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# e-NEWS DIGEST

THE INSTITUTE OF  
COST ACCOUNTANTS  
OF INDIA

(Statutory body under an Act of Parliament)

JANUARY 2015 | VOL. 1 | NO.1

## 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

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## INDUSTRY

### ➤ The Companies (Cost Records & Audit) Amendment Rules, 2014

MCA has notified the much awaited amendments to Cost Rules.

Cost Records applicable if turnover exceeds Rs. 35 crores

Cost Audit applicable if turnover exceeds Rs. 50 crores for regulated industry & Rs. 100 crores for others.

Rules at:

[http://www.mca.gov.in/Ministry/pdf/Amendment\\_Rules\\_01012014.pdf](http://www.mca.gov.in/Ministry/pdf/Amendment_Rules_01012014.pdf)

### ➤ Road Map Revised for Implementation of Indian Accounting Standards for Companies Other Than Banking Companies, Insurance Companies and NBFCs

In pursuance of the Budget statement, the Ministry of Corporate Affairs, Government of India after wide consultations with various stakeholders and regulators, has drawn-up a revised Road Map for companies other than Banking Companies, Insurance Companies and Non-Banking Finance Companies (NBFC's) for implementation of Indian Accounting Standards (Ind AS) converged with the International Financial Reporting Standards (IFRS).

The Indian Accounting Standards (Ind AS)

shall be applicable to the companies are:

(i) On voluntary basis for financial statements for accounting periods beginning on or after April 1, 2015, with the comparatives for the periods ending 31st March, 2015 or thereafter; (ii) On mandatory basis for the accounting periods beginning on or after April 1, 2016, with comparatives for the periods ending 31st March, 2016, or thereafter, for the companies specified below: (a) Companies whose equity and/or debt securities are listed or are in the process of listing on any stock exchange in India or outside India and having net worth of Rs.500 Crore or more. (b) Companies other than those covered in (ii) (a) above, having net worth of Rs.500 Crore or more. (c) Holding, subsidiary, joint venture or associate companies of companies covered under (ii) (a) and (ii) (b) above. (iii) On mandatory basis for the accounting periods beginning on or after April 1, 2017, with comparatives for the periods ending 31st March, 2017, or thereafter, for the companies specified below: (a) Companies whose equity and/or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India and having net worth of less than rupees 500 Crore. (b) Companies other than those covered in paragraph (ii) and paragraph (iii)(a) above that is unlisted companies having net worth of rupees 250 crore or more but less than rupees 500 Crore. (c) Holding, subsidiary, joint venture or associate companies of companies covered under paragraph (iii) (a) and (iii) (b) above. However, Companies whose securities are listed or in the process of listing on SME

exchanges shall not be required to apply Ind AS. Such companies shall continue to comply with the existing Accounting Standards unless they choose otherwise. (iv) Once a company opts to follow the Indian Accounting Standards (Ind AS), it shall be required to follow the Ind AS for all the subsequent financial statements. (v) Companies not covered by the above roadmap shall continue to apply existing Accounting Standards prescribed in Annexure to the Companies (Accounting Standards) Rules, 2006.

Read more at:

<http://pib.nic.in/newsite/PrintRelease.aspx?relid=114300>

*Source: Press Information Bureau Government of India, MCA | January 02, 2015*

### ➤ Labour Ministry plans affordable housing scheme for EPFO subscribers

The labour ministry is preparing a mega housing scheme to offer affordable houses to over 5 crore subscribers of retirement fund body EPFO in the backdrop of the government's mission 'Housing for all by 2022'. The ministry intends to collaborate with PSU banks, housing finance companies, state-owned construction firms like NBCC and authorities like DDA, PUDA, HUDA to build houses at a price to be fixed by the government. "Labour ministry is preparing a scheme under which affordable houses will be provided to the Employees' Provident Fund Organization (EPFO) subscribers,

particularly those who are in the low-income bracket," a source in the ministry said.

Read more at:

[http://articles.economictimes.indiatimes.com/2015-01-05/news/57705339\\_1\\_over-5-crore-subscribers-retirement-fund-body-epfo-epfo-subscribers](http://articles.economictimes.indiatimes.com/2015-01-05/news/57705339_1_over-5-crore-subscribers-retirement-fund-body-epfo-epfo-subscribers)

*Source: PTI | Jan 5, 2015*

### ➤ Excise duties on petrol, diesel raised

The central government raised the excise duties on petrol and diesel by Rs 2 a litre to fund an "ambitious infrastructure development programme" this and the next financial year, including 15,000 km of road construction. End-users, will, however, be spared a price rise, as oil marketing companies will absorb the rise in duties. The rise in duties, would fetch the government additional revenue of Rs 6,000-7,000 crore in the remaining months of this financial year, sources said. The plan to use proceeds from the excise duty increase for infrastructure comes at a time when the Centre is struggling to meet its FY15 fiscal deficit target of 4.1 per cent of gross domestic product.

*Source: Business Standard | January 01, 2015*

### ➤ Govt approves 8 FDI proposals worth Rs. 35 crore

Government has cleared eight foreign investment proposals worth about Rs.34.77 crore including that of CSC Computer Sciences International Operations and Life

Positive Private Ltd. The UK-based CSC Computer Sciences International Operations had sought permission for setting up a LLP with an investment of about Rs.30 crore, while, Life Positive seeks to increase foreign equity participation from existing 96 per cent to 99 per cent and induction of further FDI of about Rs.4.61 crore by foreign collaborators. Read more at:

<http://www.thehindu.com/business/Economy/8-fdi-proposals-worth-rs-35-crore-cleared/article6738800.ece>

Source: PTI / December 30, 2014

### ➤ Non-subsidized LPG price cut by Rs 43.5 a cylinder

In line with declining global crude oil prices, oil marketing companies (OMCs) on Thursday cut prices of non-subsidized cooking gas, or liquefied petroleum gas (LPG), by Rs 43.50 a 14.2-kg cylinder and jet fuel by 12.5 per cent. The oil companies have, however, not cut prices of diesel and petrol as expected on Wednesday. The companies plan to use the benefit accruing from the dip in crude prices to offset inventory losses of over Rs 14,000 crore. A non-subsidized LPG cylinder will now cost Rs 708.50 in Delhi, the fifth straight reduction in rates of market-priced LPG since August this year. Consumers use non-subsidized LPG after exhausting their quota of 12 subsidized cylinders in a year.

Read more at:

<http://www.businessstandard.com/article/economy-policy/non-subsidised-lpg-price-cut->

[by-rs-43-5-a-cylinder-atf-becomes-12-5-cheaper-115010100285\\_1.html](http://www.businessstandard.com/article/economy-policy/non-subsidised-lpg-price-cut-by-rs-43-5-a-cylinder-atf-becomes-12-5-cheaper-115010100285_1.html)

### ➤ V Balasubramanyam takes charge as new director of National Aluminium Company Limited

V Balasubramanyam, executive director (production), National Aluminium Company Limited (Nalco) took charge as the new director (production) of the state-owned aluminium company on January 1, 2015. His elevation to the company's board follows the superannuation of S S Mohanty on December 31, 2014.

Source: Economic Times / 3 Jan, 2015

## BANKING

### ➤ Business houses with assets over Rs 1 thousand crore with NBFCs can't apply for permit: RBI

The Reserve Bank of India on Thursday clarified that business houses with assets above Rs 1,000 crore with finance companies will not be eligible to apply for a small bank license. The regulator also said that existing non-banking finance companies have to fold their operations into the small bank. All rules and regulations applicable for normal banks such as the use of ATMs and cheque books issuance will be applicable to these banks as well, the regulator said in clarifications released on its website.

Read more at:

<http://economictimes.indiatimes.com/news/economy/policy/houses-with-assets-over-rs-1-thousand-crore-with-nbfc-cant-apply-for-permit-rbi/articleshow/45723566.cms>

Source: *Economic Times* | Jan 2, 2015

### ➤ Reserve Bank of India relaxes norms for external commercial borrowings

The Reserve Bank of India (RBI) introduced changes in external commercial borrowings (ECB) norms under which authorized money changing banks have been allowed to create a charge on securities. The decision was taken with a view to liberalising, expanding the options of securities and consolidating various provisions related to creation of charge over securities for ECB at one place, the RBI said in a notification. Read more at:

<http://businesstoday.intoday.in/story/reserve-bank-rbi-eases-external-commercial-borrowing-ecb-norms/1/214163.html>

Source: *Economic Times* | Jan 2, 2015

### ➤ Security for External Commercial Borrowings

With a view to liberalising, 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*

### ➤ Allahabad Bank cuts rate on retail term deposits to 8.75%

State-run Allahabad Bank has cut interest rate on retail term deposits having maturity period of one year to less than five years by 0.15 per cent to 8.75 per cent.

Source: *PTI* | Dec 31, 2014

### ➤ Withdrawal of all old series of Banknotes issued prior to 2005

RBI has been decided to extend the date for

exchanging the pre-2005 banknotes to June 30, 2015.

*Source: Notification No. RBI/2014-15/373 DCM (Plg) No.G-8 /3004/10.27.00/2014-15 dated: December 31, 2014*

### ➔ **ICICI Bank adopts village in Gujarat to make it digital**

ICICI Bank announced to adopt Akodara village of Sabarkantha district under its 'Digital Village' pilot project to boost Centre's 'Digital India' drive. The announcement was made by ICICI Bank Chairman and Managing Director Chanda Kochhar during her courtesy meeting with Gujarat Chief Minister Anandi Patel at Gandhinagar. Kochhar briefed Patel about how the village will be covered through networking and wi-fi facility, stated an official press release of state government. During the meeting, Patel urged the ICICI Bank chief to contribute in building toilets in villages and help the government in its fight against malnutrition under corporate social responsibility (CSR).

*Source: PTI | Dec 30, 2014*

### ➔ **Post offices to issue ATM-cum-debit cards for savings account holders**

Post office savings bank accounts can now be operated through ATMs. The Centre has amended the Post Office Savings Bank General Rules accordingly following the Budget announcement in this regard. This facility, however, will be available only in post offices that are on core banking solution (CBS) platform. A notification said: "In case

of an account standing at any post office with a core banking solution platform in place, the Post office Savings Bank shall issue ATM or debit card to the account holder on payment of such fee as may be prescribed by the Central Government." Currently, 676 post offices are on CBS. Four head post offices (Delhi, Mumbai, Kolkata and Chennai) have gone live on ATM. This entire project is part of the Rs.4, 909-crore IT modernization project of the Department of Posts. The department aims to take the ATM network to 2,800 by 2015.

Read more at:

<http://www.thehindubusinessline.com/news/post-offices-to-issue-atm-cum-debit-cards-for-savings-account-holders/article6739268.ece>

### ➔ **RBI eases norms for Indian companies investing abroad**

Encouraged by comfortable forex reserves, Reserve Bank of India today relaxed the norms for Indian companies investing abroad by doing away with the ceiling for raising funds through pledge of shares, domestic and overseas assets. "It has been decided that banks may permit creation of charge pledge on the shares of the JV/WOS... (irrespective of the level) of an Indian party in favour of a domestic or overseas lender for securing the funded or non-funded facility...under the automatic route," RBI notification said while modifying the Overseas Direct Investments norms.

Read more at:

<http://economictimes.indiatimes.com/news/economy/policy/rbi-eases-norms-for-indian-companies-investing-abroad/articleshow/45679657.cms>

*Source: PTI | Dec 30, 2014*

### ➤ Spending rate outpaces credit card issuance growth in 2014

For banks, 2014 might have been one of the worst years in terms of loan growth. However, things are different in credit cards. The growth in credit spends is at a three-year high, according to latest data from the Reserve Bank of India (RBI). While the growth in the total number of credit cards in the system at end-October was 7.5 per cent compared to 0.3 per cent in the previous year, spends logged a robust growth of 27 per cent — from Rs 17,314 crore to Rs 13,639 crore. Overall loan growth of the banking system was 10.9 per cent till December 12, according to RBI data.

Read more at:

[http://www.businessstandard.com/article/finance/credit-card-spends-outpace-growth-in-2014-114122700222\\_1.html](http://www.businessstandard.com/article/finance/credit-card-spends-outpace-growth-in-2014-114122700222_1.html)

### ➤ Overseas Direct Investments by Indian Party – Rationalization / Liberalization

In order to grant more flexibility to the Indian party, it has been decided to further liberalize certain regulations of the Notification as under:

- (i) Creation of charge on shares of JV / WOS / step down subsidiary (SDS) in favour of domestic / overseas lender
- (ii) Creation of charge on the domestic assets in favour of overseas lenders to the JV / WOS / step down subsidiary
- (iii) Creation of charge on overseas assets in favour of domestic lender.

Read in detail at:

<http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=9432&Mode=0>

Source: Notification No. RBI/2014-15/371 A.P. (DIR Series) Circular No.54 dated: December 29, 2014

## SEBI

### ➤ Single Registration for Depository Participants

As per the amendment, the existing requirement of obtaining certificate of initial registration to act as a participant and subsequently permanent registration to continue to act as a participant for each depository has been done away with. Henceforth, one certificate of initial registration and subsequently permanent registration through any depository shall be required after commencement of the Securities and Exchange Board of India (Depositories and Participants) (Amendment) Regulations, 2014. For the purpose of implementing the above registration requirements, the following guidelines are being issued:

- a. If a new entity desires to act as a participant in any of the depository, then the entity shall apply to SEBI for certificate of initial registration through the concerned depository in the manner prescribed in the DP Regulations.
- b. If an entity has been granted a certificate of registration to act as a participant through one depository and wishes to act as a participant with the other depository then it shall directly apply to the concerned

depository for approval in the manner as prescribed in the DP Regulations. The concerned depository, on receipt of the application, may grant approval to the entity after exercising due diligence and on being satisfied about the compliance of all relevant eligibility requirements including the following:

- i. The applicant, its directors, proprietor, partners and associates satisfy the Fit and Proper Criteria as defined in the SEBI (Intermediaries) Regulations, 2008;
- ii. The applicant has taken satisfactory corrective steps to rectify the deficiencies or irregularities observed in the past inspections or in case of actions initiated/ taken by SEBI/ depository(s) or other regulators. The depository may also seek details whether the Board of the applicant is satisfied about the steps taken. They may also carry out inspection, wherever considered appropriate;
- iii. Recovery of all pending fees/ dues payable to SEBI and depository; and
- iv. Payment of registration fees as prescribed in the DP Regulations. The depositories shall report to SEBI about the approval as stated above on a monthly basis.

Reference: Notification No. LAD-NRO/GN/2014-15/18/1952 dated December 24, 2014 amending the SEBI (Depositories and Participants) Regulations, 1996.

*Source: Circular - CIR/ MIRSD/5/ 2014 December 30, 2014*

### ➤ IPO bound companies will have more legroom to sell shares to foreign investors

Companies headed for an initial public offering (IPO) will have more legroom to

sell shares to foreign investors. They need not reserve 25% of the share sale for domestic mutual funds and insurers if the regulator is convinced of the disclosures regarding valuation and justification of premium. Investment bankers, with the mandate to lead some of the maiden offerings, have learnt this from recent conversations with officials of capital market regulator SEBI.

*Source: Economic Times | Dec 29, 2014*

### ➤ New corporate governance norms top SEBI's policy action list in 2014

Introduction of new corporate governance norms was one of the major milestones of the market regulator's policy initiatives in 2014. The new rules require companies to obtain shareholders' approval for related-party transactions, establish whistle-blower mechanism and make elaborate disclosures on pay packages. Another decision that will have far reaching consequences was Insider Trading Regulations. SEBI had widened the definition of insider by including persons connected on the basis of being in any contractual, fiduciary or employment relationship that allows such persons access to unpublished price sensitive information.

Read more at:

<http://www.thehindubusinessline.com/todays-paper/tp-markets/new-corporategovernance-norms-top-sebis-policy-action-list-in-2014/article6740037.ece>

### ➤ IT giants keen on upgrading SEBI's fraud detection tool

Information technology giants from India and abroad have evinced interest in Securities and Exchange Board of India (SEBI)'s proposal to upgrade business intelligence gathering software used for detecting fraudulent activities in capital markets. SEBI, the capital market regulator, last month floated a tender to upgrade the software. It has also extended the time for bid submission to January 15. Earlier, the bids were to be submitted by December-end.

Read more at:

[http://www.businessstandard.com/article/pti-stories/it-giants-keen-on-upgrading-sebi-s-fraud-detection-tool-114123000391\\_1.html](http://www.businessstandard.com/article/pti-stories/it-giants-keen-on-upgrading-sebi-s-fraud-detection-tool-114123000391_1.html)

Source: PTI | December 30, 2014

## INFRASTRUCTURE

### ➤ Smart cities: Gujarat's Dholera zone sets pace for the flagship programme in new year

The Narendra Modi government is kicking off its ambitious smart cities programme along the Delhi-Mumbai industrial corridor (DMIC) leg that is located in Gujarat. The tendering process for the Dholera special investment region in Gujarat is to be launched shortly, expected to cost worth close to Rs 3,000 crore for building trunk infrastructure on the 22.5 square km. The smart city close to Ahmedabad will cover a route length of 920 km on the corridor, of which 154 km will be developed in the first phase. It will be followed by three others by March. The 2,700-km DMIC was sanctioned in 2007. Prime Minister Modi has announced

100 smart cities, some of these along industrial corridors, as it seeks to turn India into a global manufacturing hub as part of its Make in India initiative.

Source: Economic Times | Jan 5, 2015

### ➤ Petrol, diesel excise duty hike to raise Rs 10,500 crore a year for highways

The decision to hike excise tax on petrol and diesel by Rs 2 per litre will come as a big boost to highway development in the country, which is moving at a snail's pace. The increase is expected to generate nearly Rs 10,500 crore annually at a time when highway development is being pushed mainly through government-funding mode. At present, about Rs 12,000 crore comes annually for highway development from the total fuel cess collection.

Source: Times of India | Jan 2, 2015

### ➤ Modi govt's push for energy conservation: PM launches scheme for LED bulb distribution

Moving towards his government's aim to conserve energy, Prime Minister Narendra Modi launched a scheme for LED bulb distribution under the domestic efficient lighting programme in Delhi; and a National Programme for LED-based Home and Street Lighting. PM Modi also symbolically replaced one bulb in South Block, with an LED bulb. Replacement of all bulbs in South Block with LED bulbs will enable savings of 7000 units of energy each month, said a government press release.

Source: Economic Times | 5 Jan, 2015



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(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](mailto: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***