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Weekly Updates - Updated up to February 28, 2015

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Union Budget 2015-16

Key Features of Budget 2015-2016

1. Rate of corporate tax to be reduced to 25% over next four years
2. FM says exemptions for individual tax players to continue
3. Abolition of Wealth Tax
4. Additional 2% surcharge for the super rich with income of over Rs. 1 crore
5. Total exemption of up to Rs. 4, 44,200 can be achieved
6. Senior citizens above the age of 80 years, who are not covered by health insurance, to be allowed deduction of Rs. 30000 towards medical expenditures.
7. Deduction limit of Rs. 60000 with respect to specified disease of serious nature enhanced to Rs. 80000 in case of senior citizen.
8. Health Insurance Premium deduction hiked from Rs 15,000 to Rs 25,000; for senior citizens to Rs 30,000
9. Transport allowance exemption hiked to Rs 1,600, from Rs 800 per month
10. Limit on deduction on account of contribution to a pension fund and the new pension scheme increased from Rs 1 lakh to Rs 1.5 lakh.
11. Additional deduction of Rs 50000 for contribution to the new pension scheme u/s 80CCD
12. Direct Taxes Code (DTC) dropped Rs 50,000 deduction for contribution to New Pension Scheme. Govt to allow exemption of Rs 1.5 lakh under new pension scheme
13. PAN must for any sale exceeding Rs 1 lakh
14. Domestic transfer pricing threshold limit increased from RS 5 crore to Rs 20 crore.
15. MAT rationalised for FIIs and members of an AOP.
16. Service tax increased to 14 per cent
17. Service tax exemption extended to pre-cold storage warehousing
18. GST to be implemented from next year
19. Govt defer General Anti Avoidance Rule by 2 years
20. Income tax on royalty fees for technical reduced to 10%
21. Increase in basic custom duty:
 - Metallurgical coke from 2.5 % to 5%.
 - Tariff rate on iron and steel and articles of iron and steel increased from 10% to 15%.
 - Tariff rate on commercial vehicle increased from 10 % to 40%.
22. Basic custom duty on digital still image video camera with certain specification reduced to nil.
23. Excise duty:
 - Excise duty on rails for manufacture of railway or tram way track construction material exempted retrospectively from 17-03-2012 to 02-02-2014, if not CENVAT credit of duty paid on such rails is availed.
 - Excise duty exemption for captively consumed intermediate compound

- coming into existence during the manufacture of agarbathi.
- Specific rates of central excise duty in case of certain other commodities revised.
 - Excise duty levy on cigarettes and the compounded levy scheme applicable to pan masala, gutkha and other tobacco products also changed.
 - Excise duty on footwear with leather uppers and having retail price of more than Rs 1000 per pair reduced to 6%.
 - Excise duty on sacks and bags of polymers of ethylene other than for industrial use increased from 12% to 15%.
24. Time limit for taking CENVAT credit on inputs and input services increased from 6 months to 1 year.
 25. Govt to have 100% tax deduction for Swachh Bharat and Clean Ganga
 26. Petroleum subsidy to be Rs 30,000 cr in FY16. Fuel subsidy at Rs 60,270 crore in FY15
 27. Renewable Energy - Rs. 75 crore for electric cars production and Renewable energy target for 2022: 100K MW in solar; 60K MW in wind; 10K MW in biomass and 5K MW in small hydro
 28. Focus on Make in India for quick manufacturing of Defence equipment.
 29. 5 new Ultra Mega Power Projects, each of 4000 MW, in the Plug-and-Play mode
 30. Ports in public sector will be encouraged, to corporatize, and become companies under the Companies Act to attract investment and leverage the huge land resources.
 31. Sharp increase in outlays of roads and railways. Capital expenditure of public sector units to also go up.
 32. Two other programmes to be introduced- GST & JAM Trinity.
 33. MUDRA bank will refinance micro finance orgs. to encourage first generation SC/ST entrepreneurs.
 34. Government committed to the on-going schemes for welfare of SCs, STs and Women Infrastructure. In lending, priority will be given to SC/ST enterprises.
 35. Housing for all - 2 crore houses in Urban areas and 4 crore houses in Rural areas.
 36. At least one member has access to means for livelihood.
 37. Electrification of the remaining 20,000 villages including off-grid Solar Power- by 2020
 38. Tax free bonds for roads, railways, irrigation projects
 39. Benami property transaction bill to tackle black money transaction in real estate soon.
 40. AIIMS in Jammu and Kashmir, Punjab, Tamil Nadu, Himachal Pradesh, Bihar and Assam.
 41. IIT in Karnataka; Indian Institute of Mines in Dhanbad to be upgraded to IIT
 42. IIT in Karnataka; Indian Institute of Mines in Dhanbad to be upgraded to IIT.

Read more at:

<http://indiabudget.nic.in/ub201516/bh/bh1.pdf>

Railway Budget 2015-16

Rail Budget 2015 Highlights:

- No increase in passenger fares.
- Prabhu said the Indian Railways will spend Rs 96,182 crore on capacity expansion in FY16.
- Railway Minister Suresh Prabhu also announced the move towards paperless ticketing.
- Wi-Fi services in all category of A & B stations.
- The minister announced E-catering in 108 trains and ordering food on the IRCTC website.
- Prabhu announced mobile charging stations for general class coaches
- More general class coaches will be added to select trains for benefit of the common man
- Passengers will now be able to book food options from IRCTC website.
- The Railway Minister proposed to increase the number of advanced booking days to 120 days.

Read more at:

http://www.moneycontrol.com/news/economy/rail-budget-2015-highlights-no-passenger-fare-hike-better-consumer-experience-assured_1314259.html?utm_source=ref_article

Industry

➔ **India's forex reserves scale new heights at \$333 billion**

India's foreign exchange reserves have hit a fresh high, rising by USD 2.956 billion to USD 333.169 billion in the week to February 13, helped by a healthy increase in foreign currency assets. In the previous week, the reserves had increased by USD 2.329 billion to USD 330.213 billion.

Read more at:

http://economictimes.indiatimes.com/articleshow/46324099.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➔ **Government looks at strengthening CSA, DGCI&S proposed to be nodal body for services trade data collection**

The government is considering fresh law with enforceable and stiff penalties to ensure that companies provide accurate and timely services trade data. It is also looking at the option of strengthening the existing Collection of Statistics Act (CSA).

Read more at:

http://economictimes.indiatimes.com/articleshow/46375843.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➔ **Budget 2015: Now chit fund foremen to pay service tax**

The government has decided to impose service tax on chit fund foremen or those who organize such investment schemes. According to the Union Budget 2015-16, presented in the Parliament by Finance Minister Arun Jaitley, chit fund foremen would have to pay service tax.

Read more at:

http://economictimes.indiatimes.com/articleshow/46414981.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➡ **14th Finance Commission calls for reforms in property tax regime**

In a significant recommendation, the 14th Finance Commission has called for reforms in property tax regime by giving powers to panchyats and municipalities to levy the tax on plinth basis with a provision for periodic revision and minimizing grant of exemptions. Read more at:

http://economictimes.indiatimes.com/articleshow/46372460.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➡ **All BRICS members to have equal shareholding in new bank**

Each of the five BRICS member countries will have equal shareholding in the New Development Bank and US Dollar will be base currency for the lender, External Affairs Minister Sushma Swaraj said.

Read more at:

http://economictimes.indiatimes.com/articleshow/46385912.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➡ **SEZ developers bat for lower taxes**

Special economic zone (SEZ) developers on Wednesday urged the government to either

withdraw the minimum alternate tax (MAT) and dividend distribution tax (DDT) from the tax-free enclaves or reduce the rates in order to make the zones financially viable.

Read more at:

http://www.businessstandard.com/article/economy-policy/sez-developers-bat-for-lower-taxes-115022501146_1.html

➡ **Centre resolute to pass insurance bill; notifies 49% FDI in sector**

The government notified rules to implement the decision to increase foreign direct investment limit in the insurance sector to 49 per cent, signalling its resolve to get the law passed in the Budget session of Parliament that starts on Monday.

Read more at:

http://economictimes.indiatimes.com/articleshow/46319059.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➡ **Minimum subscription for NCDs by NBFCs fixed at Rs 20,000**

RBI today fixed minimum subscription per investor at Rs 20,000 for private placement of non-convertible debentures (NCDs) with maturity of more than one year by non-banking financial companies. "NBFCs shall put in place a Board approved policy for resource planning which, inter-alia, should cover the planning horizon and the periodicity of private placement," it said in a notification.

It further said there should be a limit of 200 subscribers for every financial year, for

issuance of NCDs with a maximum subscription of less than Rs 1 crore, and such subscription should be fully secured. "There shall be no limit on the number of subscribers in respect of issuances with a minimum subscription of Rs 1 crore and above," the guidelines added. It further said an NBFC (excluding core investment companies) should issue debentures only for deployment of funds on its own balance sheet and not to facilitate resource requests of group entities, parent company or associates.

Read more at:

http://economictimes.indiatimes.com/articleshow/46317260.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➡ **Budget 2015 lays emphasis on soft infrastructure in the country: C. Sasidhar**

The Union Budget 2015-16 presented by the Hon'ble Union Finance Minister could have a high and long lasting impact on society with its emphasis on rural and infrastructure development.

The Government's strong intent to boost infrastructure development in India with the National Investment and Infrastructure Fund along with the introduction of tax-free infrastructure bonds for projects in railways and roads are commendable. The clarity provided to foreign investors on the tax regime as also the potential ease of making investments will only encourage infusion of much needed funds in Indian infrastructure industry.

The performance of any Government is often based on the impact on the lower

denominators of society. The Union Budget is inclusive in every sense of the word with proposals for the urban middle class, agricultural sector, minority youth, women empowerment, rural India, physically challenged and senior citizens of the country. It is a budget which lays emphasis on developing the core and soft infrastructure in the country to truly Make India.

Read more at:

http://economictimes.indiatimes.com/articleshow/46413258.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➡ **Bad loans in PSU banks up 3-fold to Rs 2.17 lakh crore in 3 years**

Bad loans in public sector banks more than tripled to about Rs 2.17 lakh crore in three years to March 2014, government said in Parliament. "NPAs (non-performing assets) of the banks have gone up during the last few years. Gross NPAs of the public sector banks increased from Rs 71,080 crore in 2011 to Rs 2,16,739 crore as on March 31, 2014," Minister of State for Finance Jayant Sinha said in a written reply in Rajya Sabha. Earlier this year, government had organized a confluence of PSU banks in Pune to discuss about banks' differential strategic funds, capacity building, technology enabled transformation and strengthening risk management among others.

Read more at:

http://economictimes.indiatimes.com/articleshow/46358171.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➤ Assam Govt mandates e-filing of import declarations

CST & VAT/INDIAN ACTS & RULES: Assam Value Added Tax (Second Amendment) Act, 2014 – Amendment in Sections 75 and 77.

Read more at:

<http://gst.taxmann.com/topstories/104010000000042976/assam-govt-mandates-e-filing-of-import-declarations.aspx>

Company Law

➤ The Companies (Indian Accounting Standards) Rules, 2015

They shall come into force on the 1st day of April, 2015. MCA mandates IndAS from FY16-17 for companies having net worth above Rs 500 crore; notifies IndAS rules. The accounting standards as specified in the Annexure to these rules to be called the Indian Accounting Standards (Ind AS) shall be the accounting standards applicable to classes of companies specified in rule 4. Read more:

<http://www.mca.gov.in/MinistryV2/Stand.html>

➤ Form No. GNL-4 for filing addendum for rectification of defects or incompleteness notified

Rule 10 has been amended to include sub rule 7 which provides for submission of further/ additional information/ documents called for, in respect of application/ e-form/ document

filed electronically with the MCA in Form No. GNL – 4. Read more at:

http://www.mca.gov.in/Ministry/pdf/Amendment_Rules_2015_24022015.pdf

➤ Companies (Declaration and Payment of Dividend) (Amendment) Rules, 2015

In the Companies (Declaration and Payment of Dividend) Amendment Rules, 2014, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide G.S.R. No. 397(E), dated the 12th June, 2014, after the words *AMARDEEP SINGH BHATIA, Jt. Secy.", the following Foot Note shall be inserted.

Read more at:

http://www.mca.gov.in/Ministry/pdf/Amendment_Rules_2015_24022015_1.pdf

Banking

➤ Banks' median base lending rate down by 0.05% after RBI rate cut

Banks' median base lending rate declined by 0.05 per cent to 10.20 per cent in February following reduction in key interest rate by RBI to 7.75 per cent in January, Parliament was informed today. "Following the reduction in the policy rate by 25 basis points (0.25 per cent) to 7.75 per cent on January 15, the median base (lending) rate of banks has declined by 5 bps (basis points) to 10.20 per cent up to February 23," MoS Finance Jayant Sinha said in a written reply in the Lok Sabha.

Read more at:

http://economictimes.indiatimes.com/articleshow/46398236.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➤ **Minimum subscription for NCDs by NBFCs fixed at Rs 20,000**

RBI today fixed minimum subscription per investor at Rs 20,000 for private placement of non-convertible debentures (NCDs) with maturity of more than one year by non-banking financial companies.

Read more at:

<http://rbidocs.rbi.org.in/rdocs/notification/PDFs/DNBRPC20022015.pdf>

➤ **Reform to create capacities for strong governance: RBI's Raghuram Rajan**

Reserve Bank of India governor Raghuram Rajan on Friday said reforms must focus on creating capacities to provide a strong government instead of creating 'layers' that become obstacles. "Let me emphasise, we need 'checks and balances', but we should ensure a balance of checks. We cannot have escaped from the 'license permit raj' only to end up in the 'appellate raj'," Rajan said while speaking on 'democracy, inclusion and prosperity' at the DD Kosambi Ideas Festival in Goa.

Read more at:

http://economictimes.indiatimes.com/articleshow/46319148.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➤ **RBI to conduct reverse repo and MSF operations on Saturdays**

In a bid to tide over liquidity issues of banks in weekends, the Reserve Bank of India (RBI) has decided to conduct reverse repo and Marginal Standing Facility (MSF) operations on all Saturdays. The reverse repo and MSF operations conducted on Saturdays will ordinarily be for a tenor of two days with reversal on the following Monday.

Read more at:

http://www.businessstandard.com/article/finance/rbi-to-conduct-reverse-repo-and-msf-operations-on-saturdays-115022001046_1.html

➤ **RBI's new base rate norm leads to delay in revision of rates, say bankers**

The recent directive by the Reserve Bank of India on computation of base rate is proving to be a stumbling block for lenders in reducing the base rate. This is because cost of funds hasn't come down as expected, say bankers. Read more at:

http://www.businessstandard.com/article/finance/rbi-s-new-base-rate-norm-leads-to-delay-in-revision-of-rates-say-bankers-115022500183_1.html

➤ **Jan Dhan overdraft eligible for priority sector lending: RBI**

Overdraft facilities extended under the Pradhan Mantri Jan Dhan Yojana (PMJDY) will qualify as priority sector lending, the Reserve Bank of India (RBI) has notified. "It

has been decided that overdrafts extended by banks up to Rs 5,000 in PMJDY accounts will be eligible for classification under priority sector advances ('others' category)," RBI said. However, for this, the borrower's household annual income should not exceed Rs 60,000 in rural areas and Rs 1, 20,000 in non-rural areas.

Read more at:

http://www.businessstandard.com/article/finance/jan-dhan-overdraft-eligible-for-priority-sector-lending-rbi-115022501250_1.html

Infrastructure

➤ Budget 2015 focuses on road network on borders with China, Pakistan

NDA government has in its infrastructure development initiatives focused on connecting with all weather roads along borders with nearly 100 per cent increase in allocation for construction of roads along Sino-India and Indo-Pak boundaries.

Keeping in mind the facilitation of troops along the 4,056-km Sino-India border stretching from 'Karakoram point' of Ladakh region in Jammu and Kashmir to 'Fish Tail' in Arunachal Pradesh, the Government has earmarked Rs 300 crore in 2015-16 budget, a figure which is almost double of allocation during the last fiscal when it stood at Rs 156.47 crore. The infrastructure facilities along this border were needed as Indian troops - the Indo-Tibetan Border Police and the Army - have been facing severe

restrictions in their movement whereas Chinese People's Liberation Army could reach the last post easily because of good metallic roads.

Read more at:

<http://economictimes.indiatimes.com/news/economy/infrastructure/budget-2015-focuses-on-road-network-on-borders-with-china-pakistan/articleshow/46411261.cms>

➤ Government committed to create robust infra for economic growth: President Pranab Mukherjee

A robust infrastructure is the engine to economic growth and the government is committed to infuse new vitality in sectors such as highways, ports and railways, President Pranab Mukherjee said. Road Transport and Highways Minister Nitin Gadkari said both ports and highways sectors will see Rs 10 lakh crore investment by 2019. "New standards have been set to improve quality of roads, both on highways and in rural areas, and electronic tolling has been introduced for hassle-free traffic on selected highways," he said. "e-Rickshaw and e-Cart have been introduced as a separate category under the Motor Vehicles Act, 1988, enhancing convenience of passengers and generating thousands of jobs," he added.

"Government has also formulated 'Sagar Mala' project to promote Port-led development of the coastal regions and communities." As part of 'Make in India' initiative, ship designing capabilities, ship-building and ship-repair activities will be strengthened," Mukherjee said. An

environment is being created to increase the Indian shipping tonnage and reduce the transaction time on ports, he said, adding, "an institutional arrangement for comprehensive development of National Waterways for transportation has been envisaged through the 'Jal Marg Vikas' Project."

Gadkari said a new Bill will be introduced in Parliament in the current session to convert 101 rivers into waterways in addition to existing five in the country.

Read more at:

http://economictimes.indiatimes.com/articleshow/46341828.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➤ **Twelve smart cities to come up at ports with Rs 50k-crore investment**

The government is working on an ambitious plan to build one smart city each at the country's 12 major ports, at an estimated total investment of Rs 50,000 crore, Union Minister Nitin Gadkari has said. "Each port will construct one smart city. We are trying to do this. Each city will be built with an expenditure of about Rs 3,000-4,000 crore," said the Minister for Road Transport, Highways and Shipping.

"These will be green smart cities. We are starting work on these in four to six months. You will see all these complete in five years," Gadkari told in an interview.

Read more at:

http://economictimes.indiatimes.com/articleshow/46330673.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

[rest&utm_medium=text&utm_campaign=cppst](http://economictimes.indiatimes.com/articleshow/46330673.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

➤ **Budget Highlights – Infrastructure**

- Sharp increase in outlays of roads and railways.
- Capital expenditure of public sector units to also go up.
- National Investment and Infrastructure Fund (NIIF), to be established with an annual flow of Rs 20,000 crores to it.
- Tax free infrastructure bonds for the projects in the rail, road and irrigation sectors.
- PPP mode of infrastructure development to be revisited and revitalized.
- Atal Innovation Mission (AIM) to be established in NITI to provide Innovation Promotion Platform involving academicians, and drawing upon national and international experiences to foster a culture of innovation , research and development. A sum of Rs 150 crore will be earmarked.
- Concerns of IT industries for a more liberal system of raising global capital, incubation facilities in our Centres of Excellence, funding for seed capital and growth, and ease of Doing Business etc. would be addressed for creating hundreds of billion dollars in value.
- (SETU) Self-Employment and Talent Utilization) to be established as Techno-financial, incubation and facilitation programme to support all aspects of start-up business. RS 1000 crore to be set aside as initial amount in NITI.
- Ports in public sector will be encouraged, to corporatize, and become companies under the Companies Act to attract investment and leverage the huge land resources.

- An expert committee to examine the possibility and prepare a draft legislation where the need for multiple prior permission can be replaced by a pre-existing regulatory mechanism. This will facilitate India becoming an investment destination.

Foreign Trade

➤ Budget 2015: India to introduce gold deposit accounts, no mention of import duty

To curb gold imports and monetise large idle stocks of the precious metal, Finance Minister Arun Jaitley announced three schemes, including redeemable gold bonds which will carry a fixed rate of interest.

The minister proposes to introduce a gold monetisation scheme, which will replace both the present gold deposit and gold metal loan Schemes.

Read more at:

http://economictimes.indiatimes.com/articleshow/46408583.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➤ India second largest importer of swiss gold

As much as three-fifths of India's total gold imports last year came from Switzerland, reflecting a significant jump in just a couple of years. India imported 471.9 tonnes of gold from Switzerland in 2014, according to

precious metals consultancy GFMS Thomson Reuters that quoted a country-by-country breakdown of gold imports and exports released by the Alpine country for the first time since 1980. This represents 61% of India's total gold imports of 769 tonnes last year as per World Gold Council data. Industry sources say that the quantum of gold imports from Switzerland has increased to around 60% in 2013 and 2014 from an average 45-50% in the decade through 2012.

Read more at:

http://economictimes.indiatimes.com/articleshow/46405187.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➤ Budget 2015: Commerce Ministry seeks cut in gold import duty

The commerce ministry has pitched for a reduction in the import duty on gold in its budget recommendations to the ministry of finance to encourage gems and jewellery exports and manufacturing. The substantial decline in gold imports accompanied by the poor performance of the gems and jewellery sector prompted the commerce department to seek a cut in import duty that was raised to 10% from 2% in phases by the previous government to narrow the current account deficit.

Read more at:

http://economictimes.indiatimes.com/articleshow/46379884.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst



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