

# *The Accounting Times*



*By Department of Accountancy, Patuck-Gala College, Santacruz (E).*

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## **Reserve Bank of India to issue Rs 2,000 notes soon**

**The Rs 2,000 currency notes have already been printed and will be in circulation shortly.**

India is all set to add one more denomination to its currencies shortly. The Reserve Bank of India (RBI) will be issuing Rs 2,000 currency notes, the highest to come into circulation, even as some experts feel high-value denominations should be discontinued to curb black money.

The printing of these notes has been completed at the Mysuru currency printing facility. The notes are being despatched, the Business Line reported, citing sources. The daily added that neither the Indian government nor the central bank confirmed the development.

Currency notes and coins are printed/minted at about eight units owned by the Security Printing and Minting Corporation of India Limited (SPMCIL), a finance ministry company.

SMPCIL's two currency printing units — at Dewas in Madhya Pradesh and Nashik in Maharashtra — print about 40 percent of India's currency notes. Coins are minted at Mumbai, Hyderabad, Kolkata and Noida units of SPMCIL.

Currency notes and coins are printed/minted by the government of India on the advice of the RBI, which also estimates the denomination-wise currency needs, and co-ordinates with the government on design and security aspects.

The incidence of cash transactions and the huge volume of high-value currencies is unique to India, notwithstanding recent efforts to move towards cashless transactions. The two topmost currencies — Rs 500 and Rs 1,000 — accounted for about 86 percent of the new currency notes added in 2014-15, according to RBI statistics.

## **Some interesting information on currency notes in India**

\* The highest denomination note ever printed by the Reserve Bank of India was the Rs 10,000 note in 1938 and again in 1954. These notes were demonetised in 1946, and again in 1978.

\* Currency paper is composed of cotton and cotton rag.

\* The Government of India decides on the quantity of coins to be minted on the basis of indents received from the RBI.

\* The Reserve Bank estimates the demand for banknotes on the basis of the growth rate of the economy, inflation rate, the replacement demand and reserve stock requirements by using statistical models/techniques.

\* Notes are printed at four printing presses located at Nashik, Dewas, Mysore and Salboni. Coins are minted at the four mints at Mumbai, Noida, Kolkata and Hyderabad.

\* The Reserve Bank presently manages the currency operations through its 19 Issue offices located at Ahmedabad, Bangalore, Belapur, Bhopal, Bhubaneswar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Jammu, Kanpur, Kolkata, Lucknow, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram, a currency chest at Kochi and a wide network of currency chests.

\* These offices receive fresh banknotes from the banknote printing presses. The Issue Offices of RBI send fresh banknote remittances to the designated branches of commercial banks.

\* Coins in India are presently being issued in denominations of 50 paise, one rupee, two rupees, five rupees and ten rupees. Coins up to 50 paise are called 'small coins' and coins of Rupee one and above are called 'Rupee Coins'.

\* Coins in the denomination of 1 paise, 2 paise, 3 paise, 5 paise, 10 paise, 20 paise and 25 paise have been withdrawn from circulation with effect from June 30, 2011 and are, therefore, no more legal tender.

**- Lily Chwda**

## **Simplifying Personal Tax Filing in India – Digital Solutions and New Initiatives by the Government**

India's Central Board of Taxes (CBDT) is gradually unveiling a slew of initiatives that seek to expand the country's taxpayer base by increasing institutional transparency and easing assessment and payment process for taxpayers. Mostly in the form of digital solutions, the CBDT aims to revamp the country's laggard tax administration infrastructure by implementing an efficient paperless system and simplifying the existing communication interface.

## Latest Initiatives by India's Tax Department

Various taxpayer friendly initiatives have been launched by the government that simultaneously serve to bolster the transparency of financial transactions in the country.

### E-Sahyog

This initiative introduces a paperless mechanism whereby the income tax (IT) department notifies assessee electronically. This removes the burden of physically interacting with tax authorities and saves time. The online system resolves any errors or mismatches in IT returns instead of scrutinizing taxpayers in person.

### Expansion of Pan Card Administration

It is now mandatory to quote one's Permanent Account Number (PAN) for any purchase or sale exceeding US\$ 1496 (Rs 100,000). At present, only about 230 million people possess PAN cards in India. The government aims to expand this user base, particularly in rural areas, via 13,500 PAN application centers across the country. Extending the scope of the PAN will enable tax authorities to combat the illegal circulation of 'black' money and keep track of the taxpayer base to facilitate efficient budget plans.

### Tax Return Preparer Scheme (TRPS)

The IT department launched this tax filing service in 2006 whereby trained and certified professionals file returns on behalf of taxpayers at free of cost or for a marginal fee. The TRP scheme targets small taxpayers, and reduces costs while encouraging greater compliance with tax laws.

### Faster Tax Refund

Since 2015, the IT department has committed towards faster processing and sending tax refunds through an automated ecosystem achieved through the Aadhaar card-based income tax return (ITR) verification, which eliminates the need for human interface in taxpayer services. The current capacity shows a peak of processing 500,000 returns per day with the average processing time reduced to 55 days (from 12 to 14 months).

### Simplified IT Forms

The finance ministry introduced a new and simplified three page ITR format in May of 2015 – forms ITR 2 and ITR 2A. Previously, the income tax return form was 14 pages long. The tax department also did away with the controversial reporting requirement whereby taxpayers had to compulsorily disclose foreign trips and dormant bank accounts (for up to a period of three years).

### Clarification on the Applicability of Minimal Alternative Tax (MAT)

The CBDT has clarified that MAT is inapplicable for foreign institutional investors (FIIs) and foreign portfolio investors (FPIs) in India.

### E-Verification of ITR

Online verification of income tax return forms through Aadhaar card linkage and net banking facility removes the hassle of sending hard copy of the ITR-V form to the IT department. This shortens the processing time and issuance of refunds.

### SMS Alerts on Tax Deducted at Source (TDS)

Directly targeting the salaried professional class in the country, the finance ministry launched an SMS alert service on October 24. The service, which can be availed every month, will send SMSes (text message) to

salaried taxpayers on their TDS deductions. This makes it much easier for assesseees to match their office salary slip and the SMS notification at the end of the financial year to get updated on any tax dues and/or avoid paying taxes twice. According to the CBDT, this initiative will benefit approximately 250 million salaried taxpayers, and the service will subsequently be extended to another 440 million non-salaried taxpayers. The frequency of the SMS alerts will also be increased once the tax department streamlines the process for filing TDS returns so that it delivers such information on a real-time basis.

### Faster Grievance Redressal

The disposal rate of grievances received in the last fiscal through the centralized public grievance redress and monitoring system increased dramatically as per the tax department. To further bolster the system, an 'e-nirvaran' facility was recently launched this year for online redressal of taxpayer grievances related to refunds, ITRs, TDS, and PAN. The 'e-nirvaran' form is also expected to be provided at the Aaykar Sampark Kendras (ASKs or tax facilitation centers) located in over 300 cities across India.

### Other Initiatives

Business firms to get their PAN and Tax Deduction Account Number (TAN) allotted immediately after the issuance of the Corporate Identity Number (CIN) by the Ministry of Corporate Affairs. Extending the payment facility for taxes through net banking and ATMs and at more than 17,000 bank branches of 31 designated banks. Online filing facility that allows uploading of ITRs anywhere and anytime. Online provision for viewing of tax credits and specified transactions to the taxpayer.

- Liily Chwda

## **FII's Raise Concerns Over Tata Motors Governance**

New Delhi: A group of foreign institutional investors (FIIs) that together own more than 10% of Tata Motors has written to the board expressing concerns about the possibility of Tata Sons being given preferential access to strategic information ahead of other investors, according to persons directly aware of the matter.

The letter makes no reference to the recent sacking of Cyrus Mistry as chairman of Tata Sons in a boardroom putsch that saw Ratan Tata return to the helm of the holding company. But its despatch appears to have been sparked by revelations made by Mistry — who remains chairman of Tata Motors — defending his record and blaming decisions by Ratan Tata for the group's performance.

The group of investors that wrote the letter is said to include certain large US-based FIIs, an activist shareholder and sovereign wealth funds. Some of the investors hold Nasdaq-traded American Depository Receipts (ADRs) of Tata Motors.

Big overseas investors in Tata Motors include UK's Legal and General, US-based Oppenheimer Fund, Sweden-based Nordea Asset Management, Abu Dhabi Investment Authority, Government of Singapore Investment Corp and Monetary Authority of Singapore. They are also among the largest FIIs investing in Indian equities.

The note to all directors elaborated on the responsibilities of a publicly traded company's board, said the people cited above. Big overseas investors in Tata Motors include UK's Legal and General, US-based Oppenheimer Fund, Sweden-based Nordea Asset Management, Abu Dhabi Investment Authority, Government of Singapore Investment Corp and Monetary Authority of Singapore.

The letter makes no reference to any action being contemplated by investors

Ignatius has set up ShantiNiketan, a community of 174 homes, all owned by Indian retirees, at Tavares, Florida. Incidentally, people at the community are evenly split between Democrats and Republicans, with a slight advantage towards Republicans and Trump, says Ignatius.

Mike Patel, a prominent hotelier and financial services entrepreneur from Atlanta, Georgia, runs businesses spread across different states, including Florida. He is also a long-time supporter and fundraiser of both Bill and

Hillary Clinton. He is now part of lastditch efforts by Democrats in Florida to rally around not just Indian Americans but members of the larger South Asian community to vote for Clinton.

“We just finished a weekend meeting in support of Clinton where we got a very good response not just from Indian Americans but also from Hispanics, African Americans, Bangladeshi Americans and members of the LGBT community,” Patel told ET from a hotel in West Palm Beach in Florida located close to the BAPS Swaminarayan Temple, which is a hub for the Indian community. More meetings were held over the weekend with members of the community. Patel felt that since 2000, many more Indian Americans had moved to Florida and they were an economically strong community — and their votes would obviously count this time around.

Sanjay Puri, chairman of the bipartisan US India Political Action Committee (USINPAC), too, echoed Patel’s thoughts by pointing out that the desis in the battleground state — especially the hubs of Tampa, Palm Beach, Miami and Orlando — will play a very significant role in an election that’s too close to call.

“Historically, Florida has had some key Republicans, including supporters of former president George W Bush . In this election, too, Florida is very important,” Puri said. Chicago businessman Shalabh Kumar, who is Trump’s biggest Indian-American supporter, seems to be banking on history repeating itself.

- **Tasfiya Shaikh**

## **Seven favourite stocks of mutual funds and why you should buy these**

The stock market has witnessed a lot of volatility over the past one year. Global uncertainties weighed heavy on the market earlier this year, but it bounced back following the passage of key reforms, a healthy monsoon and strong inflows of foreign investments.

However, the healthy uptick in stock prices has taken market valuations pretty high, even as corporate earnings growth has been moderate at best. The appetite for mid- and small-cap stocks, in particular, has been very high, leading to a surge in valuations in certain pockets. Equity fund managers have had to dig deep to find rewarding stocks.

In the third edition of our annual listing of Most Wanted Stocks, we have identified seven gems that mutual fund managers steadily accumulated during the past one year. These are stocks that have seen a consistent rise in mutual fund holdings in the past four quarters.

Does it make sense to follow in the footsteps of fund managers and invest in these stocks? The basket of seven stocks we identified last year has given phenomenal returns of 40%. This is 6 percentage points more than the best performing diversified equity fund and 29 percentage points higher than BSE 500. Our 2014 stock picks have also outperformed the average diversified fund and the BSE 500

- **Tasfiya Shaikh**

## **Ramdev’s 2017 target: 30 lakh shops, factories worth Rs 1 lakh crore**

GUWAHATI: Patanjali Ayurved, the FMCG venture promoted by yoga guru Ramdev, on Saturday announced that it has a target to reach out to over 30 lakhs shops by next year and get into ecommerce trade in a big way by 2017. The Haridwar-based firm will set up manufacturing plants in Assam.

The Assam facility, which will come up with an investment of Rs 1,200 crore, will have a manufacturing facility of 10 lakh tonnes per year.

This will be largest facility of Patanjali in the country and Patanjali Herbal and Mega Food Park in Balipara in Assam will be fully operational by March next year.

Patanjali has around 50 manufacturing units across the country. Ramdev who was in Guwahati on Saturday said, “Out target is to create production facilities worth Rs 1 lakh crore in the next five years.

Patanjali has around 5,000 retail outlets and its products are available in 10 lakh shops; we have a target to scale to 30 lakh shops by next fiscal year.”

Ramdev also outlined his ecommerce plans. “A couple of companies are making big losses on the etailing platform and despite that they are selling goods at discounted prices. We will enter ecommerce in a big way by next year.

However we will ensure that products are delivered sans big discounts.” He added “I will promote and sale eri and muga silk and cane products of Assam. We are getting in a big way into the apparel and textile segment.”

- Sonal Saki

## How pocket-friendly will GST be for you

GST council has agreed on rate structure as 0%, 5%, 12%, 18% and 28%. Having a slab rate structure in GST is a departure from popular international practice of having one rate of tax for all goods and services.

Council has not announced schedule of goods and services under each slab rate. The FM has mentioned that highest tax slab rate will be applicable to items currently taxed at 30% to 31% (excise duty plus VAT) will be taxed at a demerit rate of 28%.

Some of the goods taxed at 28% will be charged with an additional cess for five years. However, with use of best estimates and some publicly available information, the likely impact on MRP of the products can be summarised below:

*Note: Negative changes indicate possible reduction in cost and positive change indicate rise in cost. Maharashtra VAT rates have been taken for the computation; Impact of the entry tax and octroi not captured; Margins in supply chain have been assumed.*

Product	Current MRP	Current effective tax on MRP	GST assumed rate	Effective GST on MRP	% Rise/Fall in Price	
Tea	Tata Tea Premium - 1kg	420	5.66%	5%	4.76%	-0.9%
Jam	Kissan Jam - 700gms	175	5.66%	5%	4.76%	-0.9%
Footwear	Bata	799	15.04%	18%	15.25%	0.2%
Mobile	Micromax Canvas 6	13,999	19.63%	18%	15.25%	-4.4%
Bottled water	Bisleri Drinking Water 1 ltr	20	18.38%	28%	21.88%	3.5%
Bathing Soap	Cinthol Deo Soap - 125 gms	117	20.25%	28%	21.88%	1.6%
TV LED	Samsung 40 Inch LED TV	53,000	19.63%	28%	21.88%	2.3%
AC (Split)	Onida 1.5 Tons 3Star AC	37,800	19.63%	28%	21.88%	2.3%
Corn flakes	Kellogs Corn Flakes - 475gms	164	20.25%	18%	15.25%	-5.0%
Bicycle	Hero Sprint Cycle	5,839	9.26%	12%	10.71%	1.5%
Pens	Uniball	50	13.16%	18%	15.25%	2.1%

- Sonal Saki