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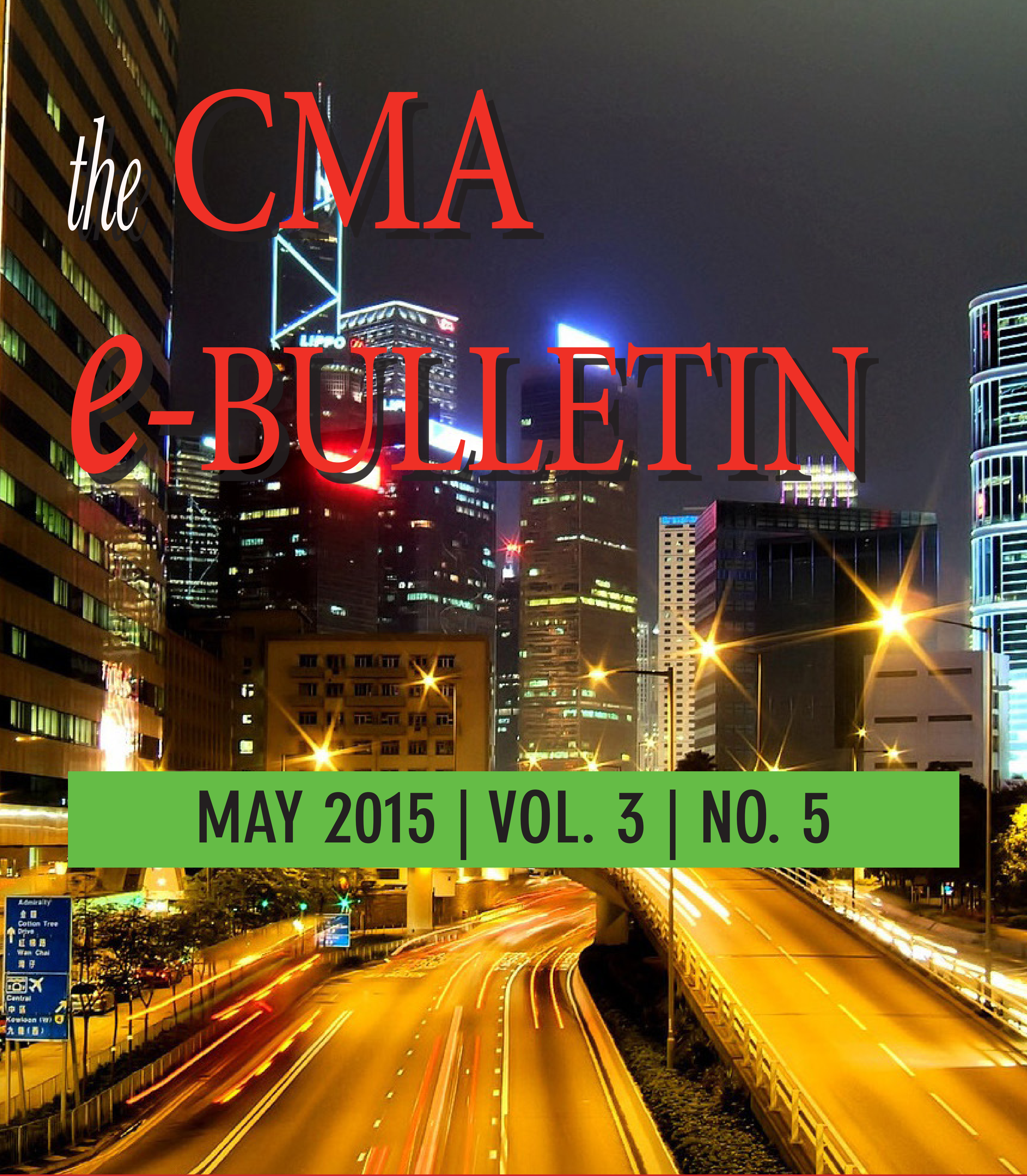

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The Institute of Cost Accountants of India

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CONTENTS

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

Updated upto April 30, 2015

INDIAN ECONOMY

➲ India struggles to woo retail investors to govt bonds

The Reserve Bank of India's move this month to allow retail investors to buy government bonds has so far failed to lure savers, throwing into question efforts to deepen the country's debt markets and help cushion them from global volatility.

Source: Reuters, dated: 23 Apr 2015

➲ RBI working on integration between e-commerce firms and banks

India's central bank is working on improving the integration between e-commerce firms and the country's banking systems, a deputy governor of the Reserve Bank of India (RBI) said.

Source: Reuters, dated: 20 Apr 2015

➲ India frets trade gains could unravel as deficit widens

India's trade deficit in March was the highest in four months, at $11.79 billion, as exports continued to fall, underscoring risks for growth prospects in Asia's third largest economy.

Source: Reuters, dated: 17 Apr 2015

➲ Modi's coal turnaround to ease chronic power cuts

Fewer power cuts are likely in India this summer after a surge in output at Coal India helped generators amass record stocks, a turnaround for Narendra Modi who had to battle a power crisis within months of becoming prime minister last May.

Source: Reuters, dated: 16 Apr 2015

➲ March CPI likely edged up for fourth month

India's consumer inflation probably edged up in March for the fourth straight month from a record low in November, as heavy rains drove up food prices, giving the central bank pause for thought as it waits for the next chance to cut interest rates.

Source: Reuters, dated: 13 Apr 2015

➲ India's February industrial output grows at 5 percent, fastest in 3 months

India's industrial output growth accelerated to 5.0 percent in February, its fastest pace in three months, mainly driven by growth in capital goods and consumer goods sectors, government data showed.

Source: Reuters, dated: 11 Apr 2015

➲ India eases rules for foreign investment in government bonds

India's market regulator has allowed foreign investors to reinvest in government bonds the same day, according to a emailed circular seen by Reuters, hoping to sustain outside interest in the country's debt market.

Source: Reuters, dated: 9 Apr 2015

➲ RBI mulls letting firms raise rupee debt offshore

India is considering allowing companies to raise rupee debt offshore, the Reserve Bank of India (RBI) said, noting strong demand for such debt following issues by Asian Development Bank and International Finance Corp.The RBI said it was in talks with the government to make it easier for international financial institutions like ADB and IFC, a World Bank financing arm, to raise more funds for Indian infrastructure projects via offshore rupee-denominated bond sales. The central bank said it was also looking at permitting companies that were already eligible to raise money abroad to directly issue rupee bonds overseas.

Source: Reuters, dated: 07 Apr 2015

➲ Expert views: RBI keeps rates on hold

The Reserve Bank of India kept interest rates on hold at 7.50 percent, choosing to wait longer to assess inflationary pressures before making its next move, and to give banks more time to adjust lending rates to reflect previous rate cuts.

Source: Reuters, dated: 07 Apr 2015

➲ RBI to leave repo rate on hold next week but cut 25 bps by end-June - Reuters poll

The Reserve Bank of India (RBI) will most likely leave its benchmark interest rate unchanged at 7.50 percent at next week's policy meeting, but reduce it by 25 basis points by the end of June, a Reuters poll found.

Source: Reuters, dated: 03 Apr 2015

BANKING

Export of Goods and Services – Project Exports

As per Notification No. A. P. (DIR Series) Circular No. 11 dated July 22, 2014 in terms of which AD banks / Exim Bank have been permitted to consider according post-award approvals without any monetary limit and permit subsequent changes in the terms of post award approval within the relevant FEMA guidelines / regulations. Further, in terms of para B. 11 (i) of the revised Memorandum of instructions on Project and Service exports, Exim Bank in participation with commercial banks in India may extend Buyer's credit upto the limit of USD 20 million to foreign buyers in connection with export of goods on deferred payment terms and turn key projects from India.

With a view to further liberalising the procedure and as the Working Group structure has been dismantled, it has been decided to withdraw the limit of USD 20 million for Buyer's credit which may be extended to foreign buyers in connection with export of goods on deferred payment terms and turn key projects from India vide *Notification No. RBI/2014-15/534, A.P.(DIR Series) Circular No.93 dated: Apr 01, 2015*.

Setting up of IFSC Banking Units (IBUs)

Please refer to the Reserve Bank of India Notification No. FEMA.339/2015-RB dated March 02, 2015 (copy enclosed) under FEMA 1999 on Foreign Exchange Management (International Financial Services Centre) Regulations, 2015 setting out RBI regulations relating to financial institutions set up in International Financial Services Centres (IFSC). These regulations have been published in the Official Gazette of Government of India on March 23, 2015 vide Notification No. G.S.R. 218 (E) dated March 2, 2015.

Pursuant to the above Notification, Reserve Bank has formulated a scheme for the setting up of IFSC Banking Units (IBUs) by banks in IFSCs. The broad contours of the scheme for Indian banks and foreign banks already having presence in India are detailed in Annex I and Annex II, respectively. You may be aware that Government of India has already announced setting up of an IFSC in Gujarat namely Gujarat International Finance Tec-City (GIFT) in Gandhinagar, Gujarat. The guidelines contained in this circular will be applicable to IBUs set up in GIFT as well as in other IFSCs which may be set up in India.

Eligible banks intending to set up IBU may approach this department with an application under Section 23 of the Banking Regulation Act, 1949.

Source: Notificastion No. RBI/2014-15/533 [DBR.IBD.BC. 14570/23.13.004/2014-15] dated: Apr 01, 2015

Provisioning pertaining to Fraud Accounts

In reference to the guidelines compiled in paragraph 4.2.9 of Master Circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated July 1, 2014, in terms of which, in accounts where there are potential threats for recovery on account of erosion in the value of security or non¬-availability of security and existence of other factors such as frauds committed by borrowers, the asset classification, and consequent provisioning, depends upon the realisable value of security. On a review, it has been decided to prescribe a uniform provisioning norm in respect of all cases of fraud, as under:
a. The entire amount due to the bank (irrespective of the quantum of security held against such assets), or for which the bank is liable (including in case of deposit accounts), is to be provided for over a period not exceeding four quarters commencing with the quarter in which the fraud has been detected;

b. However, where there has been delay, beyond the prescribed period, in reporting the fraud to the Reserve Bank, the entire provisioning is required to be made at once. In addition, Reserve Bank of India may also initiate appropriate supervisory action where there has been a delay by the bank in reporting a fraud, or provisioning thereagainst.

Source: Notification No. RBI/2014-15/535 [DBR.No.BP. BC.83/21.04.048/2014-15] dated: April 01, 2015

Revision of interest rates for Small Savings Schemes

As per circular RBI/2011-12/359 dated January 20, 2012 regarding interest rates on small savings schemes, wherein it was indicated that as per Government's decision on revision of interest on small savings schemes, the interest rates on various small savings schemes for every financial year will be notified by the Government before April 1st of that year.

The Government of India have vide their Office Memorandum (OM) No.6/01/2011-NS.II dated March 31, 2015, advised the rate of interest on various small savings schemes for the financial year 2015-16. Accordingly, the rates of interest on PPF 1968, SCSS 2004, Kisan Vikas Patra & Sukanya Samriddhi Account Scheme for the financial year 2015-16, effective from April 01, 2015, on the basis of the interest compounding/payment built-in in the schemes, will be as under:

The contents of this circular may be brought to the notice of the branches of your bank operating the PPF 1968, SCSS 2004, Kisan Vikas Patra & Sukanya Samriddhi Account Schemes. These should also be displayed on the notice boards of your branches for information of the subscribers to these Schemes.

Source: Notification No. RBI/2014-15/536 [IDMD(DGBA).CDD. No.4521/15.02.001/2014-15] dated: April 01, 2015

Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Projects Under Implementation – Change in Ownership

Paragraph 26 (extract enclosed) of the Sixth Bi-Monthly Monetary Policy Statement, 2014-15 announced on February 03, 2015, it was proposed to allow extension of the date of commencement of commercial operations (DCCO) without change in asset classification in cases of change in ownership of the projects.

It has been decided that in cases where, in the assessment of the banks, the implementation of the project has been stalled primarily due to inadequacies of the existing promoters and a subsequent change in the ownership of the borrowing entity has been effected, banks may permit extension of DCCO up to a further period of two years, in addition to the extension of DCCO permitted under existing regulations vide Notification No. RBI/2014-15/538 [DBR. No.BP.BC.84/21.04.048/2014-15] dated: Apr 06, 2015

Non-Banking Financial Company-Micro Finance Institutions (NBFC-MFIs) – Directions – Modifications

In terms of para 3(ii)(a) of the aforesaid Notification, loan disbursed by an NBFC-MFI to a borrower with a rural household annual income not exceeding Rs. 60,000 or urban and semi-urban household income not exceeding Rs. 1,20,000 would be eligible to be defined as qualifying asset. In order to widen the scope, it has been decided that loan disbursed by an NBFC-MFI to a borrower with a rural household annual income not exceeding Rs. 1,00,000 or urban and semi-urban household income not exceeding Rs. 1,60,000 would be eligible to be defined as a qualifying asset.

In terms of para 3(ii)(c) of the aforesaid Notification, NBFCs-MFI while disbursing loans were required to ensure that the total indebtedness of the borrower does not exceed Rs.50,000. In partial modification of the above, the limit of total indebtedness of the borrower has been increased to Rs.1,00,000. Education and medical expenses will be excluded while arriving at the total indebtedness of a borrower.

In terms of para 3(ii)(b) of the aforesaid Notification, loan amount should not exceed Rs. 35,000 in the first cycle and Rs. 50,000 in subsequent cycles. In light of the revision to the limit on total indebtedness, it has been decided to revise the limit on disbursal of loans. Henceforth, the loan amount should not exceed Rs. 60,000 in the first cycle and Rs. 1,00,000 in subsequent cycles.

In terms of para 3(ii)(f) of the aforesaid Notification, aggregate amount of loans given for income generation should constitute at least 70 per cent of the total loans of the NBFC-MFI so that the remaining 30 per cent can be for other purposes such as housing repairs, education, medical and other emergencies. The limits so prescribed are henceforth revised to 50:50 i.e. loans given for income generation should constitute at least 50 per cent of the total loans of the NBFC-MFI and the remaining 50 per cent can be for other purposes as stated above.

Notwithstanding the above, all NBFC-MFIs are expected to be prudent and responsible in their lending activity besides educating their borrowers on the dangers of wasteful conspicuous consumption.

Source: Notification No. RBI/2014-15/544 [DNBR.CC.PD. No.027/03.10.01/2014-15] dated: Apr 08, 2015

NBFCs- Lending against Shares – Clarification

Clarification regarding NBFCs- Lending against Shares vide Notification No RBI/2014-15/551 [DNBR (PD). CC.No.028/03.10.001/2014-15] dated: Apr 10, 2015:

i.The above mentioned circular is not applicable to unlisted shares .

ii. LTV ratio of 50% is required to be maintained at all times. Any shortfall in the maintenance of the 50% LTV occurring on account of movement in the share prices shall be made good within 7 working days.

iii. The condition of acceptance of only Group 1 securities (specified in SMD/ Policy/ Cir - 9/ 2003 dated March 11, 2003 as amended from time to time, issued by SEBI) as collateral for loans of value more than Rs. 5 lakh, is applicable only where the lending is done for investment in the capital market.

iv. The reporting to the Stock Exchanges shall be quarterly.

Guidelines on Corporate Governance - Review

In reference to the Revised Regulatory Framework for NBFCs issued vide DNBR (PD) CC.No.002/ 03.10.001/ 2014-15 dated November 10, 2014 (the Framework). Corporate Governance and Disclosure norms for NBFCs, contained in para 9 of the Framework, have been reviewed based on the feedback received from industry participants and the difficulties expressed by them in its effective implementation. Accordingly, the following changes / clarifications in the matter may be noted.

a. Para 9 of the Framework shall not apply to a Systemically Important Core Investment Company as defined in the Core Investment Companies (Reserve Bank) Directions, 2011. However, Systemically Important Core Investment Companies are encouraged to follow these as a prudent measure.

(i) In terms of para 9.5(iv) of the Framework, NBFCs shall furnish to the Reserve Bank a quarterly statement on change of directors certified by the auditors and a certificate from the Managing Director that fit and proper criteria in selection of directors have been followed.
(ii) It is clarified that the quarterly statements, can be certified by the Managing Director, except that the statement pertaining to the quarter ended March 31 need to be necessarily certified by the auditors.

b. (i) In terms of the Fit and Proper criteria for directors of NBFCs given in Annex 1 of the Framework, independent / non-executive directors of an NBFC should be between 35 to 70 years of age.
(ii) The age limit prescribed as above has been done away with and provisions in Companies Act, 2013 in this regard shall apply.

c. (i) In terms of para 3(iv) of Annex 3 of the Framework, NBFCs shall communicate outcome of Board deliberations to directors and concerned personnel and prepare and circulate minutes of the meeting of Board to directors in a timely manner and to the extent possible within two business days of the date of conclusion of the Board meeting.
(ii) It is clarified that circulation of minutes within two business days is not mandatory and provisions in Companies Act, 2013 in this regard shall apply.

Source: Notification No. RBI/2014-15/552 [DNBR (PD) CC.No.029/ 03.10.001/ 2014-15] dated: April 10, 2015

➲ Section 23 of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) - Guidelines on Off-site/Mobile Automated Teller Machines (ATMs)

Based on circular RPCD.No.BC.114/07.06.00-94/95 dated February 1, 1995, in terms of which State Cooperative Banks (StCBs) are permitted to install on-site ATMs without obtaining prior permission from RBI. In terms of para 27 of the First Bi-monthly Monetary Policy Statement, 2015-16, it has now been decided that the State Co-operative Banks may be allowed to install Off-site ATMs/ Mobile ATMs as per their need and potential in their area of operation without prior permission from RBI subject to satisfying the following criteria:

a. CRAR not being less than 9 per cent
b. No default in maintenance of CRR/SLR during the pre ceding financial year
c. Net NPA being less than 5 per cent
d.The bank should have a track record of regulatory compliance and no monetary penalty should have been imposed on the bank on account of violation of RBI directives/guidelines during last two financial years.

Source: Notification No. RBI/2014-2015/556 [DCBR.CO.RCB. No.BC.29/19.51.008/2014-15] dated: April 16, 2015

➲ Simplified procedure for opening of Currency Chests

In reference to our circular DCM(CC)No.2991/03.39.01/2011-12 dated January 02, 2012 on "Construction of Currency Chests Strong Rooms / Vaults". The extant instructions for setting up of new currency chests were reviewed and it has been decided to do away with multiple layers of approvals. These simplified guidelines as under may be followed meticulously.

A. Locations that are at/ close to the International Border/ Insurgency affected areas:

1. In case the place of the proposed location of a currency chest is within 80 kms from the international border and it is not a State Capital or a cantonment area, banks may approach Regional Offices (ROs) of the RBI for obtaining security clearance. Under no circumstance, construction can be commenced before receipt of the required clearance.
2. The banks may also note to obtain all necessary approvals from other agencies before beginning construction.
3. Strict adherence to the Technical Specifications of construction in terms of the circular DCM(CC)G-18/03.39.001/2008-09 dated November 14, 2008, must be ensured by banks.
4. Final Approval from the respective RO of RBI may be sought after construction is completed. No deviation will be permitted or considered and any construction falling short of specifications will not be approved.

B. All other locations:

1. Banks may construct new CCs at any place after informing the RO

concerned of the RBI, under whose jurisdiction it is to be established.
2. The banks may also note to obtain all necessary approvals from other agencies before beginning construction.
3. Strict adherence to the Technical Specifications of construction in terms of circular DCM(CC)G-18/03.39.001/2008-09 dated November 14, 2008, must be ensured by banks.
4. Final Approval from the respective RO of RBI may be sought after construction is completed. No deviation will be permitted or considered and any construction falling short of specifications will not be approved.

Source: Notification No. RBI/2014-15/571 [DCM(CC)No.G-13/4553/03.39.01/2014-15 dated: April 23, 2015

➲ Priority Sector Lending-Targets and Classification

An Internal Working Group (IWG) was set up in July 2014 to revisit the existing priority sector lending guidelines. The report of the IWG was placed in the public domain inviting comments. The recommendations of the IWG were examined in the light of the comments / suggestions received from Government of India, banks, and other stakeholders and revised guidelines are being issued in supersession of guidelines mentioned in the Master Circular RPCD.CO.Plan.BC10/04.09.01/2014-15 dated July 1, 2014 on Priority Sector Lending – Targets and Classification.

The salient features of the guidelines are as under:-

(i) Categories of the priority sector: Medium Enterprises, Social Infrastructure and Renewable Energy will form part of priority sector, in addition to the existing categories.
(ii) Agriculture: The distinction between direct and indirect agriculture is dispensed with.
(iii) Small and Marginal Farmers: A target of 8 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, has been prescribed for Small and Marginal Farmers within agriculture, to be achieved in a phased manner i.e., 7 percent by March 2016 and 8 percent by March 2017.
(iv) Micro Enterprises: A target of 7.5 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, has been prescribed for Micro Enterprises, to be achieved in a phased manner i.e. 7 percent by March 2016 and 7.5 percent by March 2017.
(v) There is no change in the target of 10 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, for Weaker Sections.
(vi) Target for Foreign Banks: Foreign Banks with 20 branches and above already have priority sector targets and sub-targets for Agriculture and Weaker Sections, which are to be achieved by March 31, 2018 as per the action plans submitted by them and approved by RBI. The sub-targets for Small and Marginal Farmers and Micro Enterprises would be made applicable post 2018 after a review in 2017. Foreign banks with less than 20 branches will move to Total Priority Sector Target of 40 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, on par with other banks by 2019-20, and the sub-targets for these banks, if to be made applicable post 2020, would be decided in due course.
(vii) Bank loans to food and agro processing units will form part of Agriculture.
(viii) Export credit: Export credit upto 32 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, will be eligible as part of priority sector for foreign banks with less than 20 branches. For other banks, the incremental export credit over corresponding date of the preceding year will be reckoned upto 2 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher.
(ix) The loan limits for housing loans and MFI loans qualifying under priority sector have been revised.
(x) The priority sector non-achievement will be assessed on quarterly average basis at the end of the respective year from 2016-17 onwards, instead of annual basis as at present.
The revised guidelines are operational with effect from the date of this circular. The priority sector loans sanctioned under the guidelines issued prior to this date will continue to be classified under priority sector till repayment/maturity/renewal.

Source: Notification No. RBI/2014-15/573 [FIDD.CO.Plan.BC.54/04.09.01/2014-15] dated: April 23, 2015

➲ Interest Rates on Deposits

As per paragraph 29 of sixth Bimonthly Monetary Policy Statement- 2014-15 announced on February 3, 2015 whereby it was decided to introduce the feature of early withdrawal facility in a term deposit as a distinguishing feature for offering differential rates of interest. Accordingly, banks will have the discretion to offer differential interest rates based on whether the term deposits are with or without-premature-withdrawal-facility, subject to the following guidelines:
i. All term deposits of individuals (held singly or jointly) of Rs. 15 lakhs and below should, necessarily, have premature withdrawal facility.
ii. For all term deposits other than (i) above, banks can offer deposits without the option of premature withdrawal as well. However, banks that offer such term deposits should ensure that at the customer interface point the customers are, in fact, given the option to choose between term deposits either with or without pre-

mature withdrawal facility.
iii. Banks should disclose in advance the schedule of interest rates payable on deposits i.e. all deposits mobilized by banks should be strictly in conformity with the published schedule.
iv. The banks should have a Board approved policy with regard to interest rates on deposits including deposits with differential rates of interest and ensure that the interest rates offered are reasonable, consistent, transparent and available for supervisory review/scrutiny as and when required.

Source: Notification No. RBI/2014-15/554 [DBR.No.Dir. BC.87/13.03.00/2014-15] dated: April 16, 2015

➲ **Know Your Customer (KYC) Guidelines - Accounts of Proprietary Concerns**

The default rule is that any two documents, out of those listed in paragraphs of the Master Circulars mentioned above, should be provided as activity proof by a proprietary concern. However, in cases where the banks are satisfied that it is not possible to furnish two such documents, they would have the discretion to accept only one of those documents as activity proof. In such cases, the banks, however, would have to undertake contact point verification, collect such information as would be required to establish the existence of such firm, confirm, clarify and satisfy themselves that the business activity has been verified from the address of the proprietary concern.

It is also clarified here that the list of registering authorities indicated in paragraph 2.5(ii) of our Master Circular no. UBD. BPD.(PCB) MC. No.16/12.05.001/2014-15 dated July 1, 2014 and paragraph 2. 5 (vi) of Master Circular RPCD.RRB.RCB.AML.BC. No.02/07.51. 018/2014-15 dated July 1, 2014 on KYC norms is only illustrative and therefore includes license / certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute, as one of the documents to prove the activity of the proprietary concern.

Source: Notification No. RBI/2014-15/532 [DCBR.BPD(PCB/RCB) Cir.No.24/14.01.062/2014-15] dated: 01 April 2015

TAXATION

➲ **Govt. notifies income computation and disclosure stan¬dards for purpose of Sec. 145; effective from April 1, 2015**
This Income Computation and Disclosure Standard is applicable for computation of income chargeable under the head "Profits and gains of business or profession" or "Income from other sources" and not for the purpose of maintenance of books of accounts. In the case of conflict between the provisions of the Income-tax Act, 1961 ('the Act') and this Income Computation and Disclosure Standard, the provisions of the Act shall prevail to that extent.

Read more at:
http://www.taxmann.com//topstories/222330000000005174/govt-notifies-income-computation-and disclosure-standards-for-purpose-of-sec-145-effective-from-april-1-2015.aspx

➲ **CBDT notifies 10 new standards for computation of tax¬able income**

The Central Board of Direct Taxes (CBDT) has overhauled the way income needs to be computed by businesses to calculate the income tax to be deposited with the exchequer. The new framework for computation of taxable income has notified 10 income computation and disclosure standards (ICDS), with effect from April 1, 2015, which will bring greater consistency in the application of accounting principles, say accountancy and tax experts.

Read more at:
http://www.thehindubusinessline.com/todayspaper/tp-politics/cbdt-notifies-10-new-standards-for computation-of-taxable-in¬come/article7062713.ece

➲ **Govt. revises conditions for excise duty exemption on cap¬ital goods supplied under SHIS duty credit scrip**

If the said scrip has not been issued in violation of the condition contained in the sub-paragraph (5) of paragraph 2 of notification No.101 of 2009 – Customs, dated the 11th September, 2009 or sub-paragraph (4) of paragraph 2 of no¬tification No.102 of 2009 – Customs, dated the 11th September, 2009 or the second proviso to sub-paragraph (1) of paragraph 2 of notification No. 05 of 2013 – Customs, dated the 18th February, 2013 or sub- paragraph (3) of paragraph 2 of notification No. 22 of 2013 – Customs, dated the 18th April, 2013 or first proviso to subparagraph (1) of paragraph 2 of notification No. 23 of 2013-Customs, dated the 18th April, 2013 or sub-paragraph (3) of paragraph 2 of notification No. 16 of 2015 – Customs, dated the 1st April, 2015 or first proviso to sub-paragraph (1) of paragraph 2 of notification No. 17 of 2015 - Customs, dated the 1st April, 2015, as the case may be.

Read more at:
http://gst.taxmann.com/topstories/104010000000044668/govt-revises-conditions-for-excise-duty-exemption-on-capital-goods-supplied-under-shis-duty-credit-scrip.aspx

➲ Govt. exempts excise duty on goods cleared against Post Export EPCG duty credit scrip

The exemption shall be subject to the following conditions, name¬ly:- (a) that the conditions (1) to (14) specified in paragraph 2 of the Notification No. 17/2015 – Customs, dated the 1st April, 2015 are complied and the said scrip has been registered by the Customs authority at the specified port of registration (hereinafter referred as the said Customs authority);

(b) that the holder of the scrip, who may either be the person to whom the scrip was originally issued or a transferee-holder, presents the said scrip to the said Customs authority along with a letter or proforma invoice from the supplier or manufacturer indicating details of its jurisdictional Central Excise Officer (hereinafter referred as the said Officer) and the description, quantity.

Read more at:
http://gst.taxmann.com/topstories/104010000000044665/govt-exempts-excise-duty-on-goods-cleared-against-post-export-ep¬cg-duty-credit-scrip.aspx

➲ Section 10(46) of The Income-Tax Act, 1961 - Exemptions – Statutory Body/Authority/Board/Commission - Notified Body Or Authority - Rajasthan State Pollution Control Board

In exercise of the powers conferred by clause (46) of section 10 of the Income- tax Act, 1961 (43 of 1961) the Central Government hereby notifies for the purposes of the said clause, 'Rajasthan State Pollution Control Board', a Board constituted under the provisions of Water (Prevention and Control of Pollution) Act, 1974 (6 of 1974) of Rajasthan State Legislature in respect of the following specified income arising to that Board, namely:—
a) amount received in the form of government grants;
(b) amount received as license fees and fines;
(c) interest earned on government grants, license fees and fines.
This notification shall be applicable for the Financial years 2012-13 to 2016-17.

The notification shall be effective subject to the conditions that Rajasthan State Pollution Control Board—
(a) shall not engage in any commercial activity;
(b) its activities and the nature of the specified income remain un¬changed throughout the financial years; and
(c) files return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

Source: Notification No. 34/2015 [F.NO.196/38/2012-ITA.1]/ SO 991(E), dated: 10-4-2015

➲ Capital gains in respect of units of Mutual Funds under the fixed maturity Plans on extension of their term

In the case of mutual funds, the unit of mutual fund constitutes a capital asset and any sale, exchange or relinquishment of such unit is a 'transfer' under clause (47) of section 2 of the Act. The roll over in accordance with the aforesaid regulation will not amount to transfer as the scheme remains the same. Accordingly, it is hereby clarified that no capital gains will arise at the time of exer¬cise of the option by the investor to continue in the same scheme. The capital gains will, however, arise at the time of redemption of the units or opting out of the scheme, as the case may by.

Source: Circular No 6/2015 dated: 9th April 2015

➲ CBDT Notifies Revised Transport allowance exemption limit

CBDT has vide Notification No. 39/2015 dated: 13th April, 2015 increased Transport al¬lowance exemption limit for employees from Rs. 800 to Rs. 1,600 per month. In case the employee is blind or orthopaedically hand¬icapped with disability of lower extremities the limit is increased from Rs. 1600 to Rs. 3200/- per Month. The revised exemption Limit is applicable from A.Y. 2016/17 /F.Y 2015-16.

➲ Section 35(1) (ii) of The Income-Tax Act, 1961 - Scientific Research Expenditure - Approved Scientific Research Associ¬ations/ Institutions – Pandit Deendayal Petroleum University, Gujarat

CBDT has notified that the organization Pandit Deendayal Pe¬troleum University Raisan Gandhi Nagar Gujarat, (PAN- AABT¬P3856A) has been approved by the Central Government for the purpose of clause (ii) of sub-section (1) of section 35 of the In¬come-tax Act 1961 (said Act), read with rules 5C and 5E of the Income-tax Rules, 1962 (said Rules), from AY- 2014-2015 and onwards under the category 'University. College or Other Institution', for the Departments/schools under its aegis which are engaged in scientific research activities only, subject to the following condi¬tions, namely:—

(i) The sums paid to the approved organization shall be utilized for scientific research;

(ii) The approved organization shall carry out scientific research in the above fields through its faculty members or its enrolled students;

(iii) The approved organization shall maintain separate books of account in respect of the sums received by it for scientific research, reflect therein the amounts used for carrying out research, get such books audited by an accountant as defined in the explanation to sub-section (2) of section 288 of the said Act and furnish the report of such audit duly signed and verified by such accountant to the Commissioner of Income-tax or the Director of Income-tax having jurisdiction over the case, by the due date of furnishing the return of income under sub-section (1) of section 139 of the said Act;

(iv) The approved organization shall maintain a separate statement of donations received and amounts applied for scientific research in respect of concerned Departments and a copy of such statement duly certified by the auditor shall accompany the report of audit referred to above.

Source: Notification No. 43/2015 [F. NO. 203/11/2014/ITA-II] dat¬ed: 24-04-2015

➲ **Section 10(26BBB) of the Income-Tax Act, 1961 - Corpora¬tion established for welfare and economic upliftment of ex-ser¬vicemen - requirement of tax deduction at source in case of cor¬porations whose income is exempt under section 10(26BBB) - exemption thereof**

CBDT has decided that since the corporations covered under sec¬tion 10(26BBB) satisfy the two conditions of Circular No.4/2002 i.e. unconditional exemption of income under section 10 and no statutory liability to file return of income under section 139, any corporation whose income is exempt under section 10 (26BBB) of the Act will also be entitled to the benefit of the said Circu¬lar. Hence there would be no requirement for tax deduction at source from the payments made to such corporations since their income is anyway exempt under the Act vide Circular No. 7/2015 [F.NO.275/50/2006-IT(B)], dt. 23-4-2015.

➲ **Now EPIC or Aadhaar document enough to get PAN card**

An EPIC or Aadhaar document will now be enough for any in¬dividual to obtain PAN card as the Income Tax Department has relaxed the cumbersome procedure of having multiple documents to prove one's own identity. The Central Board of Direct Taxes (CBDT), the apex policy making body of the I-T Department, has recently issued a notification making the Elector's Photo Identi-ty Card (EPIC) and Aadhaar, issued by the Unique Identification Authority of India, valid proof of "date of birth" for obtaining PAN card.

Read more at:
http://economictimes.indiatimes.com/news/economy/policy/now-epic-or-aadhaar-document-enough-to-get-pan-card/arti-cle¬show/46988945.cms

➲ **Government raises import duty on sugar, removes excise tax on ethanol for blending**

Government increased import duty to 40% from current 25% and withdraw duty free import of raw sugar. Both measures are aimed at curbing supplies from overseas. It has also removed a 12.36% excise duty levied on ethanol supplied for blending with petrol.

Read more at:
http://economictimes.indiatimes.com/articleshow/47094738.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

FOREIGN TRADE

➲ **Highlights: Foreign Trade Policy 2015 -2020**

A. SIMPLIFICATION & MERGER OF REWARD SCHEMES

Export from India Schemes:

1. Merchandise Exports from India Scheme (MEIS)

(a) Earlier there were 5 different schemes (Focus Product Scheme, Market Linked Focus Product Scheme, Focus Market Scheme, Agri. Infrastructure Incentive Scrip, VKGUY) for rewarding mer¬chandise exports with different kinds of duty scrips with vary¬ing conditions (sector specific or actual user only) attached to their use. Now all these schemes have been merged into a single scheme, namely Merchandise Export from India Scheme (MEIS) and there would be no conditionality attached to the scrips issued under the scheme.

(b) Rewards for export of notified goods to notified markets under 'Merchandise Exports from India Scheme (MEIS) shall be payable as percentage of realized FOB value (in free foreign exchange). The debits towards basic customs duty in the transferable reward duty credit scrips would also be allowed adjustment as duty drawback. At present, only the additional duty of customs / excise duty / ser¬vice tax is allowed adjustment as CENVAT credit or drawback, as per Department of Revenue rules.

2. **Service Exports from India Scheme (SEIS)**

(a) Served From India Scheme (SFIS) has been replaced with Ser¬vice Exports from India Scheme (SEIS). SEIS shall apply to

'Service Providers located in India' instead of 'Indian Service Providers'. Thus SEIS provides for rewards to all Service providers of notified services, who are providing services from India, regardless of the constitution or profile of the service provider.

(b) The rate of reward under SEIS would be based on net foreign exchange earned. The reward issued as duty credit scrip, would no longer be with actual user condition and will no longer be restrict¬ed to usage for specified types of goods but be freely transferable and usable for all types of goods and service tax debits on procure¬ment of services / goods. Debits would be eligible for CENVAT credit or drawback.

3. **Incentives (MEIS & SEIS) to be available for SEZs**

It is now proposed to extend Chapter -3 Incentives (MEIS & SEIS) to units located in SEZs also.

4. **Duty credit scrips to be freely transferable and usable for payment of custom duty, excise duty and service tax:**

(a) All scrips issued under MEIS and SEIS and the goods imported against these scrips would be fully transferable.

(b) Scrips issued under Exports from India Schemes can be used for the following:-

(i) Payment of customs duty for import of inputs / goods includ¬ing capital goods, except items listed in Appendix 3A.

(ii) Payment of excise duty on domestic procurement of inputs or goods, including capital goods as per DoR notification.

(iii) Payment of service tax on procurement of services as per DoR notification.

(c) Basic Customs Duty paid in cash or through debit under Duty Credit Scrip can be taken back as Duty Drawback as per DoR Rules, if inputs so imported are used for exports.

5. Status Holders

Business leaders who have excelled in international trade and have successfully contributed to country's foreign trade are proposed to be recognized as Status Holders and given special treatment and privileges to facilitate their trade transactions, in order to reduce their transaction costs and time.

B. BOOST TO "MAKE IN INDIA"

6. Reduced Export Obligation (EO) for domestic procurement under EPCG scheme:

Specific Export Obligation under EPCG scheme, in case capital goods are procured from indigenous manufacturers, which is currently 90% of the normal export obligation (6 times at the duty saved amount) has been reduced to 75%, in order to promote do¬mestic capital goods manufacturing industry.

7. **Higher level of rewards under MEIS for export items with high domestic content and value addition:**

It is proposed to give higher level of rewards to products with high domestic content and value addition, as compared to products with high import content and less value addition.

8. **Online filing of documents/ applications and Paperless trade in 24x7 environment:**

DGFT already provides facility of Online filing of various applications under FTP by the exporters/importers.

However, certain documents like Certificates issued by ***Cost Accountants/ Chartered Accountants/ Company Secretary*** etc. have to be filed in physical forms only. In order to move further towards paperless processing of reward schemes, it has been decided to develop an online procedure to upload digitally signed documents by ***Cost Accountants/Chartered Accountant / Company Secretary***. In the new system, it will be possible to upload online documents like annexure attached to ANF 3B, ANF 3C and ANF 3D, which are at present signed by these signatories and submitted physically.

Read more at:
http://dgft.gov.in/exim/2000/highlight2015.pdf

➲ **Foreign Trade Policy 2015 - 2020 –Salient changes in Schemes of reward or incentive / advance authorization or DFIA / EPCG or post export EPCG**

The Central Government has notified the Foreign Trade Policy (FTP), 2015 - 20 (Policy, for short) on 1.4.2015 and the DGFT has simultaneously issued public notices for the related Handbook of Procedures (HBP) and Appendices and ANF. These documents may be perused for details. Insofar as the schemes of reward or incentive / advance authorization or DFIA / EPCG or post export EPCG are concerned, the Customs, Central Excise and Service Tax notifications have been issued for the purposes of implementing the Policy/HBP.

The salient features of the changes in these schemes:

(i) Reward/Incentive Schemes:

Reward in the form of duty credit shall be issued by the DGFT to service providers of notified services located in India under them-

Service Exports from India Scheme (SEIS) or to export of notified goods (including from SEZs) to notified markets / countries under the Merchandise Exports from India Scheme (MEIS) of the Policy. Simplifications from earlier schemes include that both SEIS and MEIS reward duty credits are freely transferable and may be used to debit customs duty on import of any goods (except appendix 3A items), debit service tax on procurement of services or debit central excise duty on domestic procurement of excisable goods (without exception for appendix 3A items); the basic customs duty debited in SEIS/MEIS duty credit may also be allowed as drawback.

(ii) Advance Authorization & DFIA schemes

The Policy has now provided for exemption from the transitional product specific safeguard duty of section 8C of CTA 1975. Advance Authorization for Annual Requirement has been restricted to cases of standardised norms (no self-declared norms). Only a post-export transferable DFIA with exemption from basic customs duty is provided for. Fuel cannot be imported under the new DFIA. These aspects are reflected in the notification Nos. 18 to 22/2015-Customs dated 1.4.2015 for Advance Authorization Scheme. It may be noted that under the Policy, the import of gold for jewellery sector shall be under Advance Authorisation on pre-importbasis with actual user condition.

(iii) Export Promotion Capital Goods (EPCG) Scheme

To further provide impetus to domestic production, the Policy has increased the lowered export obligation (when capital goods are sourced indigenously) from 10% to 25%. This is implemented by the Regional Authorities.

(iv) Verification and monitoring

Based on DGFT's suggestion, it is advised that genuineness of shipping bills or bills of export not on Customs EDI may be expeditiously verified while registering scrip or processing EODC based on such document. In so far as monitoring is concerned, field formations have been recently enabled to view in EDI the authorization wise all India export details which would assist in identifying actionable cases under Advance Authorization and EPCG schemes.

(v) Facility of exemption from furnishing bank guarantees

The Board had noticed a practice in one jurisdiction of prescribing BGs of 1% to 5% of the duty saved amount before new authorisations were registered when EODC for an existing authorisation was not produced in the prescribed time.

The Board views that such a practice imposes transaction cost on exporters because every case of pending EODC is not a case of default in export obligation determined by the competent authority and even the enforcement of bond executed for such existing authorisation may not be due. Further, choosing varying levels of BGs also creates room for generation of grievances against field officers. The field formations are expected to avoid similar practices.

Source: Circular No. 14 /2015-Cus. dated 20th April 2015

SEBI

- **Women directors: 32 PSU firms non-compliant with SEBI norms**

As many as 32 public sector firms including GAIL, ONGC, NTPC, SAIL and Punjab National Bank have failed to comply with regulator Sebi's norms to appoint at least one woman director on their respective boards. Bharat Electronics, Bharat Petroleum Corporation, Container Corporation of India, Power Finance Corporation, Rural Electrification Corporation, are among other PSUs that have been non-compliant with Sebi directive, Prime Database said.

Read more at:
http://www.business-standard.com/article/pti-stories/women-directors-32-psu-firms-non-compliant-with-sebinorms-115040600586_1.html

- **Fine structure for non-compliance with the requirement of Clause 49(II)(A)(1) of Listing Agreement:**

The Stock Exchanges are advised to impose the following fine on listed entities for noncompliance with the requirement of Clause 49(II)(A)(1) of Listing Agreement:

Compliance Status	Fine Structure
Listed entities complying between April 1, 2015 and June 30, 2015	Rs 50,000
Listed entities complying between July 1, 2015 and September 30, 2015	Rs 50,000 + Rs 1000/- per day w.e.f. July 1, 2015 till the date of compliance
Listed entities complying on or after October 1, 2015	Rs 1,42,000/- + Rs 5000/- per day from October 1, 2015 till the date of compliance

Source: Circular CIR/CFD/CMD/1/2015 April 08, 2015

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Behind every successful business decision there is always a CMA