



www.icmai.in

e-NEWS DIGEST

THE INSTITUTE OF
COST ACCOUNTANTS
OF INDIA

(Statutory body under an Act of Parliament)

JANUARY 2015 | VOL. 1 | NO. 2, 3 & 4

DIRECTORATE OF RESEARCH & JOURNAL

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

President: CMA Dr A S Durga Prasad

Vice President: CMA Pramod Kumar Bhattad

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

Editor: CMA Dr Debaprosanna Nandy

HEADQUARTERS

CMA BHAWAN 12, SUDDER
STREET KOLKATA 700 016,
INDIA

PHONES: +91-33-2252
1031/1034/1035/1492
FAX: +91-33-22527993/1026

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 & 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

Weekly Updates - Updated up to January 30, 2015

Please send your feedback on the
e – News Digest at:
cma.ebulletin@icmai.in

INDUSTRY

➤ US President Barack Obama's visit will take economic ties to new high: India Inc

Decisions taken during the meeting of Prime Minister Narendra Modi and US President Barack Obama will take the bilateral strategic ties to an "altogether new high", India Inc said.

It said that decisions taken by the two sides under the leadership of Modi and Obama would elevate the "strategic partnership to an altogether new high". The CII said Obama's visit as the Chief Guest at Republic Day signifies an inflection point in the US-India bilateral relationship. "CII believes that enhanced cooperation is possible in areas such as defence, infrastructure, high technology, education, and energy," it added. The chamber is "optimistic" that there will be breakthrough on issues such as operationalising the US-India civil nuclear agreement; solidifying the defense relationship through announcement of co-production and co-development projects; and concrete advancement of US private sector participation in developing infrastructure.

Source: PTI / 25 Jan, 2015

➤ US to help India lean more on renewable energy

Prime Minister Narendra Modi and President Barack Obama have taken a big step forward with their announcements on tackling climate change. Modi and Obama agreed that India and the United States will work together to support India's ambitious climate

and energy goals by focusing on air quality and increasing the share of renewables in the energy basket. This partnership is based on ten specific initiatives, which include broadening the areas for undertaking research in clean energy; addressing urban air quality; expanding policy dialogues and technical work on clean energy and low greenhouse gas emissions technologies; undertaking demonstration and pilot clean energy projects; and developing cooling solutions to replace hydrochlorofluorocarbons (HFCs), which contribute to global warming.

Read more at:

<http://economictimes.indiatimes.com/industry/energy/power/us-to-help-india-lean-more-on-renewable-energy/articleshow/46024758.cms>

➤ Foreign trade policy to be unveiled soon: Nirmala Sitharaman, Commerce and Industry Minister

The much-delayed Foreign Trade Policy (FTP), which will roll out steps to boost exports, is expected to be unveiled soon, Commerce and Industry Minister Nirmala Sitharaman said. "It has to be happening sooner," Sitharaman said when asked about the expected time for announcement of the FTP. The announcement of the FTP (2014-19) has been delayed as ministries of commerce and finance are yet to take the final call on granting tax incentives for export promotion schemes.

Source: PTI Jan 28, 2015

➡ Tata Motors plans to expand rural network

Tata Motors, India's biggest automobile company by revenues, plans to aggressively expand its network with a focus on rural markets, a move aimed at "insulating" the company from any market uncertainty in the future. People aware of the development told ET that the company is aiming to more than triple its network to 1,500 over the next three years from 460 now, making it the biggest such expansion by a passenger vehicle maker in the country so far.

Read more at:

<http://economictimes.indiatimes.com/industry/auto/news/passenger-vehicle/cars/tata-motors-plans-to-expand-rural-network/articleshow/46048646.cms>

Source: Economic Times / 29 Jan, 2015

➡ Germany to partner in developing 3 smart cities

Germany agreed to partner with India in developing three smart cities and a six-member joint committee has been set up in this regard to evolve the way forward including identification of those cities in three months.

Source: PTI / 28 Jan, 2015

➡ Fortum launches its first greenfield solar project in India

Finnish firm Fortum has launched its 10 MW solar PV plant in Madhya Pradesh, the company said. It is the first green field solar

project commissioned under the Jawaharlal Nehru National Solar Mission (JNNSM) Phase II. The power plant will be operating based on a PPA signed by Fortum for 25 years with the Solar Energy Corporation of India. The 10 MW solar plant shall offset more than 18000 tonnes of CO2 emissions equivalent annually, it said.

Source: PTI / 20 Jan, 2015

➡ Corporate affairs ministry to launch new platform to track companies' CSR spending soon

The corporate affairs ministry is launching a CSR data analytics platform to keep a close tab on the Corporate Social Responsibility spends of companies under the new Companies Act. The platform will analyze sectoral as well as overall spending on CSR activities by companies, a senior official said, adding that the ministry is also in the process of unveiling a database for registered valuers, who will value property, stocks, shares, debentures, securities, goodwill, other assets, net worth of a company and its liabilities under the provision of the Act. The ministry had earlier made available a similar database for independent directors. "Both these steps would further strengthen the e-governance mechanism of MCA," the official said on condition of anonymity. "The CSR data analytics platform will have all information related to the CSR activities and the policies, which companies need to undertake. We will also be able to track whether the companies are complying with the Act. It will also have a database of NGOs, which can be engaged by corporates for CSR spending." The government has also

constituted a high-level committee to suggest measures for a "proper" assessment of CSR initiatives taken by companies. Read more at:

http://economictimes.indiatimes.com/articleshow/45947240.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst

Source: Economic Times / 20 Jan, 2015

➤ **After Jan Dhan, government eyes renewable energy world record**

Having set a world record with fastest roll-out of its financial inclusion scheme 'Jan Dhan', the government expects its ambitious power sector programme to create more such records, including by making India the world's largest destination for renewable energy. "The ambitious target that Prime Minister Narendra Modi has set out for 24X7 power to every home and industry and commercial establishments and also adequate power to farmers to increase their farm output, this demonstrates the demand for power that is going to come out," he said. Goyal, who is also holding a number of bilateral meetings with business and government leaders from across the world on the sidelines of WEF summit, said that India is at the cusp of getting into another orbit in terms of renewable energy. Similar is the case for power transmission and distribution sector as well as the energy access that has been lacking all these years, he added.

Source: Economic Times / 23 Jan 2015

➤ **NTPC signs Rs 10,000-crore term loan agreement with SBI**

The country's largest thermal power producer NTPC has signed a term loan agreement of Rs 10,000 crore with state-run lender SBI for partially funding its capital expenditure. The loan agreement was signed in the presence of Arup Roy Choudhury, CMD, NTPC, Arundhati Bhattacharya, Chairperson, SBI and K Biswal, Director (Finance) NTPC.

Source: PTI / 16 Jan, 2015

➤ **NTPC puts West Bengal's Katwa power plant on fast-track**

The country's largest power generating company, NTPC Ltd has put Rs 8000 crore thermal power project at Katwa, West Bengal on fast-track category. "We have put this (Katwa) West Bengal project in fast-track. We are hopeful to complete the project in time," NTPC chairman and managing director Arup Roy Chowdhury told the media. "We are trying to make this 1320 MW power project as a model plant," he said.

Source: PTI / 10 Jan, 2015

➤ **Over 9.35 crore consumers sign up for LPG cash-subsidy scheme**

More than 64 per cent of 15.3 crore LPG consumers in the country have joined the ambitious PAHAL scheme to receive cash subsidy in their bank accounts so they can buy the cooking gas at market price. "Over 9.35 crore LPG consumers have joined the scheme so far," Oil Minister Dharmendra Pradhan told. Consumers joining the scheme, which was launched all over the country from January 1, has swelled from 24 per cent

to 64 per cent, making it the world's largest direct cash transfer scheme.

Source: PTI / 28 Jan, 2015

➤ **India's FDI increased by 26% in 2014: UN**

Notwithstanding the decline in global foreign direct investment inflows, India's FDI increased by 26 per cent in 2014 to an estimated \$35 billion with maximum growth in the services sector, a UN report said today. Read more at:

http://economictimes.indiatimes.com/articleshow/46060259.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst

Source: PTI / 18 Jan, 2015

➤ **Now, NBFCs can also refinance new infrastructure project loans**

The Reserve Bank of India has allowed non-banking finance companies to refinance fresh infrastructure project loans in five-seven year intervals to improve project viability and debt-servicing capacity of their borrowers. Earlier, RBI allowed banks such freedom as the economy is still a fair distance away from a complete revival. NBFCs wanted the RBI to extend the flexibility to them, too. For new long-term projects, RBI came up with a structure -popularly referred as 525 rule -allowing banks to lend to a project for about 25 years, with an option of rewriting the terms of the loan or transferring it to another bank or financial institution after five years. A large number of projects in the core sector such as power and road are into

trouble due to the sluggish economy impacting cash flows. The new rule is expected to bring these projects back on track as loan repayment would be co-terminus with cash flows. The flexibility would also help lenders to bridge asset liability gaps.

The rule would ensure long-term viability of existing infrastructure and core industries sector projects by aligning the debt repayment obligations with cash flows generated during their economic life. The fresh structuring will be allowed just once in the life-span of the project but NBFCs can set the rate of interest at each stage of the project covering their risk. The new interest rate cannot be under the base rate. For the existing and viable infrastructure projects, a term loan which has an aggregate exposure of all lenders exceeding about Rs 500 crore with a good repayment history are eligible to get the benefit.

Source: Economic Times / 20 Jan, 2015

➤ **Directorate General of Foreign Trade wants to treat leftover fuel as part of the ship**

To encourage the ship-breaking industry, the Directorate General of Foreign Trade is mulling to relax the penalty on bunker extracted out of the vessels coming for scrapping. The DGFT is considering the proposal moved by the shipping ministry to treat the leftover fuel as part of the ship and not a separate item. Recyclers on the yards have to pay a duty as well as penalty on the remnant fuel because the ship bringing it is technically "unauthorized to bring oil" into

the country. Such ships embarking upon their last voyage have been asked to fill their tanks only up to the journey's requirement level. But, most vessels end up reaching filled with fuel.

Source: Economic Times / 27 Jan, 2015

Read more at:

http://economictimes.indiatimes.com/articleshow/46024912.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst

➡ Documents required for exports reduced from five to three

The revenue department has agreed to reduce the number of documents required for exports from five to three, according to a senior official. The move is as part of a government effort to make it easier to do business in India and in line with directorate general of foreign trade's recommendation in the 'Trade Across Borders' report. Once implemented, the measure will put India alongside the US, Canada, Japan, Singapore and the UAE in the club of nations that require just three export documents.

Read more at:

http://economictimes.indiatimes.com/articleshow/45800902.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst

➡ Education key to 'Make in India' success: World Bank

Thrust on education and healthcare will be the key to success of the government's 'Make

in India' programme, helping the country's labour force become globally competitive, World Bank said.

"I think the key is to focus on quality of primary and secondary education. It is really important that India competes with the rest of the world because the 'Make in India' means that your labour force has to be competitive with the rest of the world," World Bank Country Director in India Onno Ruhl said. He was speaking to reporters while releasing the World Bank report, 'Addressing Inequality in South Asia'. Prime Minister Narendra Modi had launched the 'Make in India. Prime Minister Narendra Modi had launched the 'Make in India' campaign in September to attract foreign investors and make the country a global manufacturing hub.

Read more at:

http://economictimes.indiatimes.com/articleshow/45953908.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst

Source: PTI / 20 Jan, 2015

➡ Railways to introduce all India helpline for women next month

Women travelling in trains can now hope for safer trips with Railways today saying it would introduce an all India helpline for them to send an alarm to the nearest railway station in times of distress. "Next month we are looking at launching an all India helpline for the safety of women that will send an alert to nearest railway station," Union Railways Minister Suresh Prabhakar Prabhu

said. Read more at:

http://economictimes.indiatimes.com/articleshow/45932236.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst

➡ **Nabard inks pact with IIM-A to research rural agriculture**

Nabard today said it has signed an MoU with the Indian Institute of Management, Ahmedabad, to set up a Chair to encourage research in climate change, rural livelihood and financial inclusion, among others. The MoU was signed by Nabard Deputy Managing Director H R Dave and IIM-A Director Ashish Nanda at Ahmedabad, a release said. The objective of the chair is to encourage research in emerging areas such as climate change, rural livelihood, financial inclusion, value chain management, agriculture marketing and financial product development, the release said.

Read more at:

http://economictimes.indiatimes.com/articleshow/45859071.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst

BANKING

➡ **mRUPEE, Ratnakar Bank launch PaySmart VISA-powered prepaid card**

Tata group company MMP Mobi Wallet Payment Systems launched a new open loop, VISA-powered prepaid card in partnership with Ratnakar Bank (RBL). By obtaining a PaySmart card, mRUPEE customers will be

able to withdraw money from VISA-licensed ATMs and also pay for goods and services at all merchants that accept VISA debit or credit cards nationally, the company in a statement said. Among the host of offerings around mobile money, Sampath said that the new product addresses a clear gap of cash out which is currently not available with the semi closed wallets. This service would offer convenience to those who do not have a bank account and hence are not able to participate in the mainstream economy, company added.

Source: Economic Times / 28 Jan, 2015

➡ **SBI inks 100 mn euro loan pact with European bank**

State Bank of India has signed a loan agreement for 100 million euro (about Rs 700 crore) with European Investment Bank for lending to private businesses in the country. This is the third tranche of a total sanctioned loan of 200 million euro by EIB. The loan will be utilized to support the development of private sector, in particular small and medium-sized enterprises (SMEs), social and economic infrastructure as well as climate change mitigation and adaptation in the country, SBI said.

Source: PTI / 23 Jan, 2015

➡ **Depository Receipts Scheme**

A new scheme called 'Depository Receipts Scheme, 2014' (DR Scheme, 2014) for investments under ADR/GDR have been notified by the Central Government effective from December 15, 2014 which provides for repeal of extant guidelines for Foreign Currency Convertible Bonds and Ordinary

Shares (Through Depository Receipt Mechanism) Scheme, 1993 except to the extent relating to foreign currency convertible bonds.

For more details of the new scheme please read *Notification No. RBI/2014-15/421, A.P. (DIR Series) Circular No. 61 dated: January 22, 2015.*

➔ Export and Import of Indian Currency

With a view to mitigating the hardship of individuals visiting from India to Nepal or Bhutan, it has now been decided that, an individual may carry to Nepal or Bhutan, currency notes of Reserve Bank of India denominations above Rs.100/-, i.e. currency notes of Rs.500/- and/or Rs.1000/- denominations, subject to a limit of Rs.25000/- vide *Notification No. RBI/2014-15/424, A.P. (DIR Series) Circular No.63 dated: January 22, 2015.*

➔ Entry of Banks into Insurance Business

With the objective of increasing insurance penetration using the entire network of bank branches, the Finance Minister in the budget speech 2013-14 announced that banks will be permitted to act as insurance brokers. Consequent to the announcement, IRDA formulated and notified the IRDA (Licensing of Banks as Insurance Brokers) Regulations, 2013 to enable banks to take up the business of insurance broking departmentally. Reserve Bank of India had also issued *Draft Guidelines on Entry of Banks into Insurance Business- Insurance Broking Business on November 29, 2013* for public comments. Taking into account the comments received

from various stakeholders in response to the draft guidelines, the guidelines have now been finalized.

Accordingly, the extant instructions on conduct of insurance business by banks have been reviewed. It is advised that banks may undertake insurance business by setting up a subsidiary/joint venture, as well as undertake insurance broking/ insurance agency/either departmentally or through a subsidiary subject to certain conditions. However, it may be noted that if a bank or its group entities, including subsidiaries, undertake insurance distribution through either broking or corporate agency mode, the bank/other group entities would not be permitted to undertake insurance distribution activities, i.e., only one entity in the group can undertake insurance distribution by either one of the two modes mentioned above.

i) Banks setting up a subsidiary/JV for undertaking insurance business with risk participation:

Banks are not allowed to undertake insurance business with risk participation departmentally and may do so only through a subsidiary/JV set up for the purpose. Banks which satisfy the eligibility criteria (as on March 31 of the previous year) given below may approach Reserve Bank of India to set up a subsidiary/joint venture company for undertaking insurance business with risk participation:

- a) The net worth of the bank should not be less than Rs.1000 crore;
- b) The CRAR of the bank should not be less

than 10 per cent;

c) The level of net non-performing assets should be not more than 3 percent.

d) The bank should have made a net profit for the last three continuous years;

e) The track record of the performance of the subsidiaries, if any, of the concerned bank should be satisfactory.

ii) Banks undertaking insurance broking/corporate agency through a subsidiary/JV

Banks require prior approval of RBI for setting up a subsidiary/JV. Accordingly, banks desirous of setting up a subsidiary for undertaking insurance broking/corporate agency and which satisfy the eligibility criteria (as on March 31 of the previous year) given below may approach Reserve Bank of India for approval to set up such subsidiary/JV:

a) The net worth of the bank should not be less than Rs.500 crore after investing in the equity of such company;

b) The CRAR of the bank should not be less than 10 per cent;

c) The level of net non-performing assets should be not more than 3 per cent.

d) The bank should have made a net profit for the last three continuous years;

e) The track record of the performance of the subsidiaries, if any, of the concerned bank

should be satisfactory. As hitherto, RBI approval would also factor in regulatory and supervisory comfort on various aspects of the bank's functioning such as corporate governance, risk management, etc.

Banks undertaking corporate agency functions/broking functions departmentally:

Banks need not obtain prior approval of the RBI to act as corporate agents on fee basis, without risk participation/undertake insurance broking activities departmentally, subject to IRDA Regulations.

Banks undertaking referral services: In terms of IRDA (Sharing of Database for Distribution of Insurance Products) Regulations 2010, no bank is presently eligible to conduct insurance referral business. *Source: Notification No. RBI/2014-2015/409[DBR.No.FSD.BC.62/24.01.018/2014-15] dated: January 15, 2015*

➡ Revision in Bank Rate

As announced in the Monetary Policy Statement dated January 15, 2015, the Bank Rate stands adjusted by 25 basis points from 9.0 per cent to 8.75 per cent with effect from January 15, 2015.

All penal interest rates on shortfall in reserve requirements, which are specifically linked to the Bank Rate, also stand revised as indicated below. The interest rate on refinance for SSI under Section 17(2) (bb) read with Section 17(4) (c) of the Reserve Bank of India Act, 1934, also stands revised to 8.75 per cent with effect from January 15, 2015.

Penal Interest Rates which are linked to the Bank Rate

Item	Existing Rate	Revised (Effective from January 15, 2015) Rate from
Penal interest rates on shortfalls in reserve requirements (depending on duration of shortfalls)	Bank Rate plus 3.0 percentage points (12.00 per cent) or Bank Rate plus 5.0 percentage points (14.00 per cent)	Bank Rate plus 3.0 percentage points (11.75 per cent) or Bank Rate plus 5.0 percentage points (13.75 per cent)

Source: Notification No. RBI/2014-15/407 [DCBR.BPD.(PCB/RCB).Cir.No.12/16.11.00/2014-15] dated: January 15, 2015

➡ Standing Liquidity Facilities for Banks and Primary Dealers

In reference to the Statement by Dr. Raghuram G Rajan, Governor, RBI on Monetary Policy dated January 15, 2015, in terms of which the repo rate under the Liquidity Adjustment Facility (LAF) has been reduced by 25 basis points from 8.0 per cent to 7.75 per cent with immediate effect. Accordingly, the Standing Liquidity Facilities provided to banks under Export Credit Refinance (ECR) and to Primary Dealers (PDs) (collateralized liquidity support) from the Reserve Bank would be available at the revised repo rate, i.e., at 7.75 per cent with effect from January 15, 2015.

Source: Notification No. RBI/2014-15/402,

REF. No. MPD.BC. 375/07.01.279/2014-15 dated: January 15, 2015

➡ Marginal Standing Facility

RBI has decided to reduce the Repo rate under the Liquidity Adjustment Facility (LAF) by 25 basis points from 8.00 per cent to 7.75 per cent with immediate effect. Consequent to the change in the Repo rate, the Marginal Standing Facility (MSF) rate will stand adjusted to 8.75 per cent with immediate effect.

Source: Notification No. RBI/2014-2015/404 [FMOD.MAOG.No.105/01.18.001/2014-15] dated: January 15, 2015

➡ Roadmap-Provision of Banking Services in Villages with Population below 2000

Pradhan Mantri Jan Dhan Yojana (PMJDY) has been launched by the Hon'ble Prime Minister on 28th August, 2014 and Phase I of PMJDY is being implemented through banks in a time bound manner for completion by August 14, 2015. In this connection, attention is invited to circular RPCD.CO.LBS.BC.No. 86/02.01.001/2011-12 dated June 19, 2012 wherein state-level banking committees (SLBCs) were advised to prepare a roadmap and cover all unbanked villages with population less than 2000 for providing banking services in a time-bound manner (latest by March 2016). Keeping in view the ongoing implementation of PMJDY, SLBC Convenors banks and lead banks are advised to complete the process of providing banking services in unbanked

villages with population below 2000 by August 14, 2015 in line with the PMJDY instead of March 2016 prescribed earlier.

*Source: RBI/2014-15/382,
FIDD.CO.LBS.BC.No. 47/02.01.001/2014-15 dated: January 2, 2015*

➡ Security for External Commercial Borrowings

With a view to liberalizing, expanding the options of securities and consolidating various provisions related to creation of charge over securities for ECB at one place, it has been decided that AD Category-I banks may allow creation of charge on immovable assets, movable assets, financial securities and issue of corporate and / or personal guarantees in favour of overseas lender / security trustee, to secure the ECB to be raised / raised by the borrower, subject to satisfying themselves that:

(i) the underlying ECB is in compliance with the extant ECB guidelines, (ii) there exists a security clause in the Loan Agreement requiring the ECB borrower to create charge, in favour of overseas lender / security trustee, on immovable assets / movable assets / financial securities / issuance of corporate and / or personal guarantee, and (iii) No objection certificate, wherever necessary, from the existing lenders in India has been obtained. Once aforesaid stipulations are met, the AD Category-I bank may permit creation of charge on immovable assets, movable assets, financial securities and issue of corporate and / or personal guarantees, during the currency of the ECB

with security co-terminating with underlying ECB, subject to certain conditions.

Source: Notification - RBI/2014-15/377, A.P. (DIR Series) Circular No. 55 dated: January 01, 2015

➡ Gold Loan – Bullet Repayment

In reference to circular RPCD.CO.RF.BC.No.60/07.37.02/2009-10 dated March 5, 2010 wherein StCBs/CCBs were permitted to grant gold loans up to Rs. 1.00 lakh with bullet repayment option. On a review, it has been decided to increase the quantum of loan that could be granted under the scheme, from Rs. 1.00 lakh to Rs. 2.00 lakh subject to the following conditions:

(i) The period of the loan shall not exceed 12 months from the date of sanction.

(ii) Interest will be charged to the account at monthly rests but will become due for payment along with principal only at the end of 12 months from the date of sanction.

(iii) StCBs/CCBs should maintain a Loan to Value (LTV) ratio of 75% on the outstanding amount of loan including the interest on an ongoing basis, failing which the loan will be treated as a Non Performing Asset (NPA).

(iv) The valuation of gold would be as per instructions contained in para 3 of the circularRPCD.RRB.RCB.BC.No.08/03.05.3/2014-15 dated July 1, 2014.

Source: Notification No. RBI/2014-15/395[DCBR.CO.BPD(RCB).Cir.No.11/13.05.001/2014-15] dated: January 08, 2015

Taxation

➡ Business Trusts to file details of income distributed to unit holders

The statement of income distributed by a business trust to its unit holder shall be furnished to the Principal Commissioner or the Commissioner of Income-tax within whose jurisdiction the principal office of the business trust is situated, by the 30th November of the financial year following the previous year during which such income is distributed, provided that the statement of income distributed shall also be furnished to the unit holder by the 30th June of the financial year following the previous year during which the income is distributed.

The statement of income distributed shall be furnished under sub-section (4) of section 115UA by the business trust to -

- (i) the Principal Commissioner or the Commissioner of Income-tax referred to in sub-rule (1), in Form No. 64A, duly verified by an accountant in the manner indicated therein and shall be furnished electronically under digital signature;
- (ii) the unit holder in Form No. 64B, duly verified by the person distributing the income on behalf of the business trust in the manner indicated therein.
- (3) The Director General of Income-tax (Systems) shall specify the procedure for filing of Form No. 64A and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to the statements so furnished."

Source: Notification No. 03/2015 INCOME-TAX dated- 19th January, 2015

➡ Govt. notifies 'Indian National Group of International Association' for Sec. 10(23A) exemption

In exercise of the powers conferred by clause (23A) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby approves the "Indian National Group of the International Association for Bridge and Structural Engineering, IDA Building, Jamnagar House, Shahjahan Road, New Delhi-110011" for the purpose of the said clause for the Assessment Years 2013-14 to 2015-16 subject to the following conditions, namely:—

- (i) the assessee shall apply its income, or accumulate the income for application, in accordance with the provisions of the said clause (23A), solely to the objects for which it is established;
- (ii) the assessee shall not be eligible for exemption under the said clause (23A) in respect of income chargeable under the head "Income from House Property" or any income received for rendering any specified services or income by way of interest or dividends derived from its investment.

Source: Notification No. 4/2015 [F.NO. 196/36/2013-ITA.I], dated 20-1-2015

➡ Now deposit in 'Sukanaya Samridhi Account' would provide sec. 80C relief

In exercise of the powers conferred by clause (viii) of sub-section (2) of section 80C of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby specifies the 'Sukanya Samriddhi Account' for the purposes of the said clause.

Read more at:

<http://www.taxmann.com/topstories/104010000000042836/now-deposit-in-sukanaya-samridhi-account-would-provide-sec-80c-relief.aspx>

➡ **CBDT plans to celebrate 'Good Governance day' on every Wednesday by holding it as 'public meeting day'**

As a part of Prime Minister's 'Good Governance Day' promise to provide an "open and accountable administration" it has been decided that all field offices of the Income Tax Department will observe 'Public Meeting Day' during 10.00 AM to 1.00 PM every Wednesday to listen to and try to resolve the grievances of the members of the public.

Read more at:

<http://www.taxmann.com/topstories/104010000000042752/cbdt-plans-to-celebrate-good-governance-day-on-every-wednesday-by-holding-it-as-public-meeting-day.aspx>

➡ **No processing of returns for I-T refund if selected for Scrutiny**

Sub-section (ID) of section 143 of the Income-tax Act, 1961 ('Act') provides that where a notice has been issued to a taxpayer under sub-section (2) of section 143 of the Act, it shall not be necessary to process the

return in such a case. Some doubts have been expressed, in view of the words "shall not be necessary" used in the said sub-section, as to whether this provision permits processing of returns having a refund claim, where notice under section 143(2) of the Act has been issued.

The matter has been examined by the Board. "Under the existing provisions, every return of income is to be processed under sub-section (1) of section 143 and refund, if any, due is to be issued to the taxpayer. Some returns of income are also selected for scrutiny which may lead to raising a demand for taxes although refunds may have been issued earlier at the time of processing. It is therefore proposed to amend the provisions of the Income-tax Act to provide that processing of return will not be necessary in a case where notice under sub-section (2) of section 143 has been issued for scrutiny of the return."

Thus, in cases where an unprocessed return is selected for scrutiny, the legislative intent is to prevent the issue of refund after processing as scrutiny proceedings may result in demand for taxes on finalization of the assessment subsequently.

Thus Central Board of Direct Taxes, under section 119 of the Act clarifies that the processing of a return cannot be undertaken after notice has been issued under sub-section (2) of section 143 of the Act. It shall however, be desirable that scrutiny assessments in such cases are completed expeditiously.

Source: Instruction No.1/201, dt:13-01-2015



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

Fax: +91 33 2252 7993/1026/1723

Email Id: cma.ebulletin@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

Behind Every Successful Business Decision, there is always a CMA