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STATE GOVERNMENT

Karnataka Opens Dedicated Start-Up Cell

Nine months after announcing its start-up policy, the Karnataka government has set up a dedicated Start-up Cell to fuel the implementation of the initiatives under the policy. The cell provides a springboard to facilitate sanctions of incentives and concessions under the Start-up Policy 2015-2020, for start-ups registered with it.

A portal, www.startup.karnataka.gov.in, was launched to enable and educate start-ups on the State government's policies and provide access to various benefits under the policy. All technology-based start-ups that fall under the criteria listed by the State government can register with the portal. “This is the first time in India that a government has come up with a dedicated Start-up Cell guided by the Start-up Policy, which envisages the growth of 20,000 new start-ups, including 6,000 product start-ups, by 2020 in Karnataka,” said State's IT Minister Priyank Kharge.

He said Karnataka is a pioneer in funding the growth of the IT industry through its KITVEN (Karnataka Information Technology Venture Capital Fund)-1 and 2 funds. Now, under the Innovate Karnataka initiative, the State government will provide start-ups with financial support equivalent to approximately Rs. 400 crore in the form of grant/equity, through the various funds. “To strengthen the start-up ecosystem, we would like to mobilise Rs. 2,000 crore for investment in start-ups through government intervention alone, over the next five years,” he said.

Booster kit

The Start-up Cell has put together a Start-up Karnataka Booster Kit for all start-ups registered with it. The kit contains a gamut of software tools, cloud credits, access to mentors, legal and accounting consultants, access to government funding and government-supported incubators.

In addition, KBITS (Karnataka Biotechnology and Information Technology Services) will also help start-ups with marketing and promotion, sponsorship to attend national and international events, administering tax incentives and assistance for patent filing.

To address issues, grievances and to obtain feedback periodically on the implementation of its initiatives, a monthly open house is planned under the chairmanship of the Minister. During the last 12 months, 725 seats have been created through Karnataka government's support to incubators, the Minister said. About 300 seats are currently available at subsidised rates in 10,000 Start-ups Warehouse, the State government's incubator for tech start-ups set up on PPP basis with 91springboard, GoK-IAMAI mobile 10X Start-up hub, and Bengaluru Bioinnovation Centre, among others.

“Bengaluru has broken into the top 15 start-up cities in the world. Our aim is to break into the top 10 start-up cities in the world,” said Kharge.

Source: The Business Line, July 25, 2016

Power Woes to Ease as 2 New Units Will Open Soon: KPCL

Two new thermal power units with a capacity to generate 1,500 megawatt (MW) electricity will be commissioned in the State shortly. While a unit in Yeramarus Thermal Power Station in Raichur district will be opened in 20 days, another in Bellary Thermal Power Station will be commissioned by October.

At present, 120 power units at 31 centres are operating. Besides the new units, work on three more units is in the pipeline. Karnataka has an installed capacity of 17,413.90 MW and the KPCL has an installed capacity of 6,523.905 MW, Karnataka Power Corporation Ltd (KPCL) Managing Director G?Kumar Naik told reporters here.

The State Government has approved six more units and a proposal for 10 new projects are pending before it. The new projects are: Bidadi Combined Cycle Power Plant, Godhna and Edlapur Thermal Power Stations and Ghataprabha Dam Power House. With the new projects, which are planned at a cost of Rs 16,574 crore, the KPCL will be able to generate 3,120 MW electricity, he added.

The KPCL, Naik said, has also proposed Shivanasamudra Seasonal Scheme, Gundia Hydro Electric Project, Bidadi Combined Cycle Power Plant stage II, Tadadi Combined Cycle Power Plant and Gulbarga Thermal Power Project. The KPCL can generate 5,000 MW of power with the new projects. The thermal power plants need at least four years to complete, while gas power plants need a minimum of 24 months, the Md?said.

Sharavathi plant

Naik said that all the units at the Sharavathi hydroelectric plant near Jog Falls in Shivamogga district, which were damaged in a fire accident in February, would resume operations soon.

“Out of the 10 units, six are already operating, two more will start generating power in two or three days and the remaining two are under construction, which will be completed within a month. We do not want to waste available resource (water) there and thus the works have been taken up in phases,” he added.

'Bad year for KPCL'

Naik said the current year was “bad” for the KPCL due to deficit rainfall. “It would be a matter of concern for the KPCL if it doesn't rain in the coming days. Eighty per cent of water inflow to dams is received in June, July and August. Compared to last year, the water levels are low,” he said. The KPCL, however, will be able to generate average power as two new units will be opened, he added.

Source: Deccan Herald, July 26, 2016

Mangaluru Event to Explore Investments in IT Sector

To promote information technology (IT) sector in tier-II centres such as Mangaluru, the Karnataka Biotechnology and Information Technology Services (KBITS) will organise a programme in Mangaluru in September this year.

Chairing a preliminary meeting in this regard in Mangaluru, AB Ibrahim, Deputy Commissioner of Dakshina Kannada district, said such an event will help showcase the potential of Mangaluru in the areas of IT and electronics manufacturing. However, the representatives from the IT industry, who attended the meeting, stressed the need for government support in bringing more IT players to the region.

Praveen Kalbavi, Managing Director of the Mangaluru-based Novigo Solutions Pvt Ltd, said Mangaluru-Udupi region has around 100 start-ups. Though most companies get fresh candidates for their companies, they find it difficult to get the experienced ones. The lack of an IT ecosystem in the region makes it difficult for the companies in the region to attract the experienced mid-level executives, he said.

Dheeraj Hejmady, another representative from the IT sector, said that the region wants at least five to six major IT players as anchors to boost the sector in the region. As of now, only Infosys has its presence in Mangaluru. KN Praveen, General Manager of KBITS, said that the government has been encouraging start-ups with various incentives. There is a provision to set up ESDM (electronic system design manufacturing) cluster. The tier-II centres like Mangaluru should make best use of that, he said.

Ibrahim asked the KBITS to organise an event in Mangaluru to showcase the potential of the region as an IT destination. Representatives from major companies and start-ups and other IT stakeholders from the region will participate in the event scheduled for September, he said.

Source: The Business Line July 14, 2016

Suburban Train: Tracks are Ready

Commuting in Bangalore city could be a lot easier with suburban trains that can haul scores of people across long distances. But it's been a 20-year wait that doesn't seem like it will end.

A Commuter Rail Service (CRS) was first proposed in 1996 and the Rail Indian Technical and Economic Services (RITES) submitted a feasibility report in November 2012. Finally, in January this year, chief minister Siddaramaiah sought Rs 1,000 crore from the Union government for the first phase of the proposed CRS and another Rs 8,000 crore for the entire project. In March, he allotted Rs 100 crore for it in the state budget.

Currently, commuters have the option of travelling within the city on trains coming from Hosur, Tumakuru, Bangarpet and Ramanagaram. There's no dedicated suburban service for the city.

RITES in its 2012 report proposed five routes for the commuter rail service: Yeshwantpur-Yelahanka (12.45 km), Yelahanka-Byappanahalli (19.23 km), Yeshwantpur-Byappanahalli (16.12 km), Yelahanka-Doddaballapur (20.72 km) and ByappanahalliWhitefield (13.1 km).

Source: Economic Times, July 14, 2016

Work On 10-lane Bengaluru-Mysuru Highway to Begin by December

Work on the 60-m wide 10-lane Bengaluru-Mysuru expressway project is expected to begin by December. The government has completed acquiring 2,200 acres needed for the project, and only compensation remains to be paid. "Land acquisition is almost complete, and NHAI only needs the clearance from the ministry to start the work.

Once the expressway is ready, it will take just 90 minutes to reach Mysuru from Bengaluru," Public Works Minister HC Mahadevappa said. Both Mahadevappa and Chief Minister Siddaramaiah hail from Mysuru. The expressway will cover a distance of 118 km between Pancha mukhi temple after NICE road in Bengaluru and Columbia Asia hospital junction in Mysuru. The NHAI project will have six bypasses at Bidadi, Ramanagar, Channapattana, Maddur, Mandya and Srirangapattana.

"The NHAI takes up a project if 90% of the land needed for the purpose is acquired. In this case, since the acquisition is complete, the NHAI is only required to decide the execution mode," said N Lakshmana Rao Peshwe, chief engineer (national highways), public works department.

If NHAI can kickstart the tender process next month, work can begin by October. Of the 10-lanes, six lanes in the middle will operate on a toll-basis while the two lanes on either side of expressway will be service roads. The expressway is expected to cost Rs 3,600 crore excluding Rs 2,300 crore in land acquisition costs. Karnataka was keen to implement the road project, but handed it over to NHAI as the government was not in a position to bear the land acquisition costs, Peshwe said.

According to the detailed project report by the consultant Secon, the expressway will have an average daily traffic of 60,000 passenger car units. The expressway is expected to give healthy returns to the investor given the rising volume of traffic between the two cities. State officials are confident that NHAI will make a decent earning once the project is open.

Land acquisition, according to officials, was not a problem as the state will pay four times the market value, and the 10-lane development is expected to increase land prices along the expressway.

Source: Economic Times, July 28, 2016

Eight Tier-II Cities to Get Airstrips: Deshpande

The State plans to develop eight airstrips in tier-II cities. Announcing this, Medium and Large Industries Minister R V Deshpande said that Chikkamagaluru, Karwar, Madikeri, Udupi, Raichur, Gadag, Bagalkote and Davanagere have been identified for construction of small airfields.

“We are in the process of identifying land. We will not consider any forest land. We will take up the development of airstrip at Chikkamagaluru on priority as the required land is available,” he said.

In addition, work at the airstrips at Hassan, Shivamogga and Kalaburagi announced by the previous government will be completed as soon as possible and that upgradation of Mysuru and Ballari airports would also be taken up.

The Minister added that these no-frill airstrips would be developed at a minimal cost keeping in mind the new aviation policy of the Union government and for regional connectivity. Development of the airstrips would be based on demand and land availability, he said.

Notwithstanding the insistence on 'demand' for development of these airstrips, it is worth noting that the Mysuru airport, constructed with much fanfare and is being further developed now, has not lured flyers. Seeing the lack of interest, no airline has agreed to run flights.

KIA second terminal

The second terminal of Kempegowda International Airport will be ready by 2020, according to the Minister. “Work on the first terminal was completed in 2013. Work on the second terminal is beginning now. While primary work has already begun, major works will commence in February 2017,” he said.

Source: Indian Express July 24, 2016

AGRICULTURE & FOOD PROCESSING

Linkage Between Farmers and Industry

Press Information Bureau
Government of India
Ministry of Agriculture

26-July-2016

To successfully deal with a range of challenges that confront farmers today, especially the constraints imposed by the small size of holdings of small and marginal farmers, member based Farmer Producer Organizations (FPOs) offer a proven pathway in overcoming these problems. FPO members are able to leverage collective strength and bargaining power to access financial and non-financial inputs and services and appropriate technologies, reduce transaction costs, tap high value markets and enter into partnerships with private entities on more equitable terms. FPOs are promoted through various Central Sector Schemes operated in the States by the Government.

Further, in order to integrate the food processing industries with farmers, the Government has requested the States/Union Territories (UTs) to amend their marketing regulations to promote direct purchase of agricultural produce from farmers by processors at their farm gate. On consistence pursuance by the Government, so far 23 States/UTs have amended their Agricultural Produce Market Committee (APMC) Act to provide the direct purchase from farmers' at their farm gate.

Under Central Sector Scheme of Cold Chain, Value Addition and Preservation Infrastructure, the Government is providing financial assistance in the form of grant-in-aid of maximum Rs. 10 Crore per project for setting up of integrated cold chain and preservation infrastructure facilities without any break from the farm gate to the consumer. The integrated cold chain and preservation infrastructure can be set up by individuals, group of entrepreneurs, cooperative societies, Self Help Groups (SHGs), Farmer Producer Organizations (FPOs), NGOs, Central/State PSUs, etc.

Further, the scheme of Mega Food Park aims to create modern infrastructure for food processing and to provide a mechanism to bring together farmers, processors and retailers and link agricultural production to the market so as to ensure maximizing value addition, minimizing wastages, increasing farmers' income and creating employment opportunities especially in rural areas. Government has sanctioned 42 Mega Food Parks for setting up in the Country.

The Government is providing funds to State Governments under several Central Sector Schemes like Rashtriya Krishi Vikas Yojana (RKVY), Mission for Integrated Development of Horticulture (MIDH) and National Food Security Mission (NFSM) with provision for promotion of FPOs. Since 2011-12, 694 FPOs have been promoted by Small Farmers Agribusiness Consortium (SFAC), the nodal agency identified for the purpose. Out of 694 FPOs, 515 FPOs have already been registered. State-wise details are given below in table. A large number of these FPOs after registration have been engaged in market transactions both for inputs and outputs. They are also successful in raising institutional credit for crop promotion, storage and processing operation.

The Government has created a Price Stabilization Fund (PSF) with an initial corpus of Rs. 500 crore during year 2015-16 and Rs. 900 crore for year 2016-17 to support market interventions for price control of important agri-commodities like onion, potatoes and pulses. The intervention is expected to regulate price volatility through procurement by State Govt. and Central agencies of selected produce, buffer stock, import and regulated release into the market.

ECONOMIC & CORPORATE AFFAIRS

Companies (Share Capital and Debentures) Third Amendment Rules, 2016

MINISTRY OF CORPORATE AFFAIRS
NOTIFICATION

New Delhi, the 19th July, 2016

G.S.R. 704(E).—In exercise of the powers conferred by sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Share Capital and Debentures) Rules, 2014, namely:—

1. (1) These rules may be called the Companies (Share Capital and Debentures) Third Amendment Rules, 2016.

   (2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Companies (Share Capital and Debentures) Rules, 2014, (herein after referred to as the principal rules), in rule 4, in sub-rule (1), after sub-clause (g), the following proviso shall be inserted, namely.

"Provided that a company may issue equity shares with differential rights upon expiry of five years from the end of the financial year in which such default was made good.".

3. In the principal rules, in rule 8, in sub-rule (4), after the first proviso, the following proviso shall be inserted, namely:-

"Provided further that a startup company, as defined in notification number GSR 180(E) dated 17th February, 2016 issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, may issue sweat equity shares not exceeding fifty per cent of its paid up capital upto five years from the date of its incorporation or registration.".

4. In the principal rules, in rule 12, in sub-rule(1), in clause (c), after sub-clause (ii), the following proviso shall be inserted, namely.-

"Provided that in case of a startup company, as defined in notification number GSR 180(E) dated 17th February, 2016 issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry Government of India, Government of India, the conditions mentioned in sub-clause (i) and (ii) shall not apply upto five years from the date of its incorporation or registration.".

5. In the principal rules, in rule 13, in sub-rule (2),-

   (i) clause (c) shall be omitted.

   (ii) for clause (h), the following clause shall be substituted, namely:-

"(h) where convertible securities are offered on a preferential basis with an option to apply for and `get equity shares allotted, the price of the resultant shares pursuant to conversion shall be determined-

(i) either upfront at the time when the offer of convertible securities is made, on the basis of valuation report of the registered valuer given at the stage of such offer, or

(ii) at the time, which shall not be earlier than thirty days to the date when the holder of convertible security becomes entitled to apply for shares, on the basis of valuation report of the registered valuer given not earlier than sixty days of the date when the holder of convertible security becomes entitled to apply for shares:

Provided that the company shall take a decision on sub-clauses (i) or (ii) at the time of offer of convertible security itself and make such disclosure under sub-clause (v) of clause (d) of sub-rule (2) of this rule.".

6. In the principal rules, in rule 15, after the words "or a company redeems any redeemable preference shares", the words "or a company not having share capital increases number of its members" shall be inserted.

7. In the principal rules, in rule 18,-

(A) in sub-rule (1),-

(a) for clause (b), the following clause shall be substituted, namely:-

"(b) Such an issue of debentures shall be secured by the creation of a charge on the properties or assets of the company or its subsidiaries or its holding company or its associates companies, having a value which is sufficient for the due repayment of the amount of debentures and interest thereon.";

(b) in clause (d), for sub-clause (i), the following sub-clause shall be substituted, namely.-

"(i) any specific movable property of the company or its holding company or subsidiaries or associate companies or otherwise.";

(B) in sub-rule (7),-

(a) in clause (b), in sub-clause (ii) and (iii) for the words "of the value of debentures" wherever they occur, the words "of the value of outstanding debentures" shall be substituted;

(b) in clause (b), after sub-clause (iii), the following proviso shall be inserted, namely:-

"Provided that where a company intends to redeem its debentures prematurely, it may provide for transfer of such amount in Debenture Redemption Reserve as is necessary for redemption of such debentures even if it exceeds the limits specified in this sub-rule.".

[F. No. 01/04/2013 CL-V (part-II)]
AMARDEEP SINGH BHATIA, Jt. Secy.

FINANCE

Review of Entity Based Facilitation Programmes Viz. Accredited Client Programme (ACP) and Authorized Economic Operator (AEO)

Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise & Customs

F.No.450/179/2009-Cus.IV(Pt) New Delhi, 22thJuly, 2016

Sir/ Madam

Please refer to the CBEC Circulars no.42/2005 dated 24.11.2005 as amended regarding the ACP scheme and circular no 28/2012-Customs dated 16.11.2012 regarding AEO programme.

2. The Board has decided to merge the two facilitation schemes namely ACP and AEO into a combined three-tier AEO programme, and also enhance the scope of these programmes so as to provide further benefits to the entities who have demonstrated strong internal control system and willingness to comply with the laws administered by the Central Board of Excise and Customs. The prominent features of the new programme are:

I. Inclusion of Direct Port Delivery of imports to ensure just-in-time inventory management by manufacturers – clearance from wharf to warehouse

ii. Inclusion of Direct Port Entry for factory stuffed containers meant for export by AEOs

iii. Special focus on small and medium scale entities – any entity handling 25 import or export documents annually can become part of this programme

iv. Provision of Deferred Payment of duties – delinking duty payment and Customs clearance

v. Mutual Recognition Agreements with other Customs Administrations

vi. Faster disbursal of drawback amount

vii. Fast tracking of refunds and adjudications

viii. Extension of facilitation to exports in addition to imports

ix. Self-certified copies of FTA / PTA origin related or any other certificates required for clearance would be accepted

x. Request based on-site inspection /examination

xi. Paperless declarations with no supporting documents

xii. Recognition by Partner Government Agencies and other Stakeholders as part of this programme

3. The revised AEO Programme is appended to this Circular.

4. Board CircularsNo. 42/2005 dated 24.11.2005 as amended regarding the ACP scheme and No. 28/2012-Customs dated 16.11.2012 regarding AEO programmestand superseded with issue of this circular.

5. All the entities already certified under AEO Programme pursuant to Circular No 37/2011- Cus., dated 23.08.2011 and No. 28/2012-Customs dated 16.11.2012would now be accorded the status of AEO-T2 or AEO-LO, as the case may be, and shall be entitled to benefits as per this circular subject to their adherence to prescribed standards and guidelines issued in this regard.

6. The entities already accorded the ACP status pursuant to Circular No. 42/2005 dated 24.11.2005 as amended are being granted one time opportunity for transition to the AEO status in terms of this circular. They are required to submit their applications in terms of this circular within 90 days. In the meantime, they are being provisionally granted the status of AEO-T1till a decision is taken on their application.

7. Suitable Public Notice and Standing Orders may be issued. Further, Director General, Directorate General of Performance Management, Chief Commissioners of Central Excise and Chief Commissioner of Customs are requested to give wide publicity to the revised AEO Programme.

8. Difficulties, if any, may be brought to the notice of the Board immediately.

Yours faithfully,

Director (Customs)

Exempt Mandatory Physical Verification of Manufacturing Premises of Readymade Garments

Government of India
Ministry of Finance
Department of Revenue
Notification

No. 32/2016 – Central Excise (N.T.) New Delhi, the 11th July, 2016

G.S.R. (E). – In exercise of the powers conferred by rule 9 of the Central Excise Rules, 2002, the Central Board of Excise and Customs hereby makes the following further amendment in the notification of the Government of India, in the Ministry of Finance (Department of Revenue), No. 35/2001-Central Excise (N.T.) dated the 26th June, 2001, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide G.S.R. 464 (E), dated the 26th June, 2001, namely :-

In the said notification, in clause (8), after sub-clause (iii), the following sub-clause shall be inserted, namely,-

"(iv) Every manufacturing factory or premises engaged in the manufacture or production of goods falling under Chapters 61, 62 or 63 (except laminated jute bags falling under headings or tariff item 6305, 6309 00 00 or 6310) of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) bearing a brand name or sold under a brand name and having a retail sale price (RSP) of one thousand rupees and above, shall be exempted from sub-clauses (i) and (ii) above.".

[F. No. 354/230/2013 –TRU]

(Anurag Sehgal)
Under Secretary to the Government of India

Funds for Startups

Press Information Bureau
Government of India
Ministry of Finance

22-July-2016

Government has approved the setting up of Fund of Funds for Startups (FFS) with a corpus of Rs. 10000 crore. Rs.500 crore have been released in the Financial Year 2015-16 to Small lndustries Development Bank of India (SIDBI) to start its operations and Rs.600 crore has been earmarked for Financial Year 2016-17.

As a Fund of Funds, FFS would not invest directly in Startups, but would participate in the capital of Securities and Exchange Board of India (SEBI) registered Alternate Investment Funds (AIF). FFS is designed to support l8 lakh jobs at full deployment. FFS would be sector agnostic enabling it to support a broad mix of startups set up by all categories of people. The Startup will act as a catalyst to attract private capital by way of equity, quasi-equity, soft loans and other risk capital for start-up companies.

Income Computation and Disclosure Standards (ICDS) Notified under Section 145 (2) of the Income - Tax Act, 1961 to be applicable from 1stApril, 2016

Press Information Bureau
Government of India
Ministry of Finance

06-July-2016

Vide Notification No. SO 892 (E) dated 31st March, 2015, the Central Government notified 10 Income Computation and Disclosure Standards (ICDS). These ICDS are applicable from 1.4.2015 i.e. previous year 2015-16 (Assessment Year 2016-17). Subsequent to notification of the ICDS, a number of representations were received which were examined by an Expert Committee. The Committee has recommended amendments to the notified ICDS and also issuance of clarification in respect of certain points raised by the stakeholders.

The revision of ICDS/issue of clarifications as recommended by the Committee, is under consideration. The revision of the Tax Audit Report is also being made for ensuring the compliance with the provisions of ICDS and for capturing the disclosures mandated by the ICDS.

Some of the tax payers might have filed their return of income and obtained Tax Audit Report without incorporating the compliance with the ICDS and related disclosures in the absence of the revised Tax Audit Report. Considering these facts, it has been decided that the ICDS shall be applicable from 1.4.2016 i.e. previous year 2016-17 (Assessment Year 2017-18). The notification to this effect will be issued shortly.

Central Board of Direct Taxes (CBDT) Signs Seven Unilateral Advance Pricing Agreements (APAs)

Press Information Bureau
Government of India
Ministry of Finance

18-July-2016

The Central Board of Direct Taxes (CBDT) entered into seven (7) Unilateral Advance Pricing Agreements (APAs) today, i.e., 18th July, 2016, with Indian taxpayers. Some of these agreements also have a "Rollback" provision in them.

The APA Scheme was introduced in the Income-tax Act in 2012 and the "Rollback" provisions were introduced in 2014. The scheme endeavours to provide certainty to taxpayers in the domain of transfer pricing by specifying the methods of pricing and setting the prices of international transactions in advance. Since its inception, the APA scheme has attracted tremendous interest and that has resulted in more than 700 applications (both unilateral and bilateral) having been filed in just four years.

The 7 APAs signed today pertain to various sectors of the economy like banking, Information Technology and Automotives. The international transactions covered in these agreements include software development Services, IT enabled Services (BPOs), Engineering Design Services and Administrative & Business Support Services.

With today's signings, the total number of APAs entered into by the CBDT has reached 77. This includes 3 bilateral APAs and 74 Unilateral APAs. In the current financial year, a total of 13 Unilateral APAs have been entered into so far.

The progress of the APA Scheme strengthens the Government's mission of fostering a non-adversarial tax regime. The CBDT expects more APAs to be concluded and signed in the near future.

Income Declaration Scheme: Government Assures Complete Confidentiality Scheme not be Extended beyond September 30 : Revenue Secretary

Press Information Bureau
Government of India
Ministry of Finance

01-July-2016

The Government has assured complete confidentiality to those declaring their income under the Income Declaration Scheme 2016. The Revenue Secretary, Government of India Shri Hasmukh Adhia said "no source will be asked and no further proceedings will be initiated against those availing of the opportunity to declare their hitherto undisclosed income under the scheme". Shri Adhia also reassured that the information contained in the declaration will not be shared with any other law enforcement agency.

The Income Declaration Scheme (IDS) 2016, which was announced by the Finance Minister Shri Arun Jaitley in the Union Budget 2016-17, opened from June 1. The IDS provides a four-month compliance window up to September 30, to people with undisclosed income in the country to come clean by paying tax, penalty and surcharge of 45 per cent of fair market value latest by November 30, 2016.

Shri Adhia made it amply clear that this is a one time opportunity and the window will not be extended beyond the four month period, ending on September 30. He said this is a last chance for people to declare their unaccounted income, following which, the Income Tax Department would initiate its own action.

The Secretary informed that the Government has received many requests and suggestions with respect to the scheme including a demand to extend the deadline for paying tax and a provision to pay tax in instalments. "These suggestions are being examined by the government and an appropriate decision would be taken in due course of time" Shri Adhia added.

To a query on whether undisclosed income can be passed on as current income and tax paid at a lower 33% rate, the Revenue Secretary replied that it would amount to false verification and the assessee would be required to explain the source of income.

Shri Adhia said that the Central Board of Direct Taxes, CBDT has posted a fresh set of FAQs (Frequently Asked Questions) on the disclosure scheme on its website www.incometaxindia.gov.in He said CBDT has also launched a massive outreach programme to create awareness about the scheme.

Replying to a query on Indian black money in the Swiss banks, Shri Adhia said India and Switzerland have agreed to conclude a pact on automatic exchange of information by the end of this year. Once the agreement is signed, it will enable India to receive all financial information about its residents, including bank accounts and balances, dividends and interest income from Switzerland from 2018.

Retail Participation by Demat Account Holders in the Government Securities Market: Access to NDS-OM Platform

RESERVE BANK OF INDIA

RBI/2016-17/30
Ref No.FMRD.DIRD.3/14.03.07/2016-17 July 28, 2061

As announced in the First Bi-monthly Monetary Policy Statement, 2015-16, an Implementation Group with representation from all the stakeholders was constituted to recommend specific measures to enable seamless movement of securities from Subsidiary General Ledger (SGL) form to demat form and vice versa and to provide demat account holders a functionality to put through trades on Negotiated Dealing System – Order Matching (NDS-OM).

2. Taking into account the recommendations of the Group, the Clearing Corporation of India Ltd. (CCIL) was advised to put in place necessary arrangements in coordination with the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable demat account holders to trade on NDS-OM.

3. Accordingly, it has been decided to allow Demat Account Holders of NSDL and CDSL to put through trades in Government Securities on the NDS-OM platform through their respective Depository Participant (DP) bank which is an SGL Account Holder and a direct member of NDS-OM and CCIL.

4. Details of the scheme for accessing NDS-OM for execution of trades by demat account holders are given in the Annex. Further operational details of the Scheme will be issued by CCIL separately. The guidelines shall be effective from August 16, 2016.

Annex
Access to Individual Retail Investors holding Demat Accounts to Secondary Market in Government Securities via Reserve Bank of India's NDS-OM System

1. Introduction

The secondary market in Government Securities (G-Sec) predominantly comprises of Banks, Primary Dealers, Insurance Companies, Mutual Funds, Financial Institutions and other institutional investors. Most of these entities, maintain their holdings in Government Securities in their Subsidiary General Accounts (SGL) with the Public Debt Office of Reserve Bank of India. A few of the newer participants maintain Gilt Accounts with designated market players authorized to open and maintain Constituent SGL Accounts with RBI.

Secondary market trades in G-Sec is largely carried out on the Negotiated Dealing System – Order Matching (NDS-OM) owned by RBI , which is hosted, maintained and operated by the Clearing Corporation of India Limited (CCIL) on behalf of RBI. NDS-OM, which primarily provides direct access to SGL Account holders, also supports access to Gilt Account Holders through its Web Based Extension i.e., NDS-OM-Web based on requests by the concerned Primary Member. Both NDS-OM and NDS-OM-Web facilitate anonymous dealing on the Order Matching Segment as also reporting of bilateral trades concluded outside the system.

It has been decided to facilitate access to NDS-OM by the retail segment comprising of individual investors having demat accounts with the depositories viz. National Securities Depository Limited (NSDL) and/or Central Depository Services (India) Limited (CDSL), desirous of participating in the G-Sec market, by using their demat accounts for their transactions and holdings in G-Sec.

Any individual investor who maintains a demat account with either of the depositories would be eligible to avail of these services. Initially, this access would be facilitated through any of the existing NDS-OM Primary Members, who also act as Depository Participants for NSDL and/or CSDL.

2. Objective

The Scheme seeks to facilitate efficient access to the retail individual investor to the same Gsec market being used by the large institutional investor in a seamless manner.

3. Dealing / Access to NDS-OM

Individuals holding demat accounts would have the following options to trade:

(i) NDS-OM Web: Primary members of NDS-OM who are also Depository Participants can grant demat account holders access to the NDS-OM Web Module for placing buy / sell orders directly on NDS-OM.

(ii) NDS-OM Main: Individuals holding demat accounts can instruct their Depository Participants, who are also primary members of NDS-OM, to place orders on their behalf on the NDS-OM trading platform, similar to the facility available to Gilt Account Holders.

(iii) Bilateral trades in Voice Market: Demat account holders can also conclude a trade in the bilateral voice market. The responsibility of reporting such trades on the Reported Deal Segment of NDS-OM will rest with the Primary member concerned.

4. Settlement & Risk Management

(i) Trades concluded and/or reported in respect of a retail individual investor holding Demat Account under this Scheme, shall flow to CCIL for settlement, which would act as the Central Counterparty for all such trades and undertake clearing and settlement of these trades as per its Bye Laws, Rules & Regulations.

(ii) Primary members shall ensure that demat account holders do not place sell order without sufficient balance of securities in the demat account.

(iii) Trades executed by demat account holders under this Scheme shall be subject to the code of conduct prescribed for NDS-OM from time to time.

(R. Subramanian)
Chief General Manager

LABOUR / INDUSTRY & COMMERCE / AVIATION

Ease of Doing Business Initiatives Implemented by DGFT

Press Information Bureau
Government of India
Ministry of Commerce & Industry

12-July-2016

The DGFT, Dr. Anup Wadhawan, interacted with the exporters today on the issues of Trading Across Borders and Foreign Trade Policy in an interactive session organized jointly by the Department of Industrial Policy & Promotion, CII and FIEO in Mumbai today. Joint Secretary, DIPP, Shri Shailendra Singh, Joint Secretary, Customs, Shri Satya Srinivas and many other senior officers participated in the discussions.

In response to questions raised by the exporters on the major initiatives taken by DGFT/ Department of Commerce to promote trade and improve Ease of Doing Business, DGFT briefly summarized the major initiatives relating to policy simplification, reducing cost of capital through interest subvention, document reduction, IT initiatives like online filing of applications, creation of trade portal and training and outreach activities.

The following are the highlights of the important initiatives:

A-New Foreign Trade Policy

- The New Foreign Trade Policy (2015-20) launched on 1st April, 2015 with emphasis on improving the 'Ease of Doing Business' for export import business.
- The New FTP consolidated 5 different schemes for rewarding merchandise exports under the earlier policy into a single scheme, namely Merchandise Exports from India Scheme (MEIS).
- MEIS introduced on April 1, 2015, is a precise scheme wherein lines are specified at HS 8 digit.
- As MEIS incentives were country group specific, exporters were required to submit landing certificate as a proof of landing of consignment in the destination country. Exporters requested doing away with the Landing Certificates as obtaining landing certificate was an avoidable cost. CIM approved extending MEIS benefits for the already notified products to all countries, which was implemented wef May 4, 2016. This afforded dual benefit for most exporters as not only the landing certificate was dispensed with, the MEIS benefits were also extended to cover all countries.

- A major initiative has been taken for the services exporters. The scrip issued under the Served From India Scheme of the Error! Hyperlink reference not valid. remained underutilized as could only be used for import of certain goods for use of the exporter. Now, the new scheme, the Services Exports from India Scheme (SEIS) introduced in the new FTP removed all such restrictions. The scrip now can be used for making payment of duties or can be transferred.

- Indian exporters pay high rate of interest on the capital borrowed. Interest Equalization Scheme notified by RBI on 4.12.2015, reduces cost of capital by allowing 3% interest equalization on Pre and Post Shipment Rupee Export Credit to eligible exporters. All products manufactured and exported by SME eligible. For the rest, scheme available on 416 HS 4 digit lines. Upto March 2016, benefit to the tune of Rs. 1432.90 Crore has been passed on to eligible borrowers.

B-Ease of Doing Business and IT initiatives

- Number of mandatory documents required for exports and imports reduced to 3 each for export and import. Earlier 7 documents were required for exports and 10 for imports. DGFT in January 2016 has also specified that any violations in this regard should be brought to the notice.

- A major simplification was carried out for the first time exporters who are required to obtain Import Export Code. DGFT did away with the issuance of physical copy of IEC and introduced IEC wef Apr1, 2016. The application, processing and issuance was completely made online where no physical application was required to be submitted.

- IEC has been integrated with eBIZ portal of DIPP so firms have a choice to use either DGFT or eBiz portal for making an application. IEC and EPCG applications have been integrated with eNivesh portal implemented by PMG set up by Cabinet Secretariat.

- DGFT exchanges data with Customs, Banks and EPCs through EDI message exchange system, reducing physical interface of clients and fraud possibilities.

- Exporter can now file online applications for IEC, Advance License, MEIS, SEIS etc., pay application fee online and check status of their applications.

- Use of electronic bank realization certificate (eBRC) system has been extended. The eBRC system captures details of the foreign exchange received by exporters through the banking channel. This data is shared with 13 state governments who may use it for processing of VAT refunds. DGFT is in discussing with the GST team for integrating this information with the GST network.

- 'Aayat Niryat' Forms have been simplified, bringing in clarity in different provisions, removing ambiguities and enhancing electronic governance.

- DGFT has launched a new look website making it more user-friendly and easy to navigate. It has a large dynamic component whereby the trade community can file applications online for IEC and various other schemes of DGFT. The exporters can also see the status of their electronic Bank realization certificates in almost real-time. The website is rich in content with all documents related to Foreign Trade Policy along with a responsive online grievance redressal system.
- Complaint Resolution System: Over 6000 EDI related issues of the exporters resolved since April 2015 through the Complaint Resolution System. In addition, over 650 issues resolved since in past 2 months through the Twitter handles of DGFT and mc.twitterseva.com

C-Other important measures:

- Board of Trade was reconstituted, the first meeting chaired by CIM was held on 06.04.2016. 13 Ministries / Departments and 34 Trade bodies/ organizations took part. Action initiated on the recommendations.
- In the last two years, 46,000 new and prospective exporters have attended the Niryat Bandhu outreach programs through the regional offices of DGFT. DGFT conducted outreach activities at 34 clusters, as part of Niryat Bandhu. In addition, an online training programme was started with the Indian Institute of Foreign Trade (IIFT) for first time entrepreneurs. So far, 303 participants (all IEC holders), comprising 34 females, have undergone this online certificate course. 8 such courses are envisaged in the current financial year.
- An ambitious FTA outreach programme has been launched to reach out to the exporters located in the 34 major export clusters/cities. The programmes focus on training exporters to utilize the Free Trade Agreements-Taking inputs from exporters on FTAs under negotiations for example Regional comprehensive economic policy (RCEP).
- Indian Trade Portal launched by Department of Commerce and managed by FIEO displays information useful for export import. It contains the Trade enquiries uploaded by Indian trade missions, Tariff and Trade data of India's major trade partners, Export Market Reports, and Trade Agreements etc.

The efficacy of these initiatives is reflected in the fact that the annual trade data indicates that the share of the manufacturing sector in India's total exports has increased from 64% in 2014-15 to more than 69% in 2015-16. The analysis carried out by DGCIS shows that important sectors like Drugs and Pharmaceuticals, Organic and Inorganic Chemicals, Electronic Goods, Cotton Yarn/Fabrics/Made-ups & Handloom Products, RMG of all Textiles and Plastic and Linoleum have recorded significant increase in 2015-16 over 2014-15.