areas.

Financial Markets

Steps envisaged to deepen the Indian Financial Market:

- ADR/GDR Scheme revamp, an enlargement of the scope of depository receipt
- Liberalization of rupee denominated corporate bond market.
- Currency Derivatives Market to be deepened and strengthened to enable Indian Companies to fully hedge against foreign currency risk
- To create one record for all financial assets of every individual enable smoother clearing and settlement for international investors looking to invest in Indian bonds.

Commodity Derivatives Markets

- Swift action taken to sequester National Spot Exchange Limited (NSEL) after the payment crisis in the NSEL, this prevented spill over of the crisis to the other regulated segment of the financial markets.
- Proposal to amend the Forward Contracts (Regulation) Act. Key Pending Bills
- The Insurance Laws (Amendment) Bill and the Securities Laws (Amendment) Bill have not been passed by Parliament for reasons that have nothing to do with the merits of the Bills.

Public Debt Management Agency

Public Debt Management Agency Bill is ready with the Government. It is proposed to establish a non statutory PDMA that can begin work in 2014-15.

➔ Vision for Future

- India poised to be third largest economy along with US and China, to play a leading an important role in global economy.
- Tasks as part of the road map ahead include:
 - Fiscal consolidation: We must achieve the target of fiscal deficit of 3 percent of GDP by 2016-17 and remain below that level always.
 - Current Account Deficit: CAD will be inevitable for some more

years which can be financed only by foreign investment. Hence, there is no room for any aversion to foreign investment.

- Price Stability and Growth: In a developing economy, a high growth target entails a moderate level of inflation. RBI must strike a balance between price stability and growth while formulating the monetary policy.
- Financial Sector reforms to be completed as laid down by Financial Sector Legislative Reforms Commission.
- Massive investment in infrastructure: to be mobilized through the Public Private Partnership.
- Manufacturing sector to be the base of India's development: All taxes, Central and State that go into an exported product should be waived or rebated. There should be a minimum tariff protection to incentivise domestic manufacturing.
- Subsidies, which are absolutely necessary should be chosen and targeted only to the absolutely deserving.
- Urbanization to be managed to make cities governable and liveable.
- Skill development must be given priority at par with secondary and university education, sanitation and universal health care.
- States to partner in development so as to enable the Centre to focus on Defence, Railways, National Highways and Tele-communication.

➤ Revenues

GST and DTC

Government appeals to all political parties to resolve to pass the GST Laws and the Direct Tax Code in 2014-15

Funding Scientific Research

It is proposed to set up a Research Funding Organisation that will fund Research Projects selected through a competitive process. Contribution to that organisation will be eligible for tax benefits. The required legislative changes can be introduced at the time of regular Budget.

Off-shore Accounts

The Government has succeeded in obtaining information on illegal off-shore accounts held by Indians in 67 cases and action is under way. Prosecution for willful tax evasion has also been launched in 17 other cases. More enquiries have been initiated in to accounts reportedly held by Indian entities in no tax or low tax jurisdictions.

➤ Budget Estimates

- The current financial year will end on a satisfactory note with the fiscal deficit at 4.6 percent (below the red line of 4.8 percent) and the revenue deficit at 3.3 percent.
- Fiscal Deficit in 2014-15 estimated to be 4.1 percent which will be below the target set by new Fiscal Consolidation Path and Revenue Deficit is estimated at 3.0 percent.
- The Estimate of Plan Expenditure is Rs. 555,322 crore. Non Plan expenditure is estimated at Rs. 12, 07,892 crore.



www.icmai.in

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory body under an Act of Parliament)

HEADQUARTERS

CMA Bhawan

12, Sudder Street, Kolkata 700 016

Tel: +91 33 2252 1031/1034/1035/1492/1602/1619/7373/7143

Fax: +91 33 2252 7993/1026/1723

E-mail: research@icmai.in

DELHI OFFICE

CMA Bhawan

3, Institutional Area, Lodhi Road, New Delhi – 110 003

Tel: +91-11-24622156/57/58, 24618645

Fax: +91-11-43583642