

2014
JULY

P. K. LUHARUKA & CO.
CHARTERED ACCOUNTANTS
MONTHLY NEWSLETTER
www.pkluharukaco.com



THIS ISSUE GIVES AN UPDATE ON ASPECTS ON WHICH THE CBDT, RBI AND MINISTRY OF CORPORATE AFFAIRS THINK NEED CHANGES OR CLARIFICATIONS, A FEW RELEVANT CASE LAWS RELATING TO INCOME TAX AND A DUE DATES CALENDAR FOR THE MONTH OF JULY.

TO SHARE YOUR VIEWS – [CLICK HERE](#)

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DIRECT TAXES

- a. The Central Government hereby notifies “Sivasuriyaperuman Temple, Suriyanarkoil, Thriuvaidaimarudur Taluk, Thanjavur District, Tamil Nadu”, to be a place of worship of renown throughout the State of Tamil Nadu for the purposes of Section 80 G of the Income Tax Act, 1961. (Attached Notification No. 29/2014 dated 3rd June, 2014)
- b. The Cost Inflation Index (CII) for the **Financial Year 2014-15 is 1024**. (Attached Notification No. 31/2014 dated 11th June, 2014)
- c. The Income Tax department requests all the e-filing users to immediately update and authenticate their correct contact details so that the communication can be sent to the valid mobile number & email id. Also one mobile number or email id can be used for a maximum of 4 user accounts as the Primary Contact-Mobile Number and email id in e-filing. (Attached Announcement containing the procedure for updation and authentication)

COMPANY LAW

- a. The Ministry of Corporate Affairs invite comments for the Draft Notification under Section 462 of the Companies Act, 2013 for Private Companies which empowers the Central Government to direct that a particular section shall be applicable with such exceptions, modifications and adaptations as may be prescribed in the notification. The draft notification is available on the ministry's website (www.mca.gov.in). (Attached Notice)
- b. Government has clarified that Form of annual return (MGT-7) prescribed under Rule 11(1) of the Companies (Management & Administration) Rules, 2014, shall **not** apply to annual returns in respect of companies whose financial year ended on or before 1st April, 2014 and for annual returns pertaining to earlier years. These companies may file their returns in the relevant form applicable under the Companies Act, 1956. (Attached General Circular No. 22/2014 dated, 25th June, 2014)
- c. The Ministry of Corporate affairs has decided to grant an extension of time for the period of 2 months i.e. upto 31-08-2014 without any additional fee to enable the companies for filing of statement under Form DPT – 4 with the Registrar. (Attached General Circular No. 27/2014 dated, 30th June, 2014)

MEMBERS

With a view to streamlining the process of taking these ideas to the next stage and seeking better coordination, a special section called “Interact with Hon'ble PM” has been created on the website of the Prime Minister's Office (PMO).

Members and students of the Institute are requested to share their views on matters of national and professional importance with the Hon'ble Prime Minister through above mechanism.

RESERVE BANK OF INDIA

- a. The new RTGS system has been running smoothly and has stabilized. It has hence been decided to enable the 'Hybrid' and 'Future Value dated transaction' features in the system with effect from July 14, 2014. The details regarding operations of these two functionalities are given in annex in the attachment. The Future Value dated Transaction would enable the customers / participants to initiate RTGS transactions 3 working days in advance for settling in RTGS on value date. (Attached Notification dated, 20th June, 2014)
- b. The RBI, in its notification dated 26.06.2014, pointed out that revisions of the date of commencement of commercial operations (DCCO) and consequential shift in repayment schedule for equal or shorter duration (including the start date and end date of revised repayment schedule) will not be treated as restructuring provided that:
 - a. The revised DCCO falls within the period of two years and one year from the original DCCO stipulated at the time of financial closure for infrastructure projects and non-infrastructure projects respectively; and
 - b. All other terms and conditions of the loan remain unchanged. (Attached Notification dated, 26th June, 2014)
- c. India's external debt statistics for the quarters ending March, 2014 and June, 2014 were released by the RBI. The external debt as at end-March 2014 was placed at US\$ 440.6 billion, an increase of US\$ 31.2 billion or 7.6 percent over the level at end-March, 2013. This rise was primarily led by the special swap scheme introduced by the central bank for the commercial banks to obilize FCNR(B) and overseas borrowings. The borrowings under the Swap Scheme in combination with a decline in CAD and revival in equity flows helped in building up the foreign exchange reserves. (Attached Press Release dated, 30th June, 2014)

WEST BENGAL STATE LAWS

All registered dealers were asked to check the official website of the Directorate for "Sale/Purchase Mismatch" for the year 2011-12 as collated from the returns furnished for the said period, and to submit the online reconciliation statement in case they had anything to furnish concerning the mismatch.

It is decided that in the remaining un-reconclied cases, list of which is available on the official website of the Directorate, special audit u/s 43 A of the West Bengal Value Added Act, 2003 of the kind of dealers prescribed in the circular shall be taken up by the assessing officers. (Attached Circular 09/2014 dated 09th June, 2014)

CASE LAWS

- a. The CIT can revise an assessment u/s 263 only if he can show unmistakably that the order of the AO is unsustainable. Fact that the AO has passed a non-speaking order does not mean that he has not applied his mind- **CIT vs. J.L. Morrison (India) Ltd. (Calcutta High Court)**
- b. If an amount is made taxable by a retrospective amendment, the payer cannot be held liable to deduct TDS on a payment made earlier and to suffer disallowance u/s 40(a)(ia)- **Kerala Vision Ltd. Vs. ACIT (ITAT Cochin)**
- c. Assessee cannot be denied credit for TDS on the ground of discrepancy in Form 26AS filed by the deductor. **LSG Sky Chef (India) Pvt. Ltd. Vs. DCIT (ITAT Mumbai)**

July 2014

Mo Tu We Th Fr Sa Su

	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Details

05 July 2014



Subject Due Date of payment of Central Excise Duties for the previous month
- For non SSI Units - GAR-7 Challan



Subject Due Date of payment of Service Tax for services deemed to be
provided as per rules in the month of June in case of assessee, other
than individual or proprietorship firm or partnership firm (if not paid
electronically) (GAR 7 Challan)



Subject Due Date of payment of Service Tax for services deemed to be
provided as per rules in the quarter of April - June in case of
individuals or proprietorship firms or partnership firms (if not paid
electronically) (GAR 7 Challan)

06 July 2014



Subject Due Date of payment (latest by 8 P.M.) of Service Tax for services
deemed to be provided as per rules in the month of June in case of
assessee, other than individual or proprietorship firm or partnership
firm (if paid electronically) (GAR 7 Challan)



Subject Due Date of payment (latest by 8 P.M.) of Service Tax for services
deemed to be provided as per rules in the quarter of April - June in
case of individuals or proprietorship firms or partnership firms (if paid
electronically) (GAR 7 Challan)



Subject Due Date of payment of Central Excise Duties for the previous month
- For non SSI Units (if paid electronically) - GAR-7 Challan

07 July 2014

Subject Due Date of deposit of TDS where income or amount is paid or credited in the month of June (Challan No./ ITNS. 281)



Subject Due Date of Monthly payment of TCS in June u/s 206C



Subject Submission of copy of declaration forms (Form 15G and form 15H) received for non deduction of TDS under section 197A before the Chief Commissioner or Commissioner

10 July 2014

Subject Due Date of ER- 3 for SSI assesseees for the quarter April - June



Subject Due Date of ER-1 for Non-SSI assesseees and ER-2 for EOU units for the month of June

15 July 2014

Subject Due Date for filing TDS Quarterly Statement for Quarter 1 of current FY (Form 24Q & 26Q)



Subject Due Date of Payment of PF for the month of June (plus grace period of 5 days)

21 July 2014

Subject Due Date of Payment of ESI for the month of June

31 July 2014

Subject Due Date of Filing Income Tax return of previous FY for other than company assesseees whose accounts are not required to be audited and who are not working partner in a firm whose accounts are to be audited



भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)

PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं. 1188]

नई दिल्ली, मंगलवार, जून 3, 2014/ज्येष्ठ 13, 1936

No. 1188]

NEW DELHI, TUESDAY, JUNE 3, 2014/JYAISTHA 13, 1936

वित्त मंत्रालय

(राजस्व विभाग)

(केन्द्रीय प्रत्यक्ष कर बोर्ड)

अधिसूचना

नई दिल्ली, 3 जून, 2014

आयकर

का.आ. 1434(अ).—आयकर अधिनियम, 1961 (1961 का 43) की धारा 80जी की उप-धारा (2) के खण्ड (ख) के द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए केन्द्र सरकार एतद्वारा “शिवासूर्यापेरुमन टेंपल सूर्यानरकोइल, तिरुवैद्यामरुदुर तालुक, तंजावुर जिला तमिलनाडु”, को उक्त धारा के प्रयोजनों के लिए तमिलनाडु राज्य में सर्वत्र विख्यात लोक पूजा का स्थान होना अधिसूचित करती है।

[अधिसूचना सं. 29/2014/फा. सं. 176/05/2011-आ.क.नि.-I]

सुरभि शर्मा, अवर सचिव

MINISTRY OF FINANCE

(Department of Revenue)

(CENTRAL BOARD OF DIRECT TAXES)

NOTIFICATION

New Delhi, the 3rd June, 2014

Income-tax

S.O. 1434(E).—In exercise of the powers conferred by clause (b) of sub-section (2) of Section 80G of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies “Sivasuriyaperuman Temple, Suriyanarkoil, Thriuvaidaimarudur Taluk, Thanjavur District, Tamil Nadu”, to be a place of public worship of renown throughout the State of Tamil Nadu for the purposes of the said section.

[Notification No. 29/2014/F. No. 176/05/2011-ITA.-I]

SURABHI SHARMA, Under Secy.

[भारत के राजपत्र, असाधारण, भाग 2, खंड 3, उपखंड (ii) में प्रकाशनार्थ]

भारत सरकार
वित्त मंत्रालय
राजस्व विभाग
(केन्द्रीय प्रत्यक्ष कर बोर्ड)

अधिसूचना

आय-कर

नई दिल्ली, तारीख 11 जून, 2014

का.आ. 1498(अ)-- केन्द्रीय सरकार, आय-कर अधिनियम, 1961 (1961 का 42) की धारा 48 के स्पष्टीकरण के खंड (v) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, भारत के राजपत्र, असाधारण में प्रकाशित भारत सरकार के वित्त मंत्रालय (राजस्व विभाग), केन्द्रीय प्रत्यक्ष कर बोर्ड की अधिसूचना संख्या का.आ. 709(अ), तारीख 20 अगस्त, 1998 में निम्नलिखित संशोधन करती है, अर्थात् :--

2. उक्त अधिसूचना की सारणी में, क्रम संख्यांक 33 और उससे संबंधित प्रविष्टियों के पश्चात्, निम्नलिखित क्रम संख्यांक और प्रविष्टियां अंतःस्थापित की जाएंगी, अर्थात् :--

क्रम सं०	वित्तीय वर्ष	लागत मुद्रा स्फीति सूचकांक
(1)	(2)	(3)
"34	2014-15	1024"

[अधिसूचना.सं. 31/2014/फा.सं. 142/3/2014-टीपीएल]

(आशीष मोहंती)

अवर सचिव, भारत सरकार

टिप्पण : मूल अधिसूचना भारत के राजपत्र, असाधारण, भाग 2, खंड 3, उपखंड (ii) में सं. का.आ. 709(अ), तारीख 20 अगस्त, 1998 द्वारा प्रकाशित की गई थी और अंतिम संशोधन सं० का.आ. 1464(अ), तारीख 6 जून, 2013 द्वारा किया गया ।

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY PART II, SECTION 3, SUB-SECTION (II)]

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
CENTRAL BOARD OF DIRECT TAXES
NOTIFICATION
INCOME-TAX**

New Delhi, the 11th June, 2014

S.O. **1498**(E)- In exercise of the powers conferred by clause (v) of the Explanation to section 48 of the Income-tax Act, 1961 (42 of 1961), the Central Government hereby makes the following amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), Central Board of Direct Taxes published in the Gazette of India, Extraordinary, vide number S.O. 709(E), dated the 20th August, 1998, namely:-

2. In the said notification, in the Table, after serial number 33 and the entries relating thereto, the following serial number and entries shall be inserted, namely:-

Sl. No.	Financial Year	Cost Inflation Index
(1)	(2)	(3)
"34	2014-15	1024"

[Notification No. 31/2014/F.No.142/3/2014-TPL]

[Ashis Mohanty]
Under secretary to Government of India

Note:- The principal notification was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section(ii), vide number S.O.709(E), dated the 20th August, 1998 and lastly amended vide number S.O.1464 (E), dated the 6th June, 2013.

Important announcement for Tax payers for updating contact details in e-Filing Portal

Dear Tax Payers,

Income-Tax Department uses the registered contact details (Mobile number & E-mail ID) for all communications related to e-Filing. It is mandatory that all tax payers must have a valid contact details registered in e-Filing portal.

It is noticed that many registered users are not having authenticated contact details in e-Filing or may have provided details of other persons for convenience. This prevents the Department from interacting directly with taxpayers on their personal email and Mobile.

Further, it has been observed that in many cases taxpayers are not able to reset their password since the email communication from the Department may be sent to their registered email or Mobile which may be different from the taxpayer's personal email or mobile.

Hence, it is requested that all the e-Filing users may immediately update and authenticate their correct contact details so that the communication can be sent to the valid Mobile number and E-mail ID.

The process of updating and authenticating the contact details are below.

New User	Provide the correct Mobile Number and Email ID during the Registration in the e-Filing portal, Activation link would be sent to the registered E-mail ID and a One Time Password (OTP also called PIN) is sent to the registered Mobile Number. User needs to Click on the Link provided in the E-mail and enter the OTP received in the mobile number for Successful activation of the registered user in e-Filing portal
Registered User	<p>After the user logs in to the e-filing account, the user is requested to update the current Mobile number and E-mail ID. The user should update their personal Mobile number and Email so that the updated contact particulars are registered with the Department or confirm that the Mobile number and email ID already registered is their valid personal contacts.</p> <p>Upon submitting the details, Department would immediately send OTPs (PIN1 & PIN2) to new mobile number and Email ID. The respective PINs- PIN1 and PIN2 received through Mobile number and E-mail ID should be entered by them in the respective input fields to authenticate that the email ID and mobile are correct. Upon successful validation the Mobile number</p>

	<p>and email ID would be updated in the taxpayer's profile and the process would be complete.</p> <p>If the PINs are not received within specified time (say 2 minutes), the taxpayer may opt for "Resend PINs" option. The PINs once received will be valid for 24 hours.</p> <p>The taxpayers are advised to validate the contact details using the PINs received within 24 hours. If PINs are not validated within 24 hours, the taxpayer has to login and follow the same procedure as above again.</p>
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Note:

Taxpayers are advised to follow the process mentioned above in the interest of the security of their e-filing account and to directly receive communication from the Department about status of processing and issue of refunds etc.

This is a one-time process to validate the mobile number and email ID. However, whenever the taxpayer changes the Mobile Number or email ID in their Profile, the process will be repeated to ensure that the particulars provided are correct.

One mobile number or email ID can be used for a maximum of 4 user accounts as the Primary Contact- Mobile Number and Email ID in e-Filing. This is to ensure that family members (not exceeding 4 separate users) not having personal email or mobile can be covered under a common email or mobile, but in general taxpayers should have their own unique email ID and Mobile registered with the Department.

The taxpayer can enter any other person's email or mobile number in addition as a Secondary Contact (without any restriction on the number of user accounts linked as a Secondary Contact). Using **"Profile Settings → My Profile"** the taxpayer can select to include the Secondary Contact to also receive emails, alerts etc.

Include the emails and SMS from the Income tax Department in the 'safe list' or 'white list' to prevent the communications from the Department from being blocked or rejected or sent to Spam folder.

As a best practice, please update and authenticate the current contact and address details under **"Profile Settings → My Profile"** after login to eFiling portal.

Ministry of Corporate Affairs

**NOTICE INVITING COMMENTS FOR THE DRAFT NOTIFICATION UNDER
SECTION 462 OF THE COMPANIES ACT, 2013 FOR PRIVATE COMPANIES**

Dated: 24th June, 2014

Section 462(1) of the Companies Act, 2013 (Act) empowers the Central Government to direct, by notification, in the public interest, that any of the provisions of this Act shall not apply to such class or classes of companies, or shall apply to the class or classes of companies with such exceptions, modifications and adaptations as may be specified in the notification. The said draft notification is required to be laid before each House of Parliament in accordance with section 462(2) of the Act.

The proposed draft notification under section 462 of the Act in respect of exemptions, exceptions, modifications or adaptations from relevant provisions of the Act for private companies has been prepared and is available on the Ministry's website at www.mca.gov.in. Suggestions/Comments on the proposed draft notification may be addressed/sent latest by 1st July, 2014 through email at exemptions@mca.gov.in. It is requested that the name, Telephone number and address of the sender should be indicated at the time of sending suggestions/comments.

(KMS Narayanan)
Assistant Director (Policy)
23387263

General Circular No. 22/2014

No. 1/34/2013-CL-V (Part-I)
Government of India
Ministry of Corporate Affairs

5th Floor, A Wing, Shastri Bhavan,
Dr R.P. Road, New Delhi.

Dated: 25th June, 2014

To

All Regional Directors,
All Registrars of Companies,
All Stakeholders.

Subject: Clarification with regard to format of annual return applicable for Financial Year 2013-14 and fees to be charged by companies for allowing inspection of records.


Sir,

Government has received requests for clarification about the applicability of form of annual return (MGT-7) prescribed under rule 11(1) of the Companies (Management and Administration) Rules, 2014 for financial year(s) commencing earlier than 1st April, 2014. The matter has been examined in the light of provisions of section 92(1) of the Act which requires annual return to contain particulars as they stood on the close of the financial year. It is, clarified that Form MGT-7 shall not apply to annual returns in respect of companies whose financial year ended on or before 1st April, 2014 and for annual returns pertaining to earlier years. These companies may file their returns in the relevant Form applicable under the Companies Act, 1956.

2. Companies have also sought clarity about permitting free of cost inspection of records under rule 14(2) and rule 16 of the rules cited above and till a fee is prescribed for the purpose in the Articles. It is clarified that until the requisite fee is specified by companies, inspections could be allowed without levy of fee.

3. This issues with the approval of the competent authority.

Yours faithfully,


(KMS Narayanan)
Assistant Director (Policy)
23387263

Copy to:- 1. e-Governance Section and Web Contents Officer to place this circular on the Ministry's website

2. Guard File

General Circular No. 27/2014



सत्यमेव जयते

भारत सरकार /Government of India
कॉर्पोरेट कार्य मंत्रालय /Ministry of Corporate Affairs

पांचवीं मंजिल, ए विंग, शास्त्री भवन,
5th Floor, A Wing, Shastri Bhawan,
डॉ. राजेन्द्र प्रसाद रोड, नई दिल्ली - 110001
Dr. Rajendra Prasad Road, New Delhi - 110001

F. No. MCA21/123/2014/e-Gov. Cell

Dated the 30th June, 2014

To,

All Regional Directors,
All Registrars of Companies,
All Stakeholders.

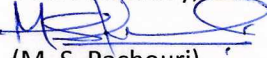
Sub: - Clarification regarding filing of Form DPT4 under Companies Act, 2013.

Sir,

This Ministry has received reference regarding filing of Form DPT4 under the provisions of the Companies Act, 2013. As per section 74(1)(a) of the Companies Act, 2013 and the companies (Acceptance of Deposits) Rules, 2014 made there under, companies are required to file a statement regarding deposits existing as on date of commencement of the Act within a period of 3 months from such commencement. The time for filing of said statement is expiring on 30-06-2014.

2. After considering the reference, it has been decided to grant extension of time for the period of 2 months i.e. up to 31-08-2014 without any additional fee in terms of section 403 of the Act to enable the companies for filing of statement under Form DPT4 with the Registrar.

Yours faithfully,


(M. S. Pachouri)
Deputy Director

Copy to:-

- ✓ 1. e-Governance Section and Web contents Officer to place this circular on the Ministry's website
2. Guard File



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2013-14/651

DPSS (CO) RTGS No. 2589 / 04.04.017 / 2013-14

June 20, 2014

The Chairman / Managing Director / Chief
Executive Officer of participants of RTGS

Madam / Sir,

New features in RTGS System

Please refer to our [circular DPSS \(CO\) RTGS No.801/04.04.017/2013-14 dated October 11, 2013](#) regarding the launch of new RTGS system and coming into effect of "[RTGS System Regulations 2013](#)". A reference is also invited to Chapter 9 of the "RTGS System Regulations 2013" wherein it had been indicated that the new features in RTGS system will be enabled after due notifications to members.

2. The new RTGS system has been running smoothly and has stabilised. It has hence been decided to enable the 'Hybrid' and 'Future value dated transaction' features in the system with effect from July 14, 2014. The details regarding operations of these two functionalities are given in Annex.

3. The Hybrid feature will be configured to do off-setting every 5 minutes. The transactions with normal priority would be settled in off-setting mechanism, with a maximum of two attempts i.e. the maximum time a transaction would be in "normal" queue is 10 minutes. If the transactions with normal priority are unable to be settled in offsetting mode within this time, the priority of the transaction would be automatically changed to "urgent". The parameter value will be set to 10%. This means that 10% of the balance in the settlement A/c would be taken for settlement in the offsetting mode.

4. The Future Value dated Transaction would enable the customers / participants to initiate RTGS transactions 3 working days in advance for settling in RTGS on value date.

5. The circular is issued under section 10 (2) of Payment and Settlement Systems Act 2007, (Act 51 of 2007).

Yours faithfully,

Vijay Chugh
Chief General Manager

Encl: As above.

1. Hybrid feature

- a) The RTGS system supports a new and unique way to handle large volume of payments using a minimum amount of liquidity from the Participants' settlement accounts.
- b) From the priority point of view, the RTGS system can handle two types of payments:
 - (i) Urgent payments
 - (ii) Normal payments
- c) Both categories are implemented over the same ISO20022 standard and share the same rules and regulations. However, while the urgent payments are processed as soon as they are received by the RTGS and using as much liquidity as required from the settlement account of the sending Participant, the normal payments are processed differently, following some strict processing rules which do not apply to the urgent payments. These rules are:
 - i. The normal payments are not settled immediately, even though the sending bank may have sufficient funds in its settlement account;
 - ii. The normal payments may settle only at periodic time intervals which are controlled centrally by system parameter of RTGS;
 - iii. The RTGS does not take into consideration the pending normal transactions in the calculation for IDL funding request to CBS;
 - iv. The settlement of normal payments can occur only if several participants, simultaneously, have sent normal payments to each other. If 0 % of allowance is set in parameter value (centrally), in that scenario the transactions would look for settling transactions without using any amount from the settlement account, i.e., settlement will happen purely on offsetting mode. If an allowance of 1% is set in the parameter in that scenario, the transactions would try to settle using a percentage of the amount from the settlement account.
 - v. If the condition for the settlement of normal payments is not possible, the system will automatically promote the normal payments to the urgent payment stream, after a predefined timeout parameter. Once promoted, the transactions will be processed according to the urgent payments' settlement rules.
 - vi. From the format point of view, the field that designates a payment as normal or urgent is called **InstrPrty** and its content should be:
 - NORM – for normal payments
 - HIGH – for urgent payments

Process flow

The normal payments will have the following flow in RTGS:

1. A new normal message is received, validated and (if successful) placed in the ENTER status queue.
2. The item will stay with status ENTER until the first gridlock cycle for the normal stream runs. After the cycle is completed, the item will change its status to COMPLETE (if the item was settled) or PENDING (if the item was not included in any gridlock solution).
3. Subsequent gridlock cycles will attempt to settle the item (every 5 minutes), considering other normal payments found in the system. If a solution is found by the normal payment stream gridlock resolution process, the respective transactions are updated to status COMPLETE and the respective output messages are generated to the sender and receiver.
4. If a solution is not found within the timeout period (10 minutes) for the normal payments, the item is promoted to the urgent stream. The change is visible to the end user when listing the transaction and also in the audit trail of the item.
5. Once the transaction is promoted to urgent, if the sending Participant does not have the required liquidity, the IDL funding may be invoked depending on the TTC of the item.

Example

The following table demonstrates how this feature will work. T1, T2, T3 etc. indicates the transaction initiated by banks. The bank initiating the transaction is debited and beneficiary bank is credited.

Normal Transaction in queue	Initiating Bank (Debit)	Recipient Bank (Credit)	Amount
T1	A	B	5,00,000
T2	B	C	4,80,000
T3	C	A	4,60,000
T4	B	C	1,00,000
T5	C	A	1,10,000

The following table explains how these transactions would be settled in off-setting mode when no liquidity is used from the settlement account of the banks or when a percentage of the amount in the settlement account is used for settling the transactions in offsetting mode. The parameter value indicates the percentage of the liquidity, that can be used for settlement of the transactions in offsetting mode (transactions with normal priority).

Example	Parameter Value	Settlement Account			Settled Transaction	Used Liquidity from A	Used Liquidity from B	Used Liquidity from C
		Balance of Bank A	Balance of Bank B	Balance of Bank C				
1	0%	10,00,000	10,00,000	10,00,000	0	0	0	0
2	5%	10,00,000	0	0	T1,T2,T3	40,000	0	0
3	10%	10,00,000	10,00,000	10,00,000	T1,T2,T3,T4,T5	0	80,000	0

In the **example 1** the parameter value is set to 0% i.e. no amount will be utilised from the settlement account to settle these transactions. Hence, none of the above transactions listed (T1, T2, T3, T4 and T5 will be settled) as there is no transaction with equal value to offset (settle) the transaction.

In **example 2**, the parameter value is set to 5%. The maximum amount which can be used from the settlement account is Rs.50,000 (i.e.5% of Rs. 10,00,000). The transaction T1, T2 and T3 are settled. Though the maximum which can be used from settlement account is Rs.50,000 the actual amount utilised from A's settlement account is 40,000 to settle these transactions. i.e. Rs.40,000 is utilised to settle transactions T1, T2 and T3 amounting to Rs.14,40,000. However, transaction T4 and T5 could not be settled as liquidity requirement for settling these transactions was more than Rs.50,000.

In **example 3** the parameter value is set to 10%. The maximum amount which can be utilised from the settlement account for settlement of the transactions with normal priority is Rs. 1,00,000. In this case, all the transactions listed (T1, T2, T3, T4 and T5) are settled by utilising Rs.80,000 from settlement account of B .

2. Future Value Transactions

1. This feature will allow Participants to send RTGS payments which are not submitted for settlement immediately, but at a later date. This option will facilitate the scheduling of certain important payments days in advance.
2. The RTGS will not attempt to settle them immediately but it will wait until the respective value date is reached.
3. The value date must be within a certain time period which is controlled by system parameter of the application (3 working days). When sending a future value payment, the sender must ensure that the respective value date is a working date according to the present RTGS calendar. If the value date is set on a non-working date, the payment will be rejected immediately.
4. A future value dated transaction can be manually canceled at any time, as long as its status is FUTURE, from the Settlement / Transaction / Cancel menu option. (The cancel operations requires an approve confirmation.)
5. When a Participant is removed, any future value payments already sent by the said participant and stored in RTGS will be automatically canceled. The sender will be notified about the cancelation using standard notification messages.
6. If the calendar of RTGS is modified by RBI and as a result some future value payments already present in the system have their value date falling on a non-working date, the respective transactions will not be canceled. The items will remain in the system and they will be submitted to the settlement process on the first working day following the original value date.



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RESERVE BANK OF INDIA

Date: Jun 26, 2014

Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances - Projects under Implementation

RBI/2013-14/664

DBOD.No.BP.BC.125/21.04.048/2013-14

June 26, 2014

The Chairman and Managing Director/Chief Executive Officer
All Scheduled Commercial Banks
(Excluding Local Area Banks and Regional Rural Banks)

Dear Sir,

Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances - Projects under Implementation

Please refer to [circulars DBOD.No.BP.BC.85/21.04.048/2009-10 dated March 31, 2010](#) and [DBOD.BP.BC.No.99/21.04.132/2012-13 dated May 30, 2013](#), containing, *inter alia*, instructions relating to asset classification for project loans before commencement of commercial operations.

2. In terms of extant instructions contained in the above mentioned circulars, revisions of the date of commencement of commercial operations (DCCO) and consequential shift in repayment schedule for equal or shorter duration (including the start date and end date of revised repayment schedule) **will not be treated as restructuring** provided that:

- The revised DCCO falls within the period of two years and one year from the original DCCO stipulated at the time of financial closure for infrastructure projects and non-infrastructure projects respectively; and
- All other terms and conditions of the loan remain unchanged.

3. Further, banks may restructure such loans, subject to the extant prudential norms on restructuring of advances, by way of revision of DCCO beyond the time limits quoted at paragraph 2(a) above and **retain the 'standard' asset classification**, if the fresh DCCO is fixed within the following limits, and the account continues to be serviced as per the restructured terms:

(a) Infrastructure Projects involving court cases

Up to another two years (beyond the two year period quoted at paragraph 2(a) above, i.e., total extension of four years), in case the reason for extension of DCCO is arbitration proceedings or a court case.

(b) Infrastructure Projects delayed for other reasons beyond the control of promoters

Up to another one year (beyond the two year period quoted at paragraph 2(a) above, i.e., total extension of three years), in case the reason for extension of DCCO is beyond the control of promoters (other than court cases).

(c) Project Loans for Non-Infrastructure Sector (Other than Commercial Real Estate Exposures)

Up to another one year (beyond the one year period quoted at paragraph 2(a) above, i.e., total extension of two years).

4. In this connection, it is clarified that multiple revisions of the DCCO and consequential shift in repayment schedule for equal or shorter duration (including the start date and end date of revised repayment schedule) **will be treated as a single event of restructuring** provided that the revised DCCO is fixed within the respective time limits quoted at paragraph 3 (a) to (c) above and all other terms and conditions of the loan remained unchanged.

5. It may be further clarified that, if deemed fit, banks may extend DCCO beyond the respective time limits quoted at paragraph 3 (a) to (c) above; however, in that case, banks will not be able to retain the 'standard' asset classification status of such loan accounts.

Yours faithfully,

(Rajesh Verma)
Chief General Manager-in-Charge



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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June 30, 2014

India's External Debt as at the end of March 2014

As per the standard practice, India's external debt statistics for the quarters ending March and June are released by the Reserve Bank of India and those for the quarters ending September and December by the Ministry of Finance, Government of India. The external debt data are released with a lag of one quarter. The external debt data, as compiled in the standard format, as at end-March 2014 in Rupees and US dollar terms and revised data for the earlier quarters are set out in [Statements 1](#) and [2](#), respectively. The major developments relating to India's external debt as at end-March 2014 are presented in the following paragraphs.

Highlights

India's external debt as at end-March 2014 showed an increase of US\$ 31.2 billion over the year, mainly led by the special swap scheme introduced by RBI for the commercial banks to mobilise FCNR(B) and overseas borrowings. The borrowings under the Swap Scheme in combination with a decline in CAD and revival in equity flows helped in building up the foreign exchange reserves.

On the other hand, increase in the magnitude of external debt was partly offset by the valuation change (gain) resulting from appreciation of US dollar against Indian rupee and other international currencies. Further, share of short term debt in total debt in terms of original maturity as well as residual maturity also declined due to net repayments of short-term debt and withdrawal of FII investment from debt securities during 2013-14.

The major developments relating to India's external debt as at end-March 2014 are set out below:

- India's external debt, as at end-March 2014, was placed at US\$ 440.6 billion showing an increase of US\$ 31.2 billion or 7.6 per cent over the level at end-March 2013. The increase in total external debt during financial year 2013-14 was primarily on account of rise in Non-Resident Deposits (Table 1).
- The surge in outstanding stock of NRI deposits can mainly be attributed to mobilisation of fresh FCNR(B) deposits by commercial banks under the swap scheme offered by the Reserve Bank during September to November 2013.
- In terms of major components, the share of external commercial borrowings continued to be the highest at 33.3 per cent of total external debt, followed by NRI deposits (23.6 per cent) and short term debt (20.3 per cent).
- The share of short-term debt in total debt witnessed a decline over the preceding quarter as well as the corresponding quarter of the previous year. Short-term debt at US\$ 89.2 billion accounted for 20.3 per cent of the total external debt as at end-March 2014 as compared to 23.6 per cent at end-March 2013.

- The ratio of short-term debt (original maturity) to foreign exchange reserves declined to 29.3 per cent as at end-March 2014 from 33.1 per cent as at end-March 2013.
- Based on residual maturity, the short-term debt accounted for 39.6 per cent of total external debt as at end-March 2014 as compared to 42.1 per cent at end-March 2013. Within the short-term debt based on residual maturity, the share of NRI deposits was the highest at 31.4 per cent. The ratio of short-term debt by residual maturity to foreign exchange reserves worked out to 57.4 per cent at end-March 2014 (Table 2).
- The valuation gain during 2013-14 amounted to US\$ 9.4 billion reflecting the appreciation of US dollar against the Indian rupee and other major currencies. Thus, excluding the valuation gains, the stock of external debt as at end-March 2014 would have increased by US\$ 40.6 billion instead of US\$ 31.2 billion over end-March 2013
- US dollar denominated debt continued to be the largest component of India's external debt with a share of 61.8 per cent as at end-March 2014, followed by Indian rupee (21.1 per cent), SDR (6.9 per cent), Japanese Yen (5.1 per cent) and Euro (3.4 per cent).
- Government (Sovereign) external debt stood at US\$ 81.5 billion as at end-March 2014 as against US\$ 81.7 billion as at end-March 2013. The shares of Government and non-Government external debt in the total external debt were 18.5 per cent and 81.5 per cent, respectively, as at end-March 2014 (Table 3).

Table 1: External Debt - Outstanding and Variation

(US\$ billion)							
Memo Items	Outstanding end-of March			Absolute variation		Percentage variation	
	2012 R	2013 PR	2014 P	Mar-12 to Mar-13	Mar-13 to Mar-14	Mar-12 to Mar-13	Mar-13 to Mar-14
1	2	3	4	5	6	7	8
1. Multilateral	50.5	51.6	53.3	1.1	1.7	2.3	3.3
2. Bilateral	26.9	25.2	24.8	-1.7	-0.4	-6.4	-1.4
3. IMF	6.2	6.0	6.2	-0.2	0.2	-3.2	3.2
4. Export Credit	19.0	17.7	15.3	-1.3	-2.5	-6.6	-13.9
5.Commercial Borrowings	120.1	140.2	146.5	20.0	6.4	16.7	4.5
6. NRI Deposits	58.6	70.8	103.8	12.2	33.0	20.8	46.6
7. Rupee Debt	1.4	1.3	1.5	-0.1	0.2	-7.1	16.7
8. Short term Debt	78.2	96.7	89.2	18.5	-7.5	23.7	-7.7
<i>Of which</i>							
Short term trade credit	65.1	86.8	81.7	21.7	-5.0	33.3	-5.8
Total Debt	360.8	409.4	440.6	48.7	31.2	13.5	7.6
Memo Items							
A. Long-Term Debt	282.6	312.7	351.4	30.1	38.7	10.7	12.4
B. Short-Term Debt	78.2	96.7	89.2	18.5	-7.5	23.7	-7.7

P: Provisional. PR: Partially Revised. R: Revised

Source: Ministry of Finance, Government of India and Reserve Bank of India

Table 2: Residual Maturity of External Debt Outstanding as at End-March 2014

(US \$ billion)					
Components	Short-term up to one year	Long-term			Total
		1 to 2 years	2 to 3 years	More than 3 years	(2) to (5)
1	2	3	4	5	6
1. Sovereign Debt (long-term) \$	5.7	5.9	6.2	61.1	79.0
2. External Commercial Borrowings #	24.9	22.9	25.0	95.8	168.6
3. NRI deposits {(i)+(ii)+(iii)}	54.8	7.5	24.6	17.0	103.8
(i) FCNR(B)	13.0	2.0	18.7	8.1	41.8
(ii) NR(E)RA	34.3	4.9	5.3	8.4	52.9
(iii) NRO	7.5	0.6	0.5	0.5	9.1
4. Short-term Debt (Original maturity)	89.2	0.0	0.0	0.0	89.2
Total (1 to 4)	174.6	36.3	55.8	173.9	440.6
<i>Memo Items</i>					
Short-term debt (Residual maturity as per cent of total external debt)					39.6
Short-term debt (Residual maturity as per cent of Reserves)					57.4
\$:	Inclusive of FII Investments in Government Securities.				
#:	External Commercial Borrowings in this table also include (i) Trade Credits (ii) Non-Government defence debt & (iii) a portion of non-Government multilateral and bilateral borrowing, hence may not tally with the ECBs provided in other tables under original maturity				
Note:	Residual Maturity of NRI Deposits is estimated on the basis of the Survey conducted by the Reserve Bank of India on NRI deposits outstanding as on March 31, 2014.				
Source:	Ministry of Finance, Government of India and Reserve Bank of India.				

Table 3: Government and Non-Government External Debt

(US \$ billion)							
Sr. No. Components	End-March						
	2008	2009	2010	2011R	2012 PR	2013 PR	2014 PR
1	2	3	4	5	6	7	8
A. Sovereign Debt (I+II)	58.1	55.9	67.1	78.1	81.9	81.7	81.5
<i>(As a percentage of GDP)</i>	<i>4.7</i>	<i>5.1</i>	<i>4.7</i>	<i>4.5</i>	<i>4.7</i>	<i>4.4</i>	<i>4.3</i>
I. External Debt on Government Account under External Assistance	52.5	51.8	55.2	62.3	63.4	61.3	62.2
II. Other Government External Debt @	5.5	4.1	11.8	15.8	18.5	20.3	19.3
B. Non-Government Debt #	166.3	168.6	193.9	239.8	278.9	327.8	359.1
<i>(As a percentage of GDP)</i>	<i>13.3</i>	<i>15.2</i>	<i>13.6</i>	<i>13.7</i>	<i>15.8</i>	<i>17.6</i>	<i>19.0</i>
C. Total External Debt (A+B)	224.4	224.5	260.9	317.9	360.8	409.4	440.6
<i>(As a percentage of GDP)</i>	<i>18.0</i>	<i>20.3</i>	<i>18.3</i>	<i>18.2</i>	<i>20.5</i>	<i>22.0</i>	<i>23.3</i>

@: Other Government external debt includes Defence Debt, Investment in Treasury Bills/ Government Securities by FII's, Foreign Central Banks and International Institutions and IMF.

#: Includes external debt of Monetary Authority.

Source: Ministry of Finance, Government of India and Reserve Bank of India

Table 4: India's Key External Debt Indicators

End March	External Debt	Ratio of External Debt to GDP	Debt Service Ratio	Ratio of Foreign Exchange Reserves to Total Debt	Ratio of Concessional Debt to Total Debt	Ratio of Short-Term Debt to Foreign Exchange Reserves	Ratio of Short-Term Debt to Total Debt
	(US \$ billion)	(per cent)	(per cent)	(per cent)	(per cent)	(per cent)	(per cent)
1	2	3	4	5	6	7	8
1991	83.8	28.7	35.3	7.0	45.9	146.5	10.2
1996	93.7	27.0	26.2	23.1	44.7	23.2	5.4
2001	101.3	22.5	16.6	41.7	35.4	8.6	3.6
2006	139.1	16.8	10.1#	109.0	28.4	12.9	14.0
2007	172.4	17.5	4.7	115.6	23.0	14.1	16.3
2008	224.4	18.0	4.8	138.0	19.7	14.8	20.4
2009	224.5	20.3	4.4	112.2	18.7	17.2	19.3
2010	260.9	18.2	5.8	106.9	16.8	18.8	20.1
2011R	317.9	18.2	4.4	95.9	14.9	21.3	20.4
2012P R	360.8	20.5	6.0	81.6	13.3	26.6	21.7
2013P R	409.4	22.0	5.9	71.3	11.1	33.1	23.6
2014P	440.6	23.3	5.9	69.0	10.5	29.3	20.3
P: Provisional. PR: Partially Revised. R: Revised							
# works out to 6.3 per cent with the exclusion of India Millennium Deposits (IMDs) repayments of US \$ 7.1 billion and pre payment of external debt of US \$ 23.5 million.							
Source: Ministry of Finance, Government of India and Reserve Bank of India							

Press Release : 2013-2014/2536

Sangeeta Das
Director

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Announcement on Interact with The Hon'ble Prime Minister of India. - (26-06-2014)

As you may be aware over the past few weeks, the Central Government has been receiving a series of thoughts, ideas and suggestions for reforms and changes in the sphere of governance.

With a view to streamlining the process of taking these ideas to the next stage and seeking better coordination, a special section called "Interact with Hon'ble PM" has been created on the website of the Prime Minister's Office (PMO).

Members and students of the Institute are requested to share their views on matters of national and professional importance with the Hon'ble Prime Minister through above mechanism.

Secretary, ICAI

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GOVERNMENT OF WEST BENGAL
OFFICE OF THE COMMISSIONER, COMMERCIAL TAXES,
14, BELIAGHATA ROAD, KOLKATA-15
Trade Circular No. 09/2014
Date: 09.06.2014

Sub: Procedure to be followed in respect of un-reconciled data of "Sale/Purchase Mismatch Application" for 2011-12.

1. Through Trade Circular No. 03/2014 dtd. 18.02.2014, read with the subsequent addenda, all registered dealers were asked to check the official website of the Directorate for "Sale/Purchase Mismatch" for the year 2011-12 as collated from the returns furnished for the said period, and to submit the online reconciliation statement in case they had anything to furnish concerning the mismatch.
2. There have been dealers, who have either reconciled the mismatch or paid the necessary tax involved with interest and we duly appreciate their quick response in this regard.
3. Generally to reconcile a mismatch action from both purchaser and seller is imperative. Again, there may be cases where action by one may lead to reconciliation of the mismatch even when the other may not have responded. No response from both the purchaser and the seller will leave the mismatch un-reconciled. It may be stated that the whole idea of providing this online window for reconciliation is based on the legal maxim "Audi Alteram Partem", meaning not to take action against anyone on any issue without providing him the opportunity of being heard. This time, we had e-mailed to all the concerned dealers about the existing mismatch as made available for reconciliation online with a request to do the needful at the earliest. No-response leads to the presumption that either the dealer has availed himself of excess input tax credit, not admissible as per law, or he has suppressed his sales, as the case may be.
4. After expiry of the last date of online reconciliation, extended as per latest addenda to the Trade Circular No.3 of 2014, it has been observed upon analysis of the returns and the reconciliation statements that there exists good number of unmatched cases with significant involvement of revenue, and which need, now, to be verified to identify those cases of intentional and deliberate attempt towards tax evasion.
5. It may be stated that we have also identified cases where for the purpose of such reconciliation a dealer has shown lower purchase whereby his claim of input tax credit should stand reduced, or where a dealer has increased his sales leading to change in his taxable turnover, but has not furnished any proof of payment of differential tax and interest.

6. It is, therefore, decided that in the remaining un-reconciled cases, list of which is available on the official website of the Directorate, special audit u/s 43A of the West Bengal Value Added Tax Act, 2003 of the following classes of dealers shall be taken up by the assessing officers:

- i) purchasing or selling registered dealer or both who did not respond;
- ii) purchasing registered dealer who reduced his purchase as discussed in para 5;
- iii) selling registered dealer who increased his sales as discussed in para 5;
- iv) registered dealer for whom the mismatch is not fully reconciled even after reconciliation by both.

7. In case where an initiation for assessment u/s 46, or audit u/s 43, or special audit u/s 43A on any issue, has already been made against the purchasing registered dealer or the selling registered dealer or both under the West Bengal Value Added Tax Act, 2003 for the period 2011-12, and where the proceeding has not yet been completed, the issue relating to mismatch as per the said list has already been taken up in such proceeding by the concerned officers.

(Binod Kumar)
Commissioner,
Sales Tax, West Bengal.

Memo No. 465CT/PRO
3C/PRO/2012

Date: 09.06.2014

Copy forwarded to Addl.CCT/ISD for information and for uploading it in the official website of the Directorate for information of all concerned.

(K.C.Chowdhury)

Addl.CCT/WB