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**Members in Industry - Training & Placement
Institute of Cost Accountants of India**



Behind every successful business decision, there is always a CMA

Institute of Cost Accountants of India
(Statutory body under an Act of Parliament)

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THE INSTITUTE OF COST ACCOUNTANTS OF INDIA (erstwhile The Institute of Cost and Works Accountants of India) was first established in 1944 as a registered company under the Companies Act with the objects of promoting, regulating and developing the profession of Cost Accountancy.

On 28 May 1959, the Institute was established by a special Act of Parliament, namely, the Cost and Works Accountants Act 1959 as a statutory professional body for the regulation of the profession of cost and management accountancy.

It has since been continuously contributing to the growth of the industrial and economic climate of the country.

The Institute of Cost Accountants of India is the only recognised statutory professional organisation and licensing body in India specialising exclusively in Cost and Management Accountancy

MISSION STATEMENT

The CMA Professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting.

VISION STATEMENT

The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally

IDEALS THE INSTITUTE STANDS FOR

- to develop the Cost and Management Accountancy profession
- to develop the body of members and properly equip them for functions
- to ensure sound professional ethics
- to keep abreast of new developments

Behind every successful business decision, there is always a CMA

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ECONOMY UPDATES

CMA Dr. M. GOVINDARAJAN

From the Editor's Desk

Greetings!

Members in Industry – Training and Placement Committee of The Institute of Cost Accountants of India aim to serve the Profession, the Membership, the Student Fraternity creating a link between the stakeholders, the authorities, the corporate, the sister bodies within and outside India through professional approach in all manner. The knowledge acquired, transformed with skill sharpened with delivery is the main motto. To serve one needs knowledge, to serve one needs skill, to serve one needs attitude, to serve one needs efficiency, to serve one needs to update with all latest developments and requirements of the economy, the industry, the corporate, the profession.

The Institute of Cost Accountants of India through one of the vital committee Members in Industry – Training and Placement expands its wings in reaching the requisite aspects in many a manner. One of such activities to reach one and all is through communication and effective timely sharing of thoughts, knowledge and articles. The E Bulletin approach of reaching many began a few months back is just another step of ensuring the above.

The authors whose own thoughts, knowledge and experience sharing needs high appreciation for making it and the purpose for which it has been initiated. While we thank the members who have voluntarily come forward for such initiatives, we also wish and request more and more interested members with the flair for communicating and skill for writing may please join us for such good cause.

The opportunities before the Profession and the Professionals are huge and in almost all areas or fields. Only thing is we need to look beyond and grab it and where it cannot be seen instantly exploration helps to achieve and even create opportunities for the future. The foreign bodies, Institutes, individual Countries and their Professionals are approaching us for mutual tie-up for better and best mutual benefits.

The President, ICAI and team are very much on the same and good news one by one will reach the kitty of the Profession and to its Professionals. The experienced seniors of the Profession, the service already extending, needs to come forward with something extra out of their valuable time to serve self, to serve the profession, to serve the future (that is budding CMAs, the budding professionals and the youth).

The Members in Industry the percentage speaks so, more than 90% are humbly requested to share the importance, to share the services available, to share the skill available, to share the expertise available, to share the experience available, to share the knowledge available, to share the professional execution available **in the form of Practicing Cost and Management Accountants (PCMAs)** with their own top management and authorities (including the MCA, the Government – both Central and State, the other departments/authorities whomsoever **they come into contact**). **It's all mutual and as simple as that. We need to grow together and together only we can grow.** The Members in Industry in India and Across the World, for that matter all CMAs should first of all should feel proud of our own Institute, of our own Profession, of our own Professionals and our acquired analytical skill and delivery of things in a professional manner. It is the majority the Members in Service who can do the best marketing for our own Profession and ensure that the Practicing Members Fraternity also grow and grow in numbers and professionally rich by all means.

The message if made clear as an Ambassador of the Profession will be best for the student fraternity, the youth and the future. Let us by our service, our gesture and execution live beyond our life by serving, serving and serving for the future to cherish and benefit.

Last but not the least, we once again request, our honorable members of the Profession to contribute through this E Bulletin also in whatever possible manner.

Editor
E Bulletin, Members in Industry (T&P)

CMA MANAS KUMAR THAKUR
PRESIDENT



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MESSAGE

The initiative of bringing out an e-bulletin for members in industry by the Committee on Members in Industry of the Institute is commendable. Capacity building of the members is of very much importance since they play an important role as ambassadors of the CMA profession in their respective industry.

With the present Government's path breaking initiatives like Make In India, Digital India etc. there are many emerging sectors in the economy coming up. This is also generating lot of opportunities for the members to make a bright career option. With the change in times, technology is also changing hence CMA professionals also need to change their outlook and enhance their skillset to meet the challenges posed by 'change'. Bulletins like this play an important role in enriching the knowledge and enhancing the skillset of our members.

I hope that this initiative of the 'Members in Industry' committee of the Institute will be continued and members will find it beneficial in the growth of their respective careers. I heartily felicitate the Chairman and Members of the Committee and wish them success in all of their endeavors.

CMA Manas Kumar Thakur

20th September 2016

Chairman's Communique



CMA P V BHATTAD

Chairman, Members in Industry –
Training and Placement, ICAI
Immediate Past President, ICAI

From the desk of Members in Industry Committee ICAI

Dear Professional Colleague,

Greetings on the occasion of Gandhi Jayanthi, Poojas

At the outset, I am overwhelmed by the enthusiastic support and guidance I am receiving from the Professional Colleagues in taking the new initiative Members in Industry- Training & Placement (MII&TP) to new heights.

Let me share the activities we undertook during the past month. As you would agree, the newly final qualified students always look out for breakthrough in their career that too through the initiatives of the Institute. In order to assist them in reaching their goals and to equip them necessary skills to face interviews,

as in the past, 1Pre-Placement orientation programme was organised in Chennai / Mumbai / Delhi / Kolkata / Vijayawada / Hyderabad / Jaipur / Ahmedabad and Bhubaneshwar. The, young CMAs, the future of our profession, received the program with great interest and I am sure this will go a long way in shaping their future.

As the students are eagerly waiting for the Campus Placement Programme of the Institute scheduled during the month of October, 2016, we are directing all our time and resources to get more and more companies for the campus placement. In order to prepare our future torch bearers in a professional way, I request all our members to convince your Corporate Colleagues in visiting our campus placement Program for finding their future managers.

placement@icmai.in or membersinindustry@icmai.in

Once again, I request all the members to share their professional views freely to the above official email ids and pass the batons to the young CMAs- the future of our great profession.

Warm Regards, I remain

A handwritten signature in blue ink, appearing to read 'P V Bhattad', with a horizontal line underneath.

INTERVIEW - CMA RAMANAND MODANI

CMA INDUSTRIALIST

BY CMA R P GORE



RPG :- We know that You have started from very humble background Can you please state what were the conditions when you started your education.

RGM :- *I come from a small village Gunj in Parbhani District in Marathwada. The village population is less than 1000. During my childhood, my village didn't have electricity, nor telephone nor proper public transport. The village was almost cut off from outside world. All a student from my village could dream and aspire was to become a Peon or Clerk or at best a Teacher. With such background, with limited knowledge and exposure, I started my schooling.*

RPG:- It must have been difficult start How you progressed to become Cost Accountant, Plus Engineering under grads from VJTI Mumbai and M M S (Finance) from NMIMS Mumbai

RGM:- *Some of students from our village used to go Schools in Taluka place called Manwath. I was always fascinated seeing them in Uniform and imagined myself in uniform. After lot of convincing my Father, he enrolled me in "Netaji Subhashchandra" School in Manwath. From IV to X class, I completed my schooling in Manwath itself. Having bagged good results in X standard, I was shifted to Aurangabad for my higher secondary education. 2 years of consistent efforts helped me get Distinction in XII and made me eligible to take admission to VJTI Mumbai. Back then, I didn't realized the importance of VJTI admission, until one of the Waitlisted student offered me lucrative incentive for declining my seat, so that he could get confirm admission. Going to a city like Mumbai and studying amongst the metro crowd, I was very anxious. But somehow, I gathered courage to join Production Engineering at VJTI and as I see it now, it was one of the best decisions*

of my life. Subsequently, I completed MMS Finance from NMIMS.

RPG:- How did you come across ICWA course ? Did it really help you in your career?

RGM:- *In Engineering we had a subject called 'Industrial costing' which was taught by Late CMA P D Phadke. Phadke Sir encouraged me to join ICWA, not only did he complete my application formalities but also paid the fees Rs 10 from his own pocket.*

(RPG had also been student of late Phadke sir & was recipient of kindness of Phadke Sir. Both were silent for some time)

There were some common subjects from Engineering and MMS which helped in better grasping ICWA subjects. My Engineering background, MMS education and ICWA qualification helped me immensely in my professional career. Starting with my first job as Engineering graduate in M/s Associate Capsule, where my first assignment itself was preparation of Capex budgeting. For this assignment, courses learnt in ICWA curriculum helped me. With short span of 3 months, I was promoted to Executive Assistant to MD. Directly working with the MD gave me very good insights in to formulating short term/long strategy for business, fund management and People management. This exposure at Associated Capsules paved the way for my entrepreneurship.

RPG:- Then you started your own When?

RGM:- *I started with minimal investment of Rs 50,000 by setting up Transformer manufacturing plant in Aurangabad in 1987. Today our company is one of the leading names in EHV Class Transformer repairs. This wouldn't have been possible without support of Late Shri Suresh Kabra and Shri B N Rathi. As my younger brother Dayanand Modani left his job, with his expertise in Tube industry, we ventured into auto component manufacturing business. Today our group companies have wide range of products- Power Transformer, Shock absorber assemblies, Press parts, Wire condensers etc. Group company names:*

- 1) Set on Site Electricals Pvt Ltd*
- 2) Accrete Electromech Pvt Ltd*
- 3) Mahesh Industries*
- 4) Shree Pressings*
- 5) Yoganand Autocomp Pvt Ltd*
- 6)*

The group has employee strength of 300+, including 40 professionally qualified staff. Our major customers are MSEB, Gabriel Ltd., Endurance, Varroc, STI Sanoh Ltd etc.

RPG :- Sorry to intervene but it was the same period when Aurangabad chapter was being formed & you had played a key role in inception of Aurangabad Chapter and are one of the founder members. It must have been really a challenging task to work & find time for the profession

RGM:- Yes, it was passion for the profession. You really feel happy when you know the chapter is opening up opportunities for professional career for hundreds of students coming from very remote location.

I am one of the founder members of Aurangabad chapter. I also held the Chairman's post for Year 2001. During my tenure, we hosted one of the most successful Regional Conference in Aurangabad. Through this conference we manage to generate surplus fund, which was utilized for acquisition of Chapter's first own office in Aurangabad.

During my association of 25 years with Aurangabad chapter, I have mentored and groomed many young CMAs through training and helping them with employment opportunities.

RPG:- Whether the Costing knowledge helps the industrialist What is your experience?

RGM:- Yes definitely. Though I am an Engineering graduate, most of time is spent in commercial activities of business like costing, budgeting, P & L, cash flow management, taxation etc. In today's world, where competition is so tough, unless you minimize your product manufacturing cost, you can't survive. Here is where knowledge of costing comes into picture. My costing knowledge has given me ability to access the commercial viability of product, find out avenues to reduce cost and be price competitive

in market. I personally believe, for an entrepreneur, commercial knowledge is equally important as technical knowledge.

RPG:- Dear Ramanand you are self-made man & an example we would always like to put before our students What would you advise our students?

RGM:- Most of the students focus more on theoretical learning of subjects and neglect practical application of concepts. So when we enter in to corporate world, they find gap in their learning Vs expectations of corporate world. Hence students should try to get as much practical training as possible through internships, part time jobs etc. Secondly, along with subject knowledge, soft skills like communication skills, presentation skills are very important in today's world. Students should also work on developing these soft skills..

RPG:- Your son Abhishek, an Engineer from BITS Pilani and MBA from XLRI Jameshpur has followed your footsteps & is now also new helping hand in the group. How do you feel?

RGM:- As Father I feel proud that my son is also pursuing ICMA and has passed 1st group of intermediate. Hope he soon becomes a CMA !

OPPORTUNITIES FOR PRACTISING COST ACCOUNTANT UNDER LIMITED LIABILITY PARTNERSHIP ACT, 2008

CMA DR. M. GOVINDARAJAN



CMA Dr. M. GOVINDARAJAN

The Limited Liability Partnership Act, 2008 (‘Act’ for short) was enacted by the Government of India which is different from partnership in some criteria. The Limited Liability Partnership (‘LLP’ for short) is a body corporate, having limited liability on the partnership. The Act provides for the appointment of at least two ‘designated partners’ who are individuals and at least one of them shall be a resident of India.

The Act gives practicing Cost Accountant a potential area for their practice.

Incorporation document

Section 11 provides the procedure for the incorporation of the LLP. Section 11© provides that there shall be filed along with the incorporation document, a statement in Form No. 2 that may be made by a practicing Cost Accountant who is engaged in the formation of the LLP and by anyone who subscribed his name to the incorporation document that all the requirements of this Act and the rules made there under have been complied with in respect of incorporation and matters precedent and incidental thereto. The Statement in the addendum to Form 2 may also be given by a practicing Cost Accountant that all the requirements of the Act and the rules made there under have been complied with, in respect of incorporation and matters precedent and incidental thereto. He is making the said statement conscientiously believing the same to be true.

LLP Form No. 4

LLP Form No. 4 is used under Rule 8, 10(3), 22(2) and 22(3) and Limited Liability Partnership Rules, 2009. (‘Rules’ for short).

LLP Form No. 4 is used for the notice of appointment, cessation, change in name/address/designation of a designated partner or partner and consent to become a partner/designated partner.

Rule 8 provides that the particulars of an individual who has given his consent to act as designated partner shall be filed in Form 4.

Rule 10(3) provides that every designated partner, shall intimate his consent to become a designated partner to the LLP and DPIN and the LLP shall intimate such DPIN to Registrar in Form No. 4.

Rule 22(2) provides that where a person becomes or ceases to be a partner or where there is any change in the name or address of the partner, the LLP shall file with the Registrar a notice in Form No. 4.

Rule 22(3) provides that in respect of a notice a person becoming a partner, the Form 4 shall include a statement signed by the incoming partner that he consents to become a partner.

The practicing Cost Accountant may give certificate in Form No. 4 and addendum to the Form No. 4 that he has verified the particulars given in Form No. 4 and its addendum (including attachment(s) from the records submitted and found them to be true and correct. He may further certify that all required attachment(s) have been completely attached to Form No. 4.

LLP Form No. 5

LLP Form No. 5 is utilized for notice for change of name under Rule 20(2). Rule 20(2) provides that notice of change of name shall be given to the Registrar in Form No. 5 within 30 days of complying with requirement of Rule 20(1). Rule 20(1) provides that the LLP may change its name by following the procedure as laid down in the LLP agreement. Where the LLP agreement does not provide such procedure, consent of all partners shall be required for changing the name of the LLP. The practicing Cost Accountant may give certificate in Form No. 5 that he has verified the particulars given in Form No. 5 (including attachment(s) from the records submitted and found them to be true and correct. He may further certify that all required attachment(s) have been completely attached to Form No.5.

LLP Form No. 8

LLP Form No. 8 is meant for filing statement of Account & Solvency. Rule 24 provides that every LLP shall keep books of accounts which are sufficient to show and explain the LLP's transactions. The books of accounts are to be preserved for eight years from the date on which they are made. For the purposes of Section 34(3) every LLP shall file the Statement of Account & Solvency in Form No.8 with the Registrar within a period of 30 days from the end of six months of the financial year to which the Statement of Account and Solvency relates. The accounts of every LLP shall be audited in accordance with the Rules. Where the partners of such LLP do not decide for audit of the accounts, such LLP shall include in the Statement of Account and Solvency a statement by the partners to the effect that the partners acknowledge their responsibilities for complying with the requirements of the Act and the Rules with respect to the preparation of books of account and a certificate in Form specified in Form No.8.

The practicing Cost Accountant may give a certificate in Form No.8 and in the appendix to the Statement of Account and Solvency that he has verified the particulars given in Form No. 8 and its appendix (including attachment(s) from the records submitted and found them to be true and correct. He may further certify that all required attachment(s) have been completely attached to Form No.8.

LLP Form No. 12

LLP form 12 is prescribed for intimating other address for service of documents under Rule 16(3). Rule 16(3) provides that the intimation of other address for service of documents to LLP shall be given in Form 12, within 30 days of complying with the requirements and fees. The practicing Cost Accountant may give certificate in Form No.12 that he has verified the particulars given in Form No. 12 (including attachment(s) from the records submitted and found them to be true and correct. He may further certify that all required attachment(s) have been completely attached to Form No.12.

LLP Form No. 15

LLP Form No. 15 is meant for giving notice for change of place of registered office under Rule 17. Rule 17 provides that the LLP may change its registered office from one place to another by following the procedure as laid down in the LLP agreement. Where the LLP agreement does not provide for such procedure, consent of all partners shall be required for changing the place of registered office of LLP to another place. The notice of change of place of registered office shall be given in Form 15 within 30 days of complying with the requirements of rule, in case of change of registered office within the same state and within 30 days of complying with sub rule (4) in case of change of registered office from one state to another state.

The practicing Cost Accountant may give certificate in Form No.15 that he has verified the particulars given in Form 15 including attachments from the records submitted and found them to be correct. He may further certify that all required attachment(s) have been completely attached to Form No. 15.

LLP Form No.17

LLP Form No.17 is used as an application and statement for the conversion of a firm into LLP pursuant to paras 2,3,4 and 16 of II Schedule and Rule 38(1) .

Para 2 of Second Schedule provides that a firm may convert into LLP by complying with the requirements as to the conversion set out in the second schedule. Upon such conversion, the partners of the firm shall be bound by the provisions of this schedule that are applicable to them.

Para 3 of Second Schedule provides that a firm may apply to convert into a LLP in accordance with the Schedule if and only if the partners of the LLP into which the firm is converted, comprise, all the partners of the firm and no one else.

Para 4 of the Second Schedule provides that a firm may apply to convert into a LLP by filing with the Registrar-

- a statement by all of its partners in such form and manner and accompanied by such fee as the Central Government may prescribe, containing the following particulars, namely:-
 - the name and registration number, if applicable, of the firm; and
 - the date on which the firm was registered under the Indian Partnership Act, 1932 or under any other law, if applicable; and
- incorporation document and statement.

Rule 16 provides that every partner of a firm that has converted into LLP shall continue to personally liable for the liabilities and obligations of the firm which were incurred prior to the conversion or which arose from any contract entered into prior to the conversion. If any such partner discharges any liability or obligation he shall be entitled to be fully indemnified by the LLP in respect of such liability or obligation.

Rule 38(1) provides that an application shall be

made in Form 17 together with statement of partners in format provided in Part B of Form 17.

The practicing Cost Accountant may give certificate that he has verified the particulars given in Form 17 including attachments from the records submitted and found them to be true and correct. He may further give certificate that all the required attachment(s) have been completely attached to the form.

LLP Form No. 18

LLP Form No.18 is meant for filing an application and Statement for conversion of a private company/unlisted public company into LLP pursuant to paras 2 and 3 of III Schedule of the Act, paras 2, 3 and 4 of the IV Schedule and Rules 39(1) and 40(1).

Para 2 of third Schedule provides that a company may convert into a LLP by complying with the requirements as to the conversion set out in third schedule. A private company may apply to convert into a LLP if and only if-

- there is no security interest in its assets subsisting or in force at the time of application; and
- the partners of the LLP to which it converts comprise all the shareholders of the company and no one else.

Upon such conversion, the company, its shareholders, the LLP into which the company has converted and the partners of that LLP shall be bound by the provisions of this Schedule that are applicable to them.

Para 3 of the third schedule provides that a private company may apply to convert into a LLP by filing with the Registrar-

- a statement by all its shareholders in Form No. 18 containing the following particulars-
 - the name and registration number of the company; and
 - the date on which the company was incorporated; and
- incorporation document and statement.

Paras 2, 3 and 4 of Fourth Schedule contains the same provisions meant for private company.

Rule 39(1) provides that an application shall be made in format provided in Part A of Form 18 together with the statement of shareholders in format provided in Part B of Form 18.

Rule 40(1) provides that an application shall be made by the unlisted company in the format provided in Part A of Form 18 together with the Statement of shareholders in format provided in Part B of Form 18.

The practicing Cost Accountant may give a certificate that he has verified the particulars furnished in Form 18, including attachment (s) from the records submitted and found them to be true and correct. He may further certify that all the required attachment (s) have been completely attached to this form.

LLP Form No. 31

LLP Form No. 31 is an application for compounding of an offence under Rule 41(1). Rule 40(1) provides that every application for the compounding of an offence shall be made in Form 31 to the Registrar who shall forward the same, together with his comments thereon, to the Central Government.

The practicing Cost Accountant may verify the information given in the application and its attachments is correct and complete to the best of his knowledge and belief.

LLP Form No. 32

LLP Form No. 32 is a form for filing addendum for rectification of defects of incompleteness in pursuance to Rule 36(6). Rule 36(6) provides that where the Registrar, on examining any application or e-Form or document finds it necessary to call further information or finds such application or e-form or document to be defective or incomplete in any respect, he shall give intimation of such information called for or defects or incompleteness noticed electronically, by placing it on the website and also by e-mail on the last intimated e-mail address of the person or the LLP, which has filed such application or e-form or document, directing him or it to furnish such information or to rectify such defects or incompleteness or to re-submit such application or e-Form or document within the period allowed.

The practicing Cost Account may certify that he has verified the particulars, including attachment(s) from the records submitted and found them to be true and correct. He may further certify that all required attachment(s) have been completely attached to this form.

- LLP Form No. 31 – Application for compounding of an offence under the Act;
- LLP Form No. 32 – Form for filing addendum for rectification of defects or incompleteness

Professional Accountants and Start-Ups- Some Issues

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CMA.R.Veeraraghavan

Professional Accountants for start-ups –Issues .

A Saying goes – “An Accountant makes a good businessman” there are people who believe professional accountants role in business is more relevant, from a business proposition, through planning and fructifying a sustainable business and travel through the same in the “ business process continuum” as a vital resource.

Start-ups is a terminology that germinates with doing the right things by taking the first step and follow through sustainable growth model to deliver good and services to the economy.

Business begins with an idea – an idea that will fetch revenue for the resources to sustain grow expand in horizon. The Idea that attracts customers, complies with the laws, is ethical to nature and for the society and builds economic value.

In the process the idea travels through various gateways and hits a lot of bumps sometimes re-directed, re-adjusted to emerging environment. Providing for all this is not a smooth ball game.

The first and foremost is that the idea though impersonal, needs a person to execute and the person should either be competent himself or search for competencies to address the fructification processes. The Key resources as anyone remember are mind, men, material and money.

The Accountant read as “ professional accountant ”

often enables himself quickly as an all-rounder to deal with environment specially relating to compliances of business laws, business negotiations, fund arrangement, project appraisal, Financial management systems, Taxation and clearances and decision supporter through numbers.

Many accountants also engage in non-traditional sphere such as human resource management, procurements, execution of turn keys- where skill set is between general to highly technical.

Start-ups is often by a few individuals without demarcated skill sets, efficiency is the key in routing the process and systems into place. Often a professional accountants are found willing to step forward, to a generalist role and ensure the team achieves the goal so, often you find the few individuals referred above invariably has an accountant in it.

Professional accounting institutes should focus on generating entrepreneurial skill set that makes an individual to be the best fit for the role in the team start-ups.

While focussing on key skill enablers such as Accountancy, finance, management and compliances is good, there need to be additional emphasis on communication, ethics, governance and entrepreneurial ability in order to make, the just certified take on assignments such as in the start-ups and deliver from day one. This would make professional accountants most sought after professionals for start-ups.

Institute of cost accountants of India has the right CBOK that includes management accounting, enhancing further to certain other paradigms and upgrading emphasis on the existing and ensuring deliveries would make CMAs most sought out professionals in the Industry governance and charity.



“CMA to CFO”

CMA Zitendra Rao

Introduction

Every one of us carries a Tag Line “Behind every successful business decision there is always a CMA”. The journey starts from the day an individual qualifies the final examination of our Institute and joins an entity either as a Management Trainee or as an Executive. In the career spanning over 30 years or so; the entities would make the CMA a key person and thus influencing most of the operational and strategic decisions. One fact is that on day one of his employment a CMA cannot be an effective decision maker. The decision is always supported some “INFORMATION” which is based on certain “DATA”.

Therefore a sort of tuning has to be practiced by every CMA. He should develop competencies to report the Information with the help of given data so as to help the superior to take an effective decision. As the CMA grows into the position of CFO – he should have acquired the required skills to read the Information provided by his colleagues and provide appropriate **business decision**. In this context an attempt is made to discuss the FRAMEWORK of Data/Information collection which would enable a CMA to have a kind of self training throughout the journey of employment. As he or she keeps getting into middle management – then goes on to become General Manager and finally heads the entity as a CFO – he will bring laurels to the phrase Cost and Management Accountant.

Objectives of the framework

- ✓ To report to the Top Management Committee on the operating aspects and as well macro level controlling parameters
- ✓ To suggest relevant Corrective and Preventive measures
- ✓ To report up on the Statutory Compliance aspects

Methodology

- ✓ Every CMA depending upon the span of control or the responsibilities been handled should ensure to have the information be reported under various aspects cited here in the Scope of Frame Work.
- ✓ FACT SHEETs are to be designed to suit the various requirements
- ✓ As a matter of concern he or she should keep a track of actions initiated with the help of information handled. This has to be practiced on a continuous basis as a matter of learning initiative.
- ✓ In a span of 30 years one can have 360 pages in the dairy of employment dedicating one page for every month or so.

Scope of Framework

Broadly the activities of a CMA in service are summarized under 3 categories viz., Compliances, Operational aspects and Strategic aspects.

➤ Compliances

- ✓ Purchase related
 - Registration of Vendors
 - Availment of Cenvat and VAT facilities
 - TDS rulings
 - Foreign Exchange aspects
 - Payment Norms
 - Legal issues with specific instances

- ✓ Infrastructure related
 - Payment of Electricity
 - Rent payments & TDS Rulings on Rents
 - Property taxes
- ✓ Employee related
 - Salaries Payment
 - PF, ESI, Professional Tax, TDS aspects
- ✓ Sales related
 - VAT returns
 - Central Excise / Service tax Returns
 - TDS receivables reconciliations
 - Service Tax reconciliations
 - Legal issues with specific instances
- ✓ Institution related
 - Term lending related
 - Interest and Principal payments
 - Compliance to the correspondence
 - Compliance to the sanction terms
- ✓ Working capital related
 - Filing of Periodical Returns
 - Report on irregularities
 - Reserve Bank of India related
- ✓ Government related
 - Periodical returns to District Industries Centre
 - Secretariat of Industrial Approvals,
 - Various Central or State Ministries,
 - Pollution Controlling authorities etc..
 - Compliance to Factories/ Shops and establishment/Labor laws/ Insurance Policies
 - Appeal matters
- ✓ Public at large related
 - Stock exchanges
 - SEBI
 - ROC
 - Investor Grievances

➤ Operational Aspects

- ✓ Overview
 - Plant activities
 - Maintenance activities
 - Electricity and Logistics aspects
 - Relationship with workforce
 - Machine Utilization aspects
 - Production – Planning issues
 - Process R&D

- Evaluation of Key Performance Indicators - Production and Sales
- Other Employee Relations and Training aspects
- Order book Position
- Income Recognition
- Customer Relations
- Realizations & Debtors Review
- Secretarial issues such as conducting Board Meets and other meets
- ✓ Treasury
 - Fund Deployment
 - Fund Generation
- ✓ Cost Management
 - Inventories and stock levels
 - Quality Costs
 - Design Changes Costs
 - Input Output ratios
 - Machine Down Time Analysis
 - Contribution analysis
- Strategic Aspects
 - ✓ New or Proposed Activities
 - Review of Feasibility
 - Proposed Means
 - Milestones
 - Status of New business segments
 - ✓ Existing Activities
 - Key factors influencing the operations
 - Growth plan for improving the efficiency and effectiveness
 - Action Plan for the smooth run
 - Market Review and Market Research

Conclusion

In this write up my endeavor is to influence the though process of CMAs (particularly the beginners) irrespective of their level or area of working in the organization to develop a Frame Work for themselves and to get connected to the Goals and Objectives of the organization. Thus the Tag line been publicized will get its due justification. All the best

--18:78--

Corporate Governance - Role elaborated for Independent Directors under Companies Act, 2013

V R Sridhar



INTRODUCTION:

‘Corporate Governance’ as understood in the modern sense of the term is a broad and somewhat undefined concept, but most observers and academicians would agree that at a minimum it refers to preventing fraud, or financial manipulation and promoting more transparent corporate reporting. The word ‘governance’ is derived originally from a Greek word and means ‘the act of governing.’ In common parlance it is the act by government in a nation/state. Government is the ‘governing body’ and what the governing body does is ‘governance’ wherein the rules are set and implemented. Simultaneously implementation is monitored to set right any deviation from right track. The increasing importance of governance mechanisms comes from a large body of empirical and theoretical research that highlights that corporate governance systems matter in the profitability and growth of corporations.

MEANING AND DEFINITION OF CORPORATE GOVERNANCE

The meaning of the term corporate governance is a subject of considerable debate. The concept has been defined in many ways. Organization for Economic Co-operation and Development (OECD) has defined corporate governance as “procedure and process according to which an organization is directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among the different participants in the organization – such as the board, manager, shareholders and other stakeholders – lays down the rules and procedures for decision making.”

The father of corporate governance Sir Adrian Cadbury defines corporate governance as “the system in which companies are directed and controlled”. *Board of Directors is responsible for the governance of their companies. The shareholders’ role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place. The responsibilities of the board include setting the company’s strategic aims, providing

the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. The board's actions are subject to laws, regulations and the shareholders in general meetings."

INDEPENDENCE OF DIRECTORS: A BACK GROUND

The emergence of the concept of "independent directors" has to be seen in the light of evolution of the term "corporate governance" over time. Being the major procurer of the resources (that include natural, human and economic resources), the corporate entities are expected to bear the responsibility of "repaying" the society. But the urge to make "fast money" and the "rat race" seems to be the guiding factor for some of the business entities that device dubious ways to defraud innocuous investors. So, where is the lack? Is it that we do not have requisite laws or "Acts" that seek to or penalize such "acts"? The answer is certainly NO. Every legislation under which an entity is covered contains strict provisions to penalize the entity for any violations made. But, as the saying goes, "Prevention is better than cure", why not inculcate "sound business practices" from the very beginning, why not imbibe "best management practices" in the day-do-day management of the business? Here creeps in the concept of "Corporate Governance": a buzzword these days.

As regards the need and role of independent directors, the Cadbury Committee was formed by the Financial Reporting Council, the London Stock Exchange and the accountancy profession, with the main aim of addressing the financial aspects of corporate governance. The report says,

"An important aspect of effective corporate governance is the recognition that the specific interests of the executive management and the wider interest of the company may at times diverge, for example over takeovers, boardroom succession, or directors pay. Independent non-executive directors, whose interest are less directly affected, are well-placed to help resolve such situations."

It can be said that the Cadbury Committee gave first-time formal recognition to independent directors. The recommendation of the Cadbury Committee were incorporated in the UK Combined Code[#], a code that imbibed the philosophy of "comply or explain".

DEFINITION AND MEANING OF INDEPENDENT DIRECTOR:

Section 149(6) of the Companies Act, 2013 (herein after called as "new Act") defines an independent director as a person

- who is not a managing, whole-time or nominee director
- of integrity and experience in the Board's view and
- With relation to a company, its holding, subsidiary or associate ("Entity")

- Was/is not a promoter or related to any director or promoter of any of them
- Has/Had no financial transaction/relationship of any sort with any Entity or their promoters or directors for current and previous two financial years
- Is not a CEO or director of NGO that receives 25% funding from the company, its promoters or directors
- Holds by himself/herself or with relatives in excess of 2% shareholding/voting interest in the company

[#]presently issued as “UK Corporate Governance Code”.

- Relatives of such director have no pecuniary transaction with any Entity for the current or two previous financial year exceeding 2% of their gross turnover or income exceeding INR 5 million.
- Relative/director not a KMP, employee of any Entity for the preceding 3 years
- Relative/director was not a partner or employee for 3 preceding years of a firm of auditors, company secretaries, cost auditors of any Entity
- Relatives/director not a partner, employee for preceding 3 years of legal or consulting firm that was involved in any monetary transaction with an Entity exceeding 10% gross turnover of such firm.

In addition to the above, Regulations 16 (b) of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015(SEBI LODR) Regulations), defines the following:

- who, in the opinion of the board of directors, is a person of integrity and possesses relevant expertise and experience;
- who is not less than 21 years of age.
- “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Explanation.- The listed entity shall formulate a policy for determining ‘material’ subsidiary.

THRESHOLD LIMITS, MANNER AND TENURE OF APPOINTMENT

Any public company that has a paid up capital of INR 100 million or more or a turnover of INR 1 billion or has in the aggregate outstanding loans, debentures or deposits exceeding INR 500 million is required to appoint at least 2 independent directors, though the number may increase to meet other criteria. Such companies also need to have an audit committee and a nomination and remuneration committee.

As per new Act and Regulation 17(1)(b) of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015(SEBI LODR) Regulations), the proportion in the Boards of every listed company shall comprise of at least one third independent directors in case of non-executive chairman and one-half of independent directors in case the chairman is executive.

Independent directors are not liable to retire by rotation but are required to be appointed by the shareholders on recommendation of the Board who have to justify the appointment and terms in the explanatory statement. The subsequent appointment will require a special resolution. The government also envisages a “data bank” of eligible directors to be maintained by notified institutions from which companies can select independent directors though the liability of due diligence vests with the company. While the purpose of making the selection wide and neutral is to be lauded, the practical aspect of expecting very senior and talented individuals applying to data banks for empanelment remains a question mark.

Although the new Act prescribes a maximum of two tenures of five consecutive years, Regulation 25(2) of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015(SEBI LODR) Regulations) also prescribes the same.

REQUIREMENTS AND RESTRICTIONS

The minimum and maximum eligible age is 21 and 70 years respectively though this can be extended by a special resolution. Independent directors are not entitled to employee stock option, which by which its very name is clearly meant only for employees and executive directors. In addition to sitting fee, directors are entitled to commission up to limits set out in the Act in addition to reimbursement of actual expenses incurred for travelling to Board meetings but not for any other remuneration. The Ministry has recently clarified that *“pecuniary relationship does not include receipt of remuneration, as independent director, from the holding, subsidiary or associate company” or any service availed that would be available on the same terms to any member of the public (telephone services etc.)* All directors have to obtain a director’s identification no(DIN) prior to appointment or else they are liable to disqualified. A director who does not attend meetings for 12 months automatically vacates office even if he/she has sought leave of absence.

WHAT DOES THE LAW EXPECT OF INDEPENDENT DIRECTOR?

The Companies Act, 2013* has codified what it expects from the independent directors. The *role and functions* of the independent directors has been discussed as follows:-

- a) Independent Judgment
- b) Bring objective view in performance evaluation
- c) Scrutinize management performance
- d) Ensure yourself of sound financial system
- e) Guard the interest of stakeholders

- f) Balance diverse interests
- g) Role play in executive directors' appointment and remuneration
- h) Arbitrate in the case of conflict between management and shareholders' interests

*Schedule IV of the Companies Act, 2013 [pursuant to Section 149(8) lays down "*Code for Independent directors*".
The Code is a guide to professional conduct for independent directors.

BOARD COMMITTEES: ROLE AND ITS COMPOSITION

The new Act emphasizes on the relevance of appointing independent directors as members and chairpersons in various Board committees. Companies that need to appoint independent directors (public companies with a paid up capital of INR 100 million or more or a turnover of INR 1 billion or has in the aggregate outstanding loans, debentures or deposits exceeding INR 500 million) have also to form committees for various matters.

Audit committee: It needs at least three directors with a majority of independent directors and an independent director as chairman all members being financially literate. Audit committees are entrusted with various critical fiscal duties including assisting the board in the appointment of the auditors, issuing approval for related party transactions, examining financial statements and auditor's report, reviewing auditor's independence, providing valuation for the undertakings or assets of the company, evaluating the internal financial controls, monitoring the utilization of funds raised through public offers and conducting investigation into any issues relating to these functions. If required, with a view to preventing fraudulent acts and omissions by companies. A vigil mechanism for reporting breach by employees and others is also required to be set up with protection to genuine complainants.

Stakeholder relationship committee: Every public company consists of at least 1000 shareholders or debenture holders comprising at least three directors with the majority as well as the chairman being independent directors. The objective of this committee is oversight over the grievance redressal mechanism of shareholders.

Nomination and Remuneration Committee: It needs three or more non-executive directors of which one-half must be independent. The chairman of the Board may be member but cannot chair the committee. Major agendas of this committee include identifying suitably qualified persons for directorships, recommending appointment and removal of directors, evaluating

director's performances, formulating suitable remuneration policies and establishing criteria for determining qualifications, positive attributes and independence of directors.

Corporate Social Responsibility Committee: This is a new requirement to recommend and later monitor the CSR policy, projects and spending and reporting. The minimum number is three directors with at least one independent director as its members. CSR approved activities include health, social, education, sanitation, eradication of poverty, gender equality, economic and environment development, and other matters that may be notified from time to time.

Duties of directors may be broadly classified as follows:

(i) *Fiduciary duties*

- Duty of care to exercise appropriate diligence and make informed decisions
- Duty of loyalty to act in good faith and honesty of purpose
- Duty of acting always in the interest of the company
- Balancing the conflicting interests of all stakeholders

(ii) *Business judgment rule*

- It is assumed that independent directors of a company will act in good faith and this provides a level of immunity from liability for loss incurred by companies in business decisions unless there is an allegation/incidence of misconduct or fraud.
- Directors are guilty and liable for acts of omission or commission on any matter that they knew and participated deliberately or should have known and were negligence, hence failed to know
- Directors always need to ask the relevant questions, seek information and entitled to ask whether such information is complete, accurate and timely since only this will enable them to take informed and considered decisions objectively without bias or undue favour.

15 TESTS TO DETERMINE „INDEPENDENCE“

- Test 1 – Not a managing director, whole time director, or nominee director
- Test 2 – Integrity
- Test 3 – Relevant expertise and experience
- Test 4 – Not a promoter
- Test 5 – Not a relative of promoter(s)
- Test 6 - Not a relative of director(s)
- Test 7- No pecuniary relationship

- Test 8- No relative to have pecuniary relationship exceeding specified limits
- Test 9 - Not a KMP or an employee
- Test 10 - No relative to be a KMP or an employee
- Test 11 - Not associated with audit firm, company secretaries in practice, cost auditors
- Test 12 - Not associated with specified legal or consulting firms
- Test 13 - Not holding 2% or more of the voting power
- Test 14 - Not the CEO or director of specified non-profit organization
- Test 15 - Qualifications prescribed under the Rules

COST ACCOUNTANTS CAN HELP IN GOOD GOVERNANCE:

The role of cost accountants in the present structure of cost audit can be used as a tool for good corporate governance. In India, the concept of performance is very well covered by Schedule V (Regulations 34(3) and 53(f)) of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015(SEBI LODR) Regulations) under Management Discussion Analysis in which the management is required to disclose various matters, inter alia, segment-wise and product-wise performance, financial performance with respect to operational performance, etc. However, companies have not been truly following the concept of product-wise performance and operational performance in their annual reports. It is quite obvious that the analysis of product-wise and operational performance of any company needs accurate costing information that should be based on cost accounting standards and as per Sec.148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014.

It is the basic principle of any disclosure meant for external reporting that it should be subject to independent external review. In this case, the costing information that is required for product-wise performance and operational performance must be certified by cost accountants on the pattern as financial data is certified by chartered accountants. This step will improve the creditability of management and change the perception of all stakeholders. Investors' confidence has been totally shaken over the last two decades by a series of corporate frauds, accounting scandals, bankruptcies and collapse of financial behemoths across the world. The issue of good corporate governance has, therefore, assumed greater significance — for strengthening management oversight functions and accountability by balancing skills, experiences and independence of the board through integrity.

EMPIRICAL ANALYSIS:

As much as 25 per cent of listed public sector companies have no independent directors, reveals India Board Report (IBR) ** 2015-16, published by Hunt Partners in association with AZB & Partners and PwC. In the period between FY07 and Fy10, the representation of independent directors (number of independent directors against total number of directors) in listed Indian

companies increased from 50.5 per cent to 54.1 per cent. In PSUs, the representation of Independent directors has seen a significant decline, from 40 per cent in FY12 to 37 per cent in FY14.

The Companies Act, 2013, precludes relatives from becoming independent directors. However, the IBR found that around 25 per cent of companies had so-called independent directors who, in fact, were relatives of the owners.

***Business Line published on 27th Nov, 2015 accessed on 18th Sep, 2016.*

The report observed that, 97 per cent of independent directors reported that their letter of appointment did not specify the work expected of them. On an average, an independent director commits less than nine days per year to board work.

In another study by Ingovern Research^{##} a Bangalore based corporate governance firm found that, several top companies are found to be having a pecuniary relationship with their independent directors(IDs) or the legal/consultancy companies the latter are part of. The S&P BSE 200 Index, a collection of the top 200 companies by market capitalization, contains 21 companies that have had such a relationship with their 25 independent directors. Of these. 6 companies from the Nifty 50 Index have had such relationship. The report also found such relationships in 34 smaller companies outside the BSE 200 index

The law sets monetary limits (Rs.50 Lakhs, a tenth of revenue of the legal firm, etc) for such relationships between companies and their Independent directors, on breaching which the latter may no more be classified as ‘independent’. If, says Ingovern, companies think it necessary to retain the professional services of the company concerned, in addition to the directors in question, the latter should be classified as non-independent directors ones. The regulations should also be changed to classify these relationships as related party transactions and with its greater disclosures.

CONCLUSION:

Most Boards all over the world today, follow textbook standards for functioning with all the boxes ticked correctly sometimes lacking in substance though perfect in form. There is marked distinction between theory and practice and many a time independent directors are appointed for reputational reasons rather than proven ability though this is changing and will keep changing for the better as companies seriously cast a wide net to attract the best talent and not marquee names.

Professionals associated with the company, either in full time employment or rendering services to the company as a practicing professional could play a key role and assist the boards of these companies to ensure better compliance and put in place to come, Indian companies would exhibit excellence in corporate governance on par with global standards and the Companies Act, 2013 would definitely help the companies in a longer run to have better corporate governance.

[#]*Business Standard published on 7th Jan, 2016 accessed on 18th Sep, 2016.*

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- 4) <http://www.icmai.in>
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ECONOMY UPDATES

CMA Dr. M. GOVINDARAJAN



SERVICE TAX

NOTIFICATIONS

Notification No. 37/2016-ST, dated 18.08.2016 - the powers of Chief Commissioner is given to Principal Commissioner who have been given the additional charge vide office orders No. 79/2016 dated 14.07.2016 and 86/2016 dated 26.07.2016.

Notification No.38/2016-ST, dated 30.08.2016 - Seeks to amend Notification No. 26/2012-Service Tax dated 20.06.2012, by inserting of entry –5A” for transportation of passengers embarking from or terminating in a Regional Connectivity Scheme (RCS) airports, with abatement of 90%, for a period of one year from the date of commencement of operations of the Regional Connectivity Scheme (RCS) airport, with condition of without taking any CENVAT credit.

Notification No. 39/2016-ST, dated 02.09.2016 - Seeks to Amend Notification No. 25/2012 - Service Tax, dated the 20th June, 2012 – The entry No. 62 provides that Services provided by Government or a local authority by way of allowing a business entity to operate as a telecom service provider or use radiofrequency spectrum **during the financial year 2015-16** on payment of licence fee or spectrum user charges, as the case may be.

The Notification substitutes the words ‘_during the period prior to 01.04.2016’ for the words ‘_during the financial year 2015 – 16.

Notification No. 40/2016-ST, dated 06.09.2016 - Seeks to amend Notification No. 25/2012-Service Tax, dated 20.06.2012, so as to make necessary amendment by substituting the clause (a) of entry 5 in opening paragraph

–(a) renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust under [section 12AA](#) of the [Income-tax Act, 1961](#) (hereinafter referred to as the Income-tax Act), or a trust or an institution registered under [sub clause \(v\) of clause \(23C\) of section 10](#) of the [Income-tax Act](#) or a body or an authority covered under [clause \(23BBA\) of section 10](#) of the [Income-tax Act](#); or”

CIRCULARS

Circular No.198/08/2016-ST, dated 17.08.2016 - Service tax liability in case of hiring of goods without the transfer of the right to use goods.

In terms of [section 66E\(f\)](#) of the [Finance Act, 1994](#), transfer of goods by way of hiring, leasing, licensing or in any such manner without transfer of right to use such goods is a "declared service" and hence liable to service tax. In this regard some representations have been received. It is essential to determine whether, in terms of the contract, there is a transfer of the right to use the goods. The Board directed the authorities to follow criteria laid down in BSNL V. UOI – 2006 (2) STR 161 (SC)-

- There must be goods available for delivery;
- There must be a consensus *ad idem* as to the identity of the goods;
- The transferee should have a legal right to use the goods - consequently all legal consequences of such use, including any permissions or licenses required therefor should be available to the transferee;
- For the period during which the transferee has such legal right, it has to be to the exclusion to the transferor this is the necessary concomitant of the plain language of the statute - viz. a "transfer of the right" to use and not merely a licence to use the goods;
- Having transferred the right to use the goods during the period for which it is to be transferred, the owner cannot again transfer the same right to others.

The Board further directed that the terms of the contract must be studied carefully vis-a-vis the criteria laid down by the Supreme Court in order to determine whether service tax liability will arise in a given case. It is not possible to either give an exhaustive list of illustrations or judgments on this issue. Cases decided under the Sales Tax/VAT legislations have to be considered against the background of those particular legislative provisions and terms of contract in that case.

Circular No. 199/09/2016-ST, dated 22.08.2016 - Services provided to the Government, a local authority or a governmental authority with regard to water supply

The phrase "water supply" is a general phrase, which will cover a wide range of activities/services provided to a government, a local authority or a governmental authority and will include the activity of construction of tube wells.

Circular No. 200/10/2016-ST, dated 06.09.2016 - Clarification regarding scope of Notification No. 25/2012-Service Tax dated 20.06.2012.

The field formations may not take a restricted view of the word 'precincts' and consider all immovable property of the religious place located within the outer boundary walls of the complex (of buildings and facilities) in which the religious place is located, as being located in the precincts of the religious place. The immovable property located in the immediate vicinity and surrounding of the religious place and owned by the religious place or under the same management as the religious place, may be considered as being located in the precincts of the religious place and extended the benefit of exemption under [Notification No. 25/2012-Service Tax, Sl. No. 5\(a\) dated 20.6.2012.](#)

CENVAT CREDIT

Notification No.41/2016-CE, dated 10.08.2016 - Seeks to amend CENVAT Credit Rules, 2004 so as to withdraw the facility to avail of CENVAT credit of duty paid on molasses generated in the sugar season 2015-16 (i.e. 1st October, 2015 to 30th September 2016) which is used for producing ethanol for supply to public sector OMCs for blending with petrol by omitting rule 6 (6) (ix) of the CENVAT Credit Rules, 2004.

Circular No. 41/2016, dated 30.08.2016 - Admissibility of un-utilized CENVAT credit of DTA unit converted into EOU – This circular withdrew the circular No. 77/99-Cus, dated 18.11.1999 which specifically prohibited EOU's from availing Modvat Credit of Inputs / Capital Goods under Rule 57A and 57Q.

CENTRAL EXCISE

Notification No. 42/2016-CE (NT), dated 11.08.2016 - Specification of 17th August, 2016 as the date on which clause (v) of rule 5 and rule 6 of Central Excise (Amendment) Rules, 2016 notified by Notification No. 8/2016- Central Excise (NT) dated 1st March, 2016, shall come into force.

Notification No. 43/2016-CE (NT), dated 18.08.2016 - the powers of Chief Commissioner is given to Principal Commissioner who have been given the additional charge vide office orders No. 79/2016 dated 14.07.2016 and 86/2016 dated 26.07.2016

Notification No. 31/2016-CE, dated 24.08.2016 - Amends Notification No.22/2003-Central Excise dated 31.3.2003 which deals with exemption for **Goods Manufacturing and Packaging or Job Work for Export in EOUs/EHTP/STP Units**

Notification No. 32/2016-CE, dated 26.08.2016 - Seeks to further amend notification No.12/2012-Central Excise dated 17.03.2012 so as to levy Basic Excise Duty at a concessional

rate of 2% on Aviation Turbine Fuel drawn by operators or cargo operators from the Regional Connectivity Scheme (RCS) airports for a period of 3 years

Notification No. 33/2016-CE, dated 02.09.2016 - Seeks to further amend notification No.12/2012-Central Excise dated 17.03.2012

Notification No. 34/2016-CE, dated 08.09.2016 - Seeks to further amend notification No.12/2012-Central Excise dated 17.03.2012 – Serial No. 192 is substituted.

CUSTOMS

Notification No. 45/2016 (ADD), dated 17.08.2016 - Seeks to levy provisional anti-dumping duty on Cold -rolled flat products of alloy or non-alloy steel originating in or exported from China, Japan, Korea RP and Ukraine.

Notification No. 46/2016 (ADD), dated 19.08.2016 - Seeks to extend the levy of anti-dumping duty on imports of Caustic Soda, originating in, or exported from Chinese Taipei (imposed vide notification No.79/2011-Customs, dated the 23rd August, 2011) for a period of one year i.e. up to and inclusive of the 22nd August, 2017

Notification No.47/2016 (ADD), dated 19.08.2016 - Seeks to extend the levy of anti-dumping duty on imports of 1-Phenyl-3-Methyl-5-Pyrazolone originating in, or exported from, People's Republic of China, (imposed vide notification No.80/2011-Customs, dated the 24th August, 2011) for a period of one year i.e. up to and inclusive of the 23rd August, 2017.

Notification No. 48/2016 (ADD), dated 19.08.2016 - Seeks to extend the levy of anti-dumping duty on imports of 1-Phenyl-3-Methyl-5-Pyrazolone originating in, or exported from, People's Republic of China, (imposed vide notification No.80/2011-Customs, dated the 24th August, 2011) for a period of one year i.e. up to and inclusive of the 23rd August, 2017

Notification No. 49/2016 (ADD), dated 07.09.2016 - Seeks to extend the levy of anti-dumping duty on imports of Para Nitroaniline, originating in, or exported from People's Republic of China, (imposed vide notification No. 88/2011-Customs, dated 9th September, 2011) for a period of one year i.e. up to and inclusive of the 8th September, 2017

Notification No. 111/2016-Cus (NT), dated 18.08.2016 - the powers of Chief Commissioner is given to Principal Commissioner who have been given the additional charge vide office orders No. 79/2016 dated 14.07.2016 and 86/2016 dated 26.07.2016

Notification No. 113/2016-Cus (NT), dated 22.08.2016 - Central Board of Excise and Customs rescinds the notification of the Government of India in the Ministry of Finance, Department of Revenue (Central Board of Excise and Customs) number 81/2011-Customs (N.T.) dated the 25th November, 2011, which deals with Customs (Provisional Duty Assessment) Regulations, 2011.

Notification No. 144/2016-Cus (NT), dated 26.08.2016 - Amendment in Notification No.78/2014-Customs (N.T.) dated the 16th September, 2014

In the said notification, in the Table, against serial number 23, for the entry in column 2, the following entry shall be substituted namely:- —Port of Visakhapatnam, Gangavaram port, Visakhapatnam International Airport, Container Freight Station at Bayyavaram Village, Kasimkota Mandal, Visakhapatnam District, Visakhapatnam, Special Economic Zone and the areas under the Greater Visakhapatnam Municipal Corporation of Visakhapatnam in the state of Andhra Pradesh”.

Notification No. 115/2016-Cus(NT), dated 26.08.2016 – Handling of Cargo in Customs Areas (Amendment) Regulations, 2016 – Regulation 5(3) imposes a condition as to execute a bond equal to the average amount of duty involved on the imported goods and ten *per cent* of value of export goods likely to be stored in the customs area during a period of **thirty days** and furnish a bank guarantee or cash deposit equivalent to ten *per cent* of such duty. The said thirty days is amended to ten days.

After Regulation 5(4) the following proviso is to be inserted-

Provided that the condition of furnishing of bank guarantee shall not be applicable to ports notified under the Major Ports Act, 1962 (38 of 1963) or to the Central Government or State Governments or their undertakings or to the customs cargo service provider authorized under Authorized Economic Operator Programme.

Notification No. 118/2016-Cus-NT, dated 31.08.2016 - Tariff Notification in respect of Fixation of Tariff Value of Edible Oils, Brass Scrap, Poppy Seeds, Areca Nut, Gold and Silver.

Notification No. 120/2016-Cus-NT, dated 15.09.2016 - Tariff Notification in respect of Fixation of Tariff Value of Edible Oils, Brass Scrap, Poppy Seeds, Areca Nut, Gold and Silver.

Notification No. 121/2016-Cus-NT, dated 15.09.2016 - Rate of exchange of conversion of the foreign currency with effect from 16th September, 2016

Notification No. 46/2016-(Cus), dated 23.08.2016 - Seeks to further amend Notification No. 96/2008-Customs dated 13.08.2008 so as to include 'Republic of Guinea-Bissau' in the list of countries eligible for preferential tariff under the said notification.

Notification No.47/2016 – Cus, dated 02.09.2016 - Seeks to further amend notification No.12/2012-Customs dated 17.03.2012.

Notification No. 48/2016 – Cus, dated 08.09.2016 - Seeks to further amend notification No.12/2012-Customs, dated 17.03.2012 – SI; No. 110A is newly substituted.

Notification No.48/2016 – Cus (ADD), dated 01.09.2016 - Seeks to impose definitive anti-dumping on all imports of Glass Fibre and Articles thereof falling under heading 7019 of the First schedule to the Customs Tariff Act, 1975 , originating in or exported from China PR.

Circular No. 38/2016-Customs, dated 22.08.2016 - Guidelines regarding Provisional assessment under Section 18 of the Customs Act, 1962.

Circular No. 39/2016 – Customs, dated 31.08.2016 - Revised guidelines for disposal of confiscated goods – regarding.

Circular No. 40/2016-Customs, dated 31.08.2016 - Guidelines on safety and security of premises where imported or export goods are loaded, unloaded, handled or stored.

Circular No. 42/2016-Customs, dated 31.08.2016 – Courier bond executed CCSPs – The Board is of the view that for calculating average value of goods likely to be stored in Customs area, under [Regulation 5\(1\)\(iii\) of HCCAR](#), average time taken for clearance of goods should be a relevant factor in deciding amount of insurance. It has been decided to partially modify the earlier [Circular No. 32/2013-Customs dated 16.08.2013](#) with regard to [Regulation 5\(1\)\(iii\) of HCCAR](#), to lay down that the amount of insurance to be provided by CCSPs (Customs Cargo Service Provider) should be equal to the average value of goods likely to be stored in the Customs area for a period of 10 days (based on projected capacity) and for an amount as Commissioner of Customs may specify having regard to the goods that are already insured by the importers or exporters.

Circular No. 43/2016-Customs, dated 31.08.2016 - Rebate of State Levies on Export of Garments – Implementation by CBEC

File No. IV (23)/14/2016-Systems, dated 26.08.2016 - Scheme of Rebate of State Levies on Export of Garments 2016.

File No. 450/146/2015-Cus-IV, dated 31.08.2016 - Single Window Project — Implementation of Risk based selectivity criteria for clearance of consignments related to Participating Government Agencies (PGAs)

File No. 450/146/2015-Cus-IV, dated 31.08.2016 - Single Window Project - clearance of food consignments by Customs officers at locations where FSSAI has provided delegation

File No.450/25/2009-Cus-IV, dated 07.09.2016 - Delay in issuing of Sub Manifest Transshipment Permit (SMTP)

Niti Aayog while examining the inter-ministerial issues relating to Port Eco System Efficiency Parameters has recommended that Customs will issue SMTP for transfer of cargo destined to ICDs by rail without waiting for full discharge of the vessel. This recommendation has been accepted by the Board and directed the field formations to implement the same.

File No. 450/25/2009-Cus-IV, dated 07.09.2016 - Entry of factory stuffed (including self sealed) export containers into port terminals prior to LEO.

Instruction No. 31/2006-Customs, dated 12.09.2016 - Instructions regarding implementation of Rules of Origin under Free/Preferential Trade Agreements and the verification of preferential Certificates of Origin.

INCOME TAX

Notification No. 74/2016, dated 17.08.2016 - Income Declaration Scheme (Third Amendment) Rules, 2016

After Rule 3(1)(d)(ii) the following provisos are to be inserted-

Provided that where the acquisition of immovable property by the declarant is evidenced by a deed registered with any authority of a State Government, the fair market value of such property shall, at the option of the declarant, may be taken on the stamp duty value as increased by the same proportion as Cost Inflation Index for the year 2016-17 bears to the Cost Inflation Index for the year in which the property was registered:

Provided further that where the immovable property was acquired before the 1st day of April, 1981, the provisions of the first proviso shall have effect as if for the words ~~–stamp duty value–~~, the words ~~–the fair market value of the property as on 1st day of April, 1981 on the basis of the valuation report obtained by the declarant from a registered valuer–~~, and for the words ~~–Cost Inflation Index for the year in which the property was registered–~~, the words ~~–Cost Inflation Index for the year 1981-82–~~ had been substituted.

Notification No. 75/2016, dated 19.08.2016 – Income Tax (21st Amendment) Rules, 2016 - This amendment inserts Rule 37CB after Rule 37CA and before Rule 37D. The newly inserted Rule is as below-

“Class or classes of buyers to whom provisions of sub-section (1D) of section 206C shall not apply.

37CB. (1) The provisions of [sub- section \(1D\) of section 206C](#) in relation to sale of any goods (other than bullion or jewellery) or providing any service shall not apply to the following class or classes of buyers , namely:-

- (i) Government;
- (ii) embassies, Consulates, High Commissions, Legation or Commission and trade representation, of a foreign State;
- (iii) institutions notified under United Nations (Privileges and Immunities) Act, 1947”

Notification No. 76/2016, dated 02.09.2016 - Agreement between the Government of the Republic of India and the Government of Republic of Maldives for the Exchange of Information with respect to taxes.

Notification No. 77/2016, dated 02.09.2016 - Agreement for Avoidance of Double Taxation of Income Derived From International Air Transport - Republic of Maldives.

Notification No. 78/2016, dated 06.0-9.2016 - Rescinds the Notification Number 229/2007 dated 21st August, 2007 which deals with the approval by the Central Government for the purpose of clause (ii) of sub-section (1) of section 35 of the Income-tax Act, 1961 (said Act), read with Rules 5C and 5E of the Income-tax Rules, 1962 (said Rules), with effect **from 1.4.2004** in the category of '**other Institution**', partly engaged in research activities subject to the conditions.

Notification No. 79/2016, dated 06.09.2016 - Rescinds the Notification Number 35/2008 dated 14th March, 2008 which deals with the approval of the Central Government for the purpose of clause (ii) of sub-section (1) of section 35 of the Income-tax Act, 1961, read with Rules 5C and 5E of the Income-tax Rules, 1962, with effect from 1-4-2007 in the category of '**other Institution**', partly engaged in research activities subject to the conditions.

Notification No.80/2016, dated 08.09.2016 - Agreement between the Government of the Republic of India and the Government of Republic of Seychelles for the Exchange of Information with respect to taxes.

Notification No. 81/2016, dated 09.09.2016 - Central Government notifies that no deduction of tax shall be made from payments of the nature specified in section 193 or section 194A or section 194-I of the Income Tax Act 1961.

Notification No. 10/2016, dated 31.08.2016 – The due date of uploading Form No. 15G/H is extended as detailed below-

- For the period from 01.10.2015 – 31.03.2016 – extended up to 31.10.2016 (from 30.06.2016);
- For the period from 01.04.2016 – 30.06.2016 – extended up to 31.10.2016 (from 31.07.2016);
- For the period from 01.07.2016 to 30.09.2016 – extended up to 31.12.2016 (from 15.10.2016).

Circular No. 29/2016, dated 18.08.2016 - Clarifications on the Income Declaration Scheme, 2016. 12 clarifications were issued in this circular.

Circular No.30/2016, dated 26.08.2016 - Streamlining the process of No Objection Certificate (NOC), Port Clearance Certificate (PCC), voyage return and voyage assessment in the case of Foreign Shipping Companies (FSCs)

Circular No. 31/2016, dated 30.08.2016 – Jurisdiction of income tax authorities

The Commissioner of Income-tax, Centralized Processing Centre, Bengaluru, headquartered at Bengaluru, Karnataka shall exercise the concurrent powers and functions in respect of the declaration referred to in [section 183](#) of the [Finance Act, 2016](#) which has been furnished electronically under digital signature and shall also be deemed to be the Principal Commissioner or the Commissioner for the purposes of [section 186](#) of the [Finance Act, 2016](#) in respect of such declaration.

Circular No. 32/2016, dated 01.09.2016 - Enquiry or investigation in respect of document/evidence relating to Income Declaration Scheme (IDS), 2016 found during the course of Search u/s 132 or Survey action u/s 133A of the Income-tax Act, 1961.

Circular No. 33/2016, dated 12.09.2016 – Clarifications on the Direct Tax Disputes Resolution Scheme, 2016 – FAQ.

Order under Section 119, dated 09.09.2016 - In order to remove inconvenience and to facilitate ease of compliance, the Central Board of Direct Taxes, in exercise of powers conferred under [section 119](#) of the [Income-tax Act, 1961](#), hereby extends the 'due-date' for furnishing such returns of Income from 30th September, 2016 to **17th October, 2016**, in case of tax payers throughout India, who are liable to furnish their Income-tax return by the said 'due-date'.

File No. 225/195/2016-ITA II, dated 14.09.2016 – Extension of time for furnishing return under Section 44AB to 17.09.2016.

COMPANIES ACT

Notification No.S.O . No. 2746(E), dated 19.08.2016 – The Central Government appointed 19.08.2016 as the date on which the following provisions shall come into effect-

Section 3, Clause (1), (5), (22), (26), (28), Section 221, 222, 225, 226, 230, 232, 233, 239 (1), 239(2)(zd), 240 (1), 240(2)(zt), 241 and 242.

Notification No. F.No.05/27/2013-IEPF, dated 05.09.2016 - Investor Education and Protection Fund Authority (Appointment of Chairperson and Members, holding of meetings and provision for offices and officers) Amendment Rules, 2016.

Notification No.S.O. No. 2866(E), dated 05.09.2016 - Central Government appoints 7th September, 2016 as the date on which the provisions of section 124, sub-sections (1) to (4), (6) and (8) to (11) of section 125 of the said Act shall come into force.

Notification No. F.No. 05/27/2013-IEPF, dated 05.09.2016 - Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

Notification No. F.No. A45011/14/2016-Ad-IV, dated 09.09.2016 – Central Government appoints the day 09.09.2016 for the provisions of Section 227, Section 242(1)(b), Section 242(2)(c) and (g), Section 246 and Sections 337 to 341.

Notification No. F.No. 1/36/2013-CL V, dated 09.09.2016 - Companies (Mediation and Conciliation) Rules, 2016.

Notification No. F.No. 1/5/2013 CL V, dated 12.09.2016 - Notification for amendment to Schedule V of Companies Act, 2013.

Circular No. 08/2016, dated 30.08.2016 - MCA allowed to file financial statements and Annual Returns on or before 29.10.2016 where due date for holding of the Annual General Meeting is on or after 01.04.2016, without payment of additional fee.

File No. 01/12/2009-CL-I-(Vol.IV), dated 01.09.2016 – Jurisdiction as special Courts –

TABLE

Sl. No.	Existing Court	Jurisdiction as Special Court
(1)	(2)	(3)
1	Sessions Judge, Bilaspur	State of Chhattisgarh
2	Court of Special Judge, (Sati Niwaran), Jaipur	State of Rajasthan
3	Court of Sessions Judge and 2nd Additional Sessions Judge, S.A.S. Nagar	State of Punjab

4	Court of Sessions Judge and 2nd Additional Sessions Judge, Gurgaon	State of Haryana
5	Court of Sessions Judge and 2nd Additional Sessions Judge, Chandigarh	Union Territory of Chandigarh
6	I Additional District and Sessions Court, Coimbatore	Districts of Coimbatore, Dharmapuri, Dindigul, Erode, Krishnagiri, Namakkal, Nilgiris, Salem and Tiruppur.
7	II Additional District and Sessions Court, Puducherry	Union Territory of Puducherry
8	Sessions Judge, Imphal East	State of Manipur

Circular No. 10/2016, dated 07.09.2016 - It is clarified that companies that have not filed the requisite information in Form 1 INV can now file the information in Form IEPF-I. Further, as a onetime measure, for companies with due date for filing of the form 1- INV falling between the period 25th March 2016 to 6th September, 2016, the companies may file the form IEPF- 1 without additional fees on or before 06.10.2016.

FTP

Public Notice 26/2015-2020, dated 26.08.2016 - Merchandise Exports from India Scheme (MEIS) - Addition in Table 2 [containing ITC (HS) code wise list of products with reward rates] of Appendix 3B.

Public Notice 27/2015-2010, dated 31.08.2016 - (A) Amendments in Hand Book of Procedures 2015-20 for incorporating Procedure to be followed for Special Advance Authorization Scheme for export of articles of apparel and clothing accessories under Chapter 61 and 62 of ITC(HS) Classification of Export and Import. (B) Amendment in Appendix 4 J relating to Export Obligation Period under Special Advance Authorization Scheme for export of Articles of Apparel and Clothing Accessories.

Public Notice 28/2015-2020, dated 02.09.2016 - Amendment in paragraph 4.61 of Hand Book of Procedures 2015-20.

Public Notice 29/2015/2020, dated 08.09.2016 - Amendments in paragraph 4A.21 of Hand Book of Procedures 2009-14 for export of Gems and Jewellery products manufactured from gold during the period 22.07.2013 to 14.02.2014 in terms of paragraph 4A.18 of Handbook of Procedures 2009-14 as one time exemption to claim replenishment of Gold-reg.

Public Notice 30/2015-2020, dated 08.09.2016 - Notification of procedure to be followed in cases of incorrectly issued simultaneous benefits of Zero Duty EPCG and SHIS in FTP 2009-14 by the Director General of Foreign Trade in exercise of powers conferred under Para 2.04 of the Foreign Trade Policy 2015-2020.

Public Notice 31/2015-2020, dated 09.09.2016 - One additional Pre-Shipment Inspection Agency is notified as PSIAs in terms of Para 2.55(d) of HBP 2015-20 in Appendix 2G.

GOODS AND SERVICES TAX

Notification No. S.O. 2915 (E), dated 10.09.2016 - The Central Government hereby appoints the 12th day of September, 2016 as the date on which the provisions of [section 12](#) of the Constitution (101 amendment) Act, 2016, shall come into force. (Formation of GST Council).

Notification No.FNo.31011/09/2015-SO (ST), dated 15.09.2016 - Constitution of GST Council

In exercise of the powers conferred by article 279A of the Constitution, the President hereby constitutes the Goods and Services Tax Council consisting of the following members, namely:-

- a) The Union Finance Minister ... Chairperson
 - b) The Union Minister of State in charge of Revenue or Finance ... Member
 - c) The Minister in charge of Finance or Taxation or any other Minister nominated by each State Government ... Members
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