guwahati@icai

E-Newsletter of the Guwahati Branch of EIRC of ICAI

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Editorial Board

Write to Editor

'Information is Power' and our ever-evolving profession needs more and more of that today than ever before. Do you have any relevant points to make, experiences to share, and views to spread among the CA fraternity? If yes, e-mail us at newsguwahati.icai@gmail.com.

Chairman's Message ...

Dear Colleagues and Student Friends,

hello!

"Reach high, for the stars lie hidden in your soul. Dream deep, for every dream precedes the goal." – Pamela Vaull Starr

Wow!!! How time flies! It is truly hard to believe how quickly a year has passed and that I am writing this message to the Guwahati Branch e-Newsletter as I prepare for my transition to the permanent post of past-chairman. It was certainly an eventful year, which is probably why it passed in the blink of an eye.

The past one year has been an exciting and transformative time in the Chair of the Guwahati Branch of ICAI. It has been an honor, a joy, and an experience that I will always cherish. I have met many new people, made many new friends and enjoyed my tenure to the fullest. I also have had the pleasure of watching our fraternity rise to new heights in terms of its influence and professional reach.

We all do better when we work together. Our differences do matter, but our shared interests and common goals matter more. I am fortunate that the onerous responsibilities of the branch were ably shared by all in the team of office bearers. In an ordinary way, we in the Managing Committee, tried to accomplish the extraordinary and you are the true judge of how far we were able to do that.

We feel elated at being conferred the Best Branch of the Eastern Region jointly with Siliguri Branch for the year 2014. Our student body has also done well to bag the Best Students' Body Award of the region (again jointly). We convey our heartfelt gratitude to the members of EIRC for recognizing our humble efforts and more importantly, for their wholehearted support to our Branch throughout the year. It is also very heartening to note that ICAI has also conferred the Best Branch (Medium Size) award for the year 2014 to the Siliguri Branch of EIRC. We express our hearty congratulations to the Siliguri Branch for the awards both at National and Regional level and wish them greater success in their endeavours in the future.

To aim is not enough, you must hit it! The path towards success is full of obstacles. Should you fall, pick yourself up and continue your chosen path with renewed vigor. I, as Branch Chairman, sincerely apologize to the members for failing in my duty to get recognition for the Branch at the National Level, despite the best possible efforts by my Managing Committee. It is certainly time for us to introspect and to find out where we missed the mark. We should concentrate on the workings of our Branch with added passion in future so that we may achieve what it takes to truly be the Best.

Dear colleagues, I hold the same feeling of gratitude for each one of you which I would like to express in my last message as Chairman. You have been there for me in one or the other role making my days happier, my experiences richer and me a better person.

Having been in the Chair for one year, the time has now come for me to pass on the baton to the new Chairman and I do so with much comfort and secure in the knowledge that with our continued support my successor will take the Branch to greater heights.

I will always cherish this tenure with Guwahati Branch of ICAI in my memories forever.

Wish you all very best luck for future endeavors! May God Bless you all !! Adieu…..

– CA. K P Sarda

The best translator is the one who can translate somebody's silence.

Congratulations

CA. P K Sharma

CA. P K Sharma has been nominated as a Member (Finance Expert) for MOU Negotiation Meeting of Trading, Marketing and Financial Services Syndicate for the F.Y 2015-16 by the Government of India.

CA. B D Garodia

CA. B D Garodia has been appointed as the Member of the State Audit Advisory Board (SAAB) in the office of the Accountant General (Audit), Assam.

CA. Rupshikha Borah

The first lady chartered accountant from the North eastern Region CA. Rupshikha Borah has been recommended as the New CMD of the Oil India Limited by Public Enterprise Selection Board (PESB). She will take charge from July 1, 2015.

Ms. Borah, who hails from Jorhat in Upper Assam, has to her credit over 27 years of experience in diverse fields of financial management, audit and strategic planning. She has been honoured with the Best CA Professional Woman Achiever Award by The Institute of Chartered Accountants of India and had also received the Petrofed Woman Executive of Oil & Gas Industry Award. She is a post-graduate in commerce from Delhi School of Economics. Her laurel also includes the prestigious Fulbright Hubert Humphrey Fellowship from USA.

Editor's Desk...

Dear Friends,

January was special this year. As in other years, we immersed ourselves in agrarian festivities celebrating *Maghor Bihu* in our state with Meji and Bhooj, while elsewhere, our countrymen observed Makar Sankranti, Pongal and Lohri. We worshipped "Maa Saraswati" for her blessings and celebrated our Republic Day on 26th January. What made it special was the presence of one of the world's most powerful men, Mr. Barak Hussein Obama II, the First ever U.S. President to be a Chief Guest at the grand celebrations. Mr. Obama's visit will pave the way for strengthening the Indo-US relationships which we hope shall benefit us mutually.

The lower house of Parliament passed the Companies (Amendment) Bill, 2014 but it is still to be cleared by the upper house where the government lacks a clear majority. The Amended Bill provides some relaxations to the companies mainly Private ones and we hope that it soon sees the light of the day.

Oil prices have continued to drop with each drop of oil produced bringing relief to our economy which is so dependent on imported crude.

Another notable programme to be launched at the government level is the "Sukanya Samridhi Yojana" to protect the Girl Child, a humble beginning to balance the gender disparity.

CA final results were declared adding newer blood to our fraternity. Congratulations to all those who passed. Those who could not should put on more hard work and give more emphasis on their studies. I wish them better luck next time.

Once upon a time-

When Window was just a square hole in a room & Application was something written on a paper;

When Keyboard was a Piano and Mouse just an animal;

When File was an important office material and Hard Drive just an uncomfortable road trip;

When Cut was done with knife and Paste with glue;

When Web was a spider's home and virus was flu;

When Apple and Blackberry were just fruits....

That's when we had a lot of time for family and friends!

Friends the year ahead is just yours. Let's rediscover those lost days and stay connected.

– CA. Sharad Agarwalla

SECURITY SERVICE PROVIDED BY THE STATE GOVT. TO THE TEA GARDENS– EXIGIBLE TO SERVICE TAX?

By: CA. Manoj Nahata*

Services provided by the Government or local authorities are generally not taxable as the same are covered under the negative list. However, there are certain such activities which are taxable. Generally, such activities of the Government or local authorities which are similar to or may be substituted for services provided by private entities are taxed. The rationale behind taxing such activities is to provide a level playing field to private entities since exemption to Government in such areas would lead to competitive inequities. It also becomes necessary to tax such services as the support services provided by Government are normally in the nature of intermediary services and taxing these will avoid break in the Cenvat Chain.

For support services provided by the Government to business entities, the government departments are not required to get themselves registered since service tax is payable on such services by the service receiver under reverse charge mechanism. However in respect of a few services like renting of immovable property &a few other services, the Government Department needs to obtain registration and discharge service tax liability on their own.

Meaning of 'Support Services'

Support services have been defined in clause 49 of section 65B of the Act as 'infrastructural, operational, administrative, logistic marketing or any other support of any kind comprising functions that entities carry out in ordinary course of operations themselves but may obtain as services by outsourcing from others for any reason whatsoever and shall include advertisement and promotion, construction or works contract, renting of movable or immovable property, security, testing and analysis.'

Further the Education Guide issued by the CBEC in para 4.1.7 explained that the services which are provided by government in terms of their **sovereign right** to business entities, and which are not substitutable in any manner by any private entity, are not support services e.g. grant of mining or licensing rights or audit of government entities established by a special law, which are required to be audited by CAG under section 18 of the Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Act, 1971. Such services are performed by CAG under the statue and cannot be performed by the business entity themselves and thus do not constitute support services.

Recently, in a case of ***Mcleod Russel (India) Ltd., Kolkata Vs. Union of India & Anr*** (W.P. No.48 of 2014)a question was raised before the Kolkata High Court whether service tax is applicable on the tea plantation owners on the fee/salary paid by them to the security guards constituted under the Assam Industrial Security Force (AISF) by the Govt. of Assam.

Facts of the case

The petitioner Mcleod Russel (India) Ltd. has been engaged in the business of Tea in the State of Assam. They have availed security services from the Government of Assam which has constituted Assam Industrial Security Force (AISF) under an agreement between the plantation owners and the government of Assam. For providing the service of this force, the Assam government charges the writ petitioner and other recipients of this service a fee. In other words, they ask the tea plantation owners to reimburse them of the salary they have to disburse to the members of this force.

The Service Tax Department pointed out that the above service provided by the Assam government to the writ petitioner would be considered as a security service and to be more specific a support service eligible to service tax in the hands of service receiver.

The petitioner challenged the said proposition of the Service Tax Department by way of Writ Petition before the Kolkata High Court.

Contention of the Petitioner

It was argued that the members of the AISF are the servants of the State of Assam. Their appointment, management, discipline and pay are controlled by the State Government. The services rendered by AISF are a part of the sovereign functions of the State and cannot be called "support service". The State has an obligation to guard the frontiers of the country, ensure internal security, enact laws, enforce them and so on. The State has obligations with regard to maintenance of law and order, peace, prevention of crime in the tea growing and manufacturing area of the State. Attention was drawn to the list II entry I of the 7th schedule to the Constitution of India. This part of maintenance of internal securities the obligations of the State and in the tea plantation areas this has been delegated by it to the AISF. Discharging sovereign functions by the State cannot be equated with providing support service by it. A State can never charge any tax for discharge of sovereign functions. Hence there cannot be levy of any tax for rendering of service by AISF. This has also been recognized by the Department in its Education Guide to Service Tax. Further the arms that are entrusted with the members of this force are used by army personnel and are not available to an ordinary security force. So this force cannot be said to be ordinary security agency.

Contention of the Revenue:

The revenue on the other hand contended that these personnel are nothing but private security guards or watchmen who are provided by the State to the tea plantation owners for protection of their person and property. They were drawn from the AISF, no doubt, but their functions were limited and personalized. As per the contract documents this force did not have any police power. It had no power to carry out any investigation. Hence the service tax is rightly applicable on the said service.

Findings and judgements

The Hon'ble Court noticed that the affidavit–in-opposition filed by the revenue is silent about the basic foundation of the case with regard to the discharge of sovereign functions of the State by the AISF. Though it was argued from the bar that that the AISF is not discharging any sovereign functions but in absence of assertion in the affidavit-in-proposition, the court cannot take into account any statement made from the bar. Further the nature of the function of AISF is to protect the tea plantations and the personnel working therein against unlawful acts is also uncontroverted. Therefore, prima facie there is every indication that the service rendered by this force is a sovereign and hence not a "support service". Further, the Hon'ble Gauhati High Court in a different case on different subject matter of ***All Assam Tea Plantation Security Vs. The State of Assam and Ors.(2003) 1 GLR 233*** held that this force performs sovereign functions inasmuch as the members of the force under the direct operational and disciplinary control of the Police authorities are performing what are purely State functions.

That the maintenance of the security of the State was a sovereign function was emphasized in the judgment of the Supreme Court in ***M/s Bakhtawar SinghBal Kishan Vs. Union of India (1988) 2 SCC 293.***

The Court held that the value of sovereign functions of a State is not taxable in the hands of the citizens. 'Support services' rendered by the government are taxable. Now, whether the service in question is taxable or not is a question of fact and the department has jurisdiction and obligation to determine the same. The demand notice issued to the petitioner by the Service Tax Department is quashed and it will be open for the department to make a fresh adjudication following appropriate procedure taking into consideration the judgements discussed by the Court.

Author's Comments

The author draws attention to the para no. 4.1.8 of the Education Guide on the Service Tax wherein a question is raised as-

"4.1.8 Will the services provided by Police or security agencies to PSUs or corporate entities or sports events held by private entities be taxable?"

The said question was answered by the CBEC in affirmative and confirmed that tax will be actually payable on reverse charge by the recipient. But this point was either not put up before the Hon'ble High Court or the same was not touched upon by the Court in the order passed. The CBEC has made it clear that the services provided by the Police to private entities falls under the purview of Service Tax.

Now, as we understand that the basic function of Police is to provide security and to maintain law and order. The Police authorities have got wide powers coupled with duties and responsibilities to ensure protection of the citizens. They can register FIR, file charge sheet and prosecute the miscreants or culprits in the court of law. But as against this, the normal / other security agencies are not empowered with those powers. So it can well be said that the service rendered by Police is not at all substitutable in any manner. So, here comes a question that if the services of Police are exclusive in nature then why it has been clarified as taxable? The author could not understand that on the one hand it has been stated that services provided by government in terms of their sovereign right to business entities are not taxable whereas on the other hand the services provided by Police are clarified as taxable service. It implies that the services rendered by Police are either not sovereign in nature or there exists still an ambiguity on this matter. The author feels that clarity on this point is very crucial and will have an impact on the instant case too.

Let us wait and watch till future developments throw newer light on the matter.

**The author is a practicing chartered accountant at Guwahati and can be reached at: manoj_nahata2003@yahoo.co.in*

Is MGT 14 is required to be filed for approval of Interim Financial statements?

By CA. Nitesh More

E form MGT 14 is required to be filed for approval of Interim Financial statements only if the words financial statement includes interim financial statements also. The words financial statement has been defined in an inclusive way. "Financial statement" in relation to a company, includes—(i) a balance sheet as at the end of the financial year; (ii) a profit and loss account, or in the case of a company carrying on any activity not for profit, an income and expenditure account for the financial year; (iii) cash flow statement for the financial year; (iv) a statement of changes in equity, if applicable; and (v) any explanatory note annexed to, or forming part of, any document referred to in sub-clause (i) to sub-clause (iv): Provided that the financial statement, with respect to One Person Company, small company and dormant company, may not include the cash flow statement; [Sec 2 (40)]. In other words, interim financial statement has not been included in the definition directly. Can one say that as the definition is inclusive, "financial statement" means annual & interim financial statements both?

As per Sec 179(3)(g) read with Sec 117 , resolution is required to be filed for approval of financial statement and the Board's report. If the expression "financial statement" includes interim financial statement, Eform MGT 14 is required to be filled every quarter for approval of quarterly financial statements.

There are two views on the issue:

ONE VIEW: The expression "financial statements" used in the Companies Act does not include interim financial statements.

1) The Act defines the word to include financial statements for the F.Y. only.

2) Interim financial statements are not prepared under

the Companies Act. They are prepared under the listing agreement.

3) Companies Act nowhere specifies any provisions on interim financial statement.

4) Each of the specific clauses in the definition of "financial statement" refers to annual statements.

5) The Act does not require periodic statements at all - it only mandates annual statements.

6) Doctrine of ejusdem generis, implying unspecific words to get delimited by the scope of the specific words, can be applied.

7) In the case of South Gujarat Roofing Tiles Manufacturers Association Vs State of Gujarat [(1976) 4 SCC 601], the SC noted that when inclusive definition contains ordinary normal connotations of an expression, even an inclusive definition has to be treated as exhaustive.

ANOTHER VIEW: The expression "financial statements" used in the Companies Act include interim financial statements.

1) Where the word defined is declared to "include", such the definition is prima facie extensive. [AIR 1960 SC 610].

2) Some expert says that notification dated 14 August. 2014 issued by MCA to amend sub-rule (iv) to rule 4 in the companies (meetings of Board) rules are intended to facilitate the consideration of financial results for interim periods through video conferencing by the board and audit committees of listed company.

3) Many listed companies are submitting Eform MGT14 for approval of interim financial statement u/s 179(3)(g).

PENALTY

If a company fails to file the resolution or the agreement under sub-section (1) before the expiry of the period specified under section 403 with additional fee, the company shall be punishable with fine which shall not be less than five lakh rupees but which may extend to twenty-five lakh rupees and every officer of the company who is in default, including liquidator of the company, if any, shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupee. [Sec 117(2)]

CONCLUSION

Law is not clear on the issue. Probably, In view of large penalty prescribed for non-filling, many listed companies are filing such resolutions to ROC to be on safer side.

Corporate Social Responsibility: Sustainability & Inclusive Growth

The wealth that one creates has to be ploughed back for the benefit of society – Mahatma Gandhi

By CA. Mohammad Hassan
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Introduction

In India we are surrounded with abundant problems related to environment and society. For last one decade or so enough has been discussed on inclusive growth through social investments in India. The inclusive growth as a strategy of economic development received attention owing to a rising apprehension that the paybacks of economic growth have not been equitably shared. Growth is inclusive when it creates economic opportunities in conjunction with ensuring identical access to them. So it's a time to assume the social causes and discharge Corporate Social Responsibility (CSR) to accomplish the sustainable economic growth by taking all stakeholders together and formulate India not only an splendid business destination but socially too. It is recognized the world over that integrating social, environmental and ethical responsibilities into the governance of businesses ensures their long term success, competitiveness and sustainability. Indian business, as a responsible module of the dominance of India, is on the edge to take on a leadership role and thus required to take up CSR.

Indian Scenario

In a country like India, where one-third of the population is illiterate, two-thirds lack access to proper sanitation, and 400 million people still live on less than US$ 1.25 a day (World bank, 2010) corporate are required to contribute to equitable and sustainable economic development.

Proportion of illiterate population	1/3rd
Proportion that lacks access to proper sanitation	2/3rd
No. Of people lives on less than US$ 1.25/day	400 million
Below Poverty Line as per World Bank (2010)	32%
Below Poverty Line as per UNDP (2010)	29%
Literacy in India	
• Census, 2001	65.38%
• Census, 2011	74.04%
Increase	8.66%
World average literacy rate	84.00%
Census, 2011	
Male literacy rate	82.14%
Female literacy rate	65.46%

Literacy in India is a key for socio-economic progress, and as per Population Census of India 2011, it has gone up to 74.04% in 2011 from 65.38% in 2001, thus showing an increase of 9 % in the last 10 years. It consists of male literacy rate 82.14% and female literacy rate is 65.46%. Although this was an improvement, the level is well below the world average literacy rate of 84% and of all nations, India currently has the largest illiterate population. Spread of literacy is generally associated with important traits of modern civilization such as modernization, urbanization, industrialization, communication and commerce.

Further India is known to be the third in the world's poorest and based on statistics, has the most poverty-stricken regions in the world. In 2010, over 32% of Indians are below the poverty line used internationally at US$ 1.25 daily while more than 68% are earning a living at US$2 daily, as reported by the World Bank.

United Nations Development Program provided a data in 2010 containing information that about 29% Indians are living below the poverty line of the country. Another report done by the Oxford Poverty and Human Development Initiative, 8 states in India have over 400 million poor people. While a report made in 2013 by UN stated that world's third poorest people are living in India.[1] With poverty problems, a great number of malnourished children who are also staying in India are also included in such data.

Quality education is imperative as without it there will be no prospective talent pool. Societal growth and economic growth are entangled, and must develop simultaneously. If society is not benefitting or in advance access to the growth of the country, the economic development will be unsustainable or undersized. As the Indian economy continues to grow, it's important to ensure that this growth is sustainable and inclusive and in this regards CSR provision is a welcome as well as a promising step.

Literature Review

a. **Conceptual framework of CSR**

The sustainability aspect of CSR bases is also well documented another model which discusses five dimensions of sustainability of business namely ethical, social, nature-philosophic, economic and legal dimensions which is quite relevant with CSR bases (Enquist B, Evardsson B, and Sebhatu, S ; 2007).

CSR has permitted management practice and theory up to a point where CSR can be referred to as the latest management fad (Guthey, Langer, & Morsing, 2006).

The United Nations Industrial Development Organisation (UNIDO) has defined CSR as "a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is a way in which companies achieve a balance of economic, environmental and social imperatives."

b. **Legal framework of CSR**

Internationally governments in their frameworks are increasingly establishing mandates for the private sector to shift from a purely financial bottom-line approach to what is known as triple bottom line (people, planet and profit). Introduction of a CSR clause in Companies Act 2013 has made India the first country to mandate CSR through a statutory provision.

Prior to 2012-13, many firms were voluntarily making donations and spending on community development and mitigation of environmental pollution. It is only since 2012-13 that firms have started allocating funds for CSR activities specifically. This was in response to the Securities and Exchange Board of India circular of August 2012, which mandated all top 100 listed companies to include business responsibility report as a part of their annual report.

In recent years the business strategy field has experienced the renaissance of CSR as a major topic of interest and debate with introduction of legislated CSR. Companies Act 2013 mandates that all companies, including foreign firms, with a minimum net worth of Rs 500 cr., turnover of Rs 1,000 cr. and net profit of at least Rs 5 cr., spend at least 2% of their profit on CSR. Even though corporate have been engaged in the CSR activities, but with these provisions number of corporate as well as amount involved shall increase significantly & effectively.

c. **An Analysis**

The concept of CSR has the potential to bring a revolution in the development of the economy. With rising fiscal deficit and leakages in the welfare schemes, CSR seeks to address the problems of society in a cost effective manner.

India has become the only country in the world with legislated CSR and a spending threshold of up to Rs. 15,000 crore. According to industry estimates, around 8,000 companies will fall into the ambit of the CSR provisions and this would translate into an estimated CSR spend of $1.95 billion to $2.44 billion. With higher economic growth and increase in companies' profits, this mandatory spending will go up.[2]

If we consider all Maharatna Companies, they together have to spend Rs. 1245 crore for the financial year 2014-15.[3]

"Many big companies have been actively engaged in the CSR activities, but the number is low. The new law will lead to a significant increase in the numbers," - Sai Venkateshwaran, partner and head of accounting advisory services at KPMG India, told IANS, adding the mandated spending would be in the range of Rs. 10,000 crore to Rs. 15,000 crore annually.

No. of companies will fall into the ambit of the CSR provisions	8,000 - 16,352
An estimated CSR spend (annually)	Rs. 10,000 to Rs. 25,000 crore
Maharatna Companies	Rs. 1,245 crore
Identification of CSR activities in India in following areas:	
Education	81%
Community-based development	64%
Environmental sustainability	61%

Strengthening further Indian Institute of Corporate Affairs estimated that around 16,352 companies fall within the purview of Section 135 of the Companies Act. Around Rs. 20,000 crore in total will be spent by Corporate each year on CSR.

The study conducted by global consultancy Mercer found that corporate are most likely looking to spend on education and community-based development activities, among others. With social welfare spending becoming mandatory for India Inc, companies are projected to shell out money ranging from Rs. 9 lakh to Rs. 25 crore per annum, says a study.

"Across industries and company sizes, budgets were varied, ranging from Rs. 9 lakh to Rs 25 crore per annum," – Mercer.

As per the survey, about 81% identified education as the core area around which most of the current CSR activities in India are based on. These are followed by community-based development (64%) and environmental sustainability within the company (61%). The findings are based on survey of 40 organisations across the country as well as sectors.[4]

1 http://apecsec.org/poverty-in-india-statistics/

2 www.business-standard.com/search?type=news&q=Corporate+Social+Responsibility

3 CSR Guidelines: CPSE Vs Companies Act 2013 (A case study of Maharatna Companies) By Dr. (Mrs.) Prashanta Athma & Mr. Narendar Yarragorla

4 PTI Nov 13, 2014 http://articles.economictimes.indiatimes.com/2014-11-13/news/56060518_1_25-crore-indian-firms-9-lakh

But, The Indian Institute of Corporate Affairs (IICA) has now said that most firms that have to fulfill mandate are not big enough to spend that much. According to participants of a two-day national meet on 'Sustainability & CSR for Inclusive Growth', organised by Greetech Foundation, the figure may be just one third of the projected amount of Rs. 20,000 crore.[5]

- Global FMCG giant Unilever plans to spend 100 million euros (over Rs 700 crore) by 2019 on sanitation programmes in India.[1]
- The Oil and Natural Gas Corporation, the largest Public Sector Undertaking and spending almost Rs 300 Crores annually, states, "CSR today has grown beyond the earlier concepts of charity, philanthropy and relief measures. Today, it is recognised that CSR can play a vital role in nation building through public-private partnerships. It can usher in regional progress and renewal of lives in towns and villages by generating employment and by contributing to the education and health sectors."[2]
- The recent commitment of Rs 100 crore each, by two leading companies, Tata Consultancy services and Bharti Airtel, as a part of their CSR initiatives to build toilets for girls in schools in the wake of government's Swachha Bharat Abhiyan.

As the year draws close on this April 1, 2015, in another two months, exact amount of spending will be known. Interestingly, a global comparison revealed that nearly 44% of Indian firms had a dedicated team responsible for CSR compared to one-quarter firms in other countries. However, only about one-third of Indian firms said they issue an integrated annual report on CSR as against half of the companies in other parts of the world.[6]

Inclusive Growth

"Tackling inequalities in incomes, health outcomes, education and well-being, requires breaking down the barriers to inclusive growth and reaching new frontiers in policy making and implementation. Everyone should be able to realise their potential and to share the benefits of growth and increased prosperity." OECD Secretary-General

The issue of inclusive and sustainable growth is very crucial considering the disproportionate allocation of wealth and the widening gap between the prosperity of the rich and the plight of the poor.

K. C. Chakrabarty, former Deputy Governor of RBI clarifies the meaning of inclusive growth, "Inclusive growth as the literal meaning of the two words refers to both the pace and the pattern of the economic growth. The literature on the subject draws fine distinction between direct income redistribution or shared growth and inclusive growth. The inclusive growth approach takes a longer term perspective as the focus is on productive employment rather than on direct income redistribution, as a means of increasing incomes for excluded groups. Inclusive growth is, therefore, supposed to be inherently sustainable as distinct from income distribution schemes which can in the short run reduce the disparities, between the poorest and the rest, which may have arisen on account of policies intended to jumpstart growth. While income distribution schemes can allow people, to benefit from economic growth in the short run, inclusive growth allows people to "contribute to and benefit from economic growth".

CSR, Inclusive growth and Sustainability are essential aspects of the core strategy and business practices for cutting edge organizations.

Concluding Remarks

With literature review and understanding the concept as well as the need in Indian context this can be wrapped up on following points:

1. Not only CSR will increase availability of funds for welfare activities but may also lead to delivery of goods and services to the people in a cost-effective manner. The clause on environmental sustainability will help in bringing down pollution and emission of greenhouse gases and will help in compliance with international norms and regulations. Therefore, the clause on CSR is a step towards achieving social and environmental sustainability, which will benefit society in future.
2. Companies can collaborate with other companies for undertaking CSR provided that each of the companies would be able to monitor and report the CSR activities and its spending separately. This will lead to efficient pool of funds for macro level activities.
3. While the introduction of CSR provision in the Companies Act is a welcome step, however the current discourse of corporate philanthropy without giving any express autonomy to companies in choosing their CSR activities may not yield the desired outcome. By allowing only selected list of activities within the Schedule in a sectional manner may end up encouraging only a passive participation by corporate towards CSR activities.
4. Mere formulation of CSR policy statement by companies would not suffice the requirement but would also require ensuring that proper frame work of execution and monitoring process for such projects or programs is also in place.
5. In order to enable corporate to participate fully in the philanthropy space, the participation must start with a more inclusive management of CSR policies where government and industry work side by side, which does not assume that business and CSR are incompatible.
6. Small, it may be, but something constructive shall surely happen sooner or later. It has a long way to go to bridge that ever widening gap between the rich and poor, the few privileged and the multitudes of less privileged. The concept of CSR has the potential to bring uprising in the development of the economy provided companies apply it in its true sense; CSR is going to be a budding profession in the years to come in India.

   Every drop makes an ocean!

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5 Article was published on January 31, 2015 in The Hindu Business Line

6 PTI Nov 13, 2014 http://articles.economictimes.indiatimes.com/2014-11-13/news/56060518_1_25-crore-indian-firms-9-lakh

1 http://www.indiacsr.in/en/unilever-to-spend-over-rs-700-crore-on-sanitation-programmes-in-india/

2 www.icsm.in/changing-paradigm

GST caravan finally set rolling!

By: CA. Shivani Shah

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The much awaited Goods and Service Tax (GST) Bill – The 122nd Constitution Amendment Bill (CAB), 2014 has received the nod of the Union Cabinet on 18th December 2014. This was indeed a gratifying moment and has been achieved after rounds of persuasion, hard work and meetings not only between the Union Finance Minister, representatives of the Empowered Committee of States but also between the North Block and the South Block.

GST will subsume within its folds a number of Indirect taxes that exist at the Central and State level. The module of GST in India will be that of a Dual GST, i.e. Central GST (CGST) at the Central level and State GST (SGST) at the State level. In addition to these two, for all inter State transactions there will be IGST or the Integrated GST. IGST will be a summation of SGST and CGST.

Both Centre and States will simultaneously levy GST on each transaction of Goods and Services. Centre would collect CGST, and States would collect the SGST on all transactions within a State. Under GST regime, there will be separate CGST Act and Rules and SGST Act and Rules. However the SGST rates will be uniform across the States.

The taxes to be subsumed under the CGST are as follows:

1) Central excise
2) Additional excise
3) Excise duty under medicinal and toiletries preparation act
4) Service tax
5) Additional customs duty or CVD
6) Special additional duty of customs – 4%SAD
7) Surcharges
8) Cess

The taxes to be subsumed under the SGST are as follows:

1) VAT / sales tax
2) Entertainment tax
3) Luxury tax
4) Tax on lottery / betting / gambling
5) State cess and surcharge relating to supply of goods and services
6) Entry tax not in lieu of octroi
7) Purchase tax
8) Tax on petroleum – vexed subject since States garner revenue close to 30%

It may be noted that the import of goods will continue to attract Basic Customs Duty and IGST. However, import of services, as against service tax at present, in GST regime, will attract IGST.

The Centre would levy IGST on all transactions related to inter-State supply of goods and services. It is not clear as to what treatment is going to be given to Consignment Transfers/ Branch Transfers as separate rules would be formulated to govern the same. However, forms such as C-Form, F-Form will be abolished.

Supply of goods and services

The concepts of taxable events of *sale of goods, manufacture, rendition of service* that exists today will be replaced by the concept of Supply of goods or services or both. Works Contract being a transaction involving sale and service will attract GST.

122nd CAB – An analysis

GST - Defined

The term GST is defined in Article 366 (12A) to mean *"any tax on supply of goods or services or both except taxes on supply of the alcoholic liquor for human consumption'.*

It may be noted that the term 'supply' is not defined or elaborated or qualified (such as supply for a consideration). Thus, it needs to be seen whether even free supply will attract GST.

Service - Defined

It may be recalled that earlier 115th CAB did not provide for definition of the term 'service'. However, the 122ndCAB specifically provides that '*services means anything other than goods*'. What would be the treatment of the existing Negative list of services is yet to be seen.

Inter-State sale of goods to attract additional tax

CAB provides that an additional tax upto 1% will be levied by Centre on inter-State supply of goods only. It may be noted that this additional tax will not be levied on services. This additional tax will be assigned to States from where the supply of goods originates. This tax is made applicable for a period of two years and could be extended further subject to the approval of the GST council.

It is yet to be seen whether credit of this tax will be available. If not, then there will be the burden of cascading effect of taxes being very similar to the CST.

Cenvat Credit

At present, Cenvat Credit on Inputs, Capital Goods and Input Services is admissible with certain exclusions. After introduction of GST it is expected that there will be not be any exclusions and credit will be admissible on goods and services without any exception. Cross utilization of credit of CGST between goods and services would be allowed. Similarly, the facility of cross utilization of credit will be available in case of SGST. However, the cross utilization of CGST and SGST may not be allowed except in the case of inter-state supply of goods and services under IGST.

Alcohol for human consumption

It appears that 'alcohol for human consumption' will be kept outside the GST regime. As only 'alcohol for human consumption' is excluded as a corollary it can be stated that all other sectors / goods are intended to be included in GST.

Exclusion of alcohol sector could mean that the companies manufacturing alcohol may not be in a position to avail credit of GST paid by them on their procurements.

Petroleum products and tobacco

As against the widespread rumours, the petroleum products and tobacco will be made to be a part of the GST regime. However, it has also been specifically provided that petroleum and petroleum products shall not be subject to the levy of GST till a date to be notified. Till such time petroleum products will continue to attract duty of excise.

It is not clear whether Royalties and Electricity duty will be subsumed in GST. Exports and Supplies to SEZ units will be zero rated. Location based tax exemptions to Industrial units are expected to be protected upto completion of eligibility period and thereafter would be covered under GST.

The demand of the States for excluding Entry Tax has not been agreed to. This will provide great relief to the Trade and Industry.

Rate Structure

There may be two rate structure in GST scenario - a lower rate for goods of basic importance and standard rates for other items. There will be special rate for precious metals. Government may also come out with a list of items exempted from payment of GST.

On the States' demand for more fiscal autonomy, the Centre has gone by the recommendation of the Standing of Committee on Finance in the previous Parliament and decided to provide the elbow room to the States by allowing them to vary the State GST rate within a narrow band of a ceiling rate and a floor rate.

Both Centre and States will have concurrent jurisdiction for the entire value chain and all tax payers as the administration of CGST will be with Central Government and SGST will be with respective State Governments. The tax payer may be required to submit periodical returns in a common format to both Centre GST Authority (Central Board of Excise & Customs) and the concerned State GST Authorities.

Compensation to States

It may be noted that earlier 115thCAB did not have any provision for compensation to States. However, this CAB specifically provides that Parliament by law, on recommendation of GST Council, provide for compensation to the Sates for loss of revenue arising out of implementation of GST upto 5 years. The complete mechanism has been listed in the CAB itself. The bill provides for five year compensation by the Centre to the States for any possible revenue loss after introduction of GST. It has been separately clarified that the compensation would be 100% for the first three years and it would then be tapered down to 75% for the fourth year and 50 % for the fifth year.

By providing for compensation in the Constitution itself, the Centre seems to have addressed the concerns raised by the State regarding fear of loss of revenue.

GST Council

The CAB provides for the formation of the 'GST Council'. The GST Council will consist of Union Finance Minister, Union Minister of State and State Finance Minister. On the aforesaid issues, GST Council will have the power to make recommendations to Centre and States.

It may be recalled that earlier 115thCAB also provided for a Dispute Settlement Authority to settle disputes between States or between States and Centre with regard to GST. However, in this CAB the GST Council has been given the authority to determine the modalities to resolve disputes arising out of its recommendations.

The concept of "declared goods of special importance" will be abolished.

With the introduction of GST lot many issues like multiplicity of taxes, tax on tax, higher rates of tax etc. are expected to be eradicated. One may expect a smooth sailing for the bill in the upcoming Budget session. Lets wait and watch till then!

Members' Updates

Stipend for Articled Assistants Increased

The stipend for the Articled Assistants under the Chartered Accountants Regulations, 1988 has been revised with effect from 23rd January, 2015 and new tables of minimum stipends have been substituted in Regulation 48(1) of the Chartered Accountants Act, 1949. For Details : Click Here.

Assam Act on Liquidation of Arrear Dues

The Assam taxation (Liquidation of Arrear Dues) (Amendment) Act, 2014 having received the assent of the Governor was notified in the Assam Gazette on the 6th Day of February, 2015.

For detailed copy of notification : Click Here.

Branch Activities

Triumph of the EICASA Guwahati Branch in the EICASA Cricket Tournament at Siliguri

Victorious EICASA, Guwahati Cricket Team

The students of the EICASA, Guwahati Branch came out with flying colors in the recently concluded EICASA Cricket Tournament entitled "Eastern Premier League" held between the student bodies EICASA, Eastern Region at Siliguri on 17th – 18th January, 2015. The team performed brilliantly in the tournament which was played in a great spirit and came out victorious in the Final match which was played on 18th January, 2015.

Saraswati Puja Celebrations

Sarashwati Puja Celebrations

The branch celebrated the Saraswati Puja with great pomp and joy in the branch premises on 24th January, 2015 along with the students of the Branch. The celebration commenced with the worship of Maa Saraswati – The Goddess of Learning followed by Pushpanjali and the Prasad distribution. A large number of members and students graced the celebrations throughout the day.

Republic Day Celebrations

Hoisting of Tri-Colour on Republic Day at ICAI Bhawan, Guwahati

The branch celebrated the biggest democratic festival of the people of India - the Republic Day which began with the hoisting of the National Flag at the branch premises at 9:00 AM by Branch Chairman CA. K P Sarda. This patriotic celebration symbolizing Unity & Strength was attended by a large number of members and students. The event was followed by the felicitation of the Victorious EICASA Guwahati Cricket Team, who won the Eastern Premier League Cricket Tournament at Siliguri on 18th January, 2015.

Joint Workshop with Tezpur University

Branch Vice Chairman CA. Vikash Jain sharing the dais in Inaugural Session

The Board of Studies, ICAI and School of Management Science, Tezpur University jointly organised a Two day Joint Workshop on "The Companies Act, 2013 and Corporate Governance" which was hosted by our Branch on January 30th and 31st, 2015 at Tezpur University. CA. Debashis Mitra, CA. Devajit Sharma, CA. Bikash Kumar Agarwala and CA. Anil Kumar Agarwala, all past chairmen and CA. Sunil Sharma, senior member represented our branch as the faculties of the workshop. Branch Vice Chairman CA. Vikash K. Jain graced the dais in the workshop while MC member CA. Sharad Agarwala and CA. Rohit Agarwalla were also present at the inaugural session.

Forthcoming Events :

- **Workshop on Companies Act**

  A 3 CPE Hour Workhop on Companies Act, 2013 is proposed to be held at the branch premises on Friday, the 20th day of February, 2015 from 3 pm onwards.

- **Live viewing of Union Budget, 2015**

  The branch has made arrangements for the Live Viewing of the Union budget 2015 at the branch premises along with panel of a few eminent personalities. A 2 hour CPE Credit will be offered for the event which is proposed to get underway on 28th February, 2015 from 11 am onwards.

- **Holi Utsav, 2015**

  On the eve of the festival of colors, a **Holi Utsav, 2015** is proposed to be organized on Saturday, 28th February' 2015 at Hotel Vishwaratna from 5 pm onwards. Lots of surprises will be in store for the participants in the presence of a few notable artists like Mr. Sambhu Sikhar and Ms. Padmini Sharma from Delhi and Mr. Padam Albela from Aligarh.

- **Seminar on Union Budget**

  A 6 CPE Hour Seminar on Union Budget 2015 is proposed to be organized at the branch premises on Thursday, the 12th day of March, 2015 wherein renowned speakers from Delhi CA. (Dr.) Girish Ahuja and CA. Punit Agarwal will help the members to get familiar with the various aspects of the Budget.

- **CPE Programme on Bank Audit**

  A 3 CPE Hour Programme on Bank Audit is proposed to be held at the branch premises on Monday, the 23rd day of March, 2015 wherein renowned speaker and Past President, ICAI CA. Amarjit Chopra will speak on the various facets of the topic.

Take a Break !!

HOW TO AVOID NEGATIVE PEOPLE AT WORKPLACE

Compiled by CA. Priyanka Maheshwari
Assistant Manager Finance, ITC Limited
Source: Wikipedia

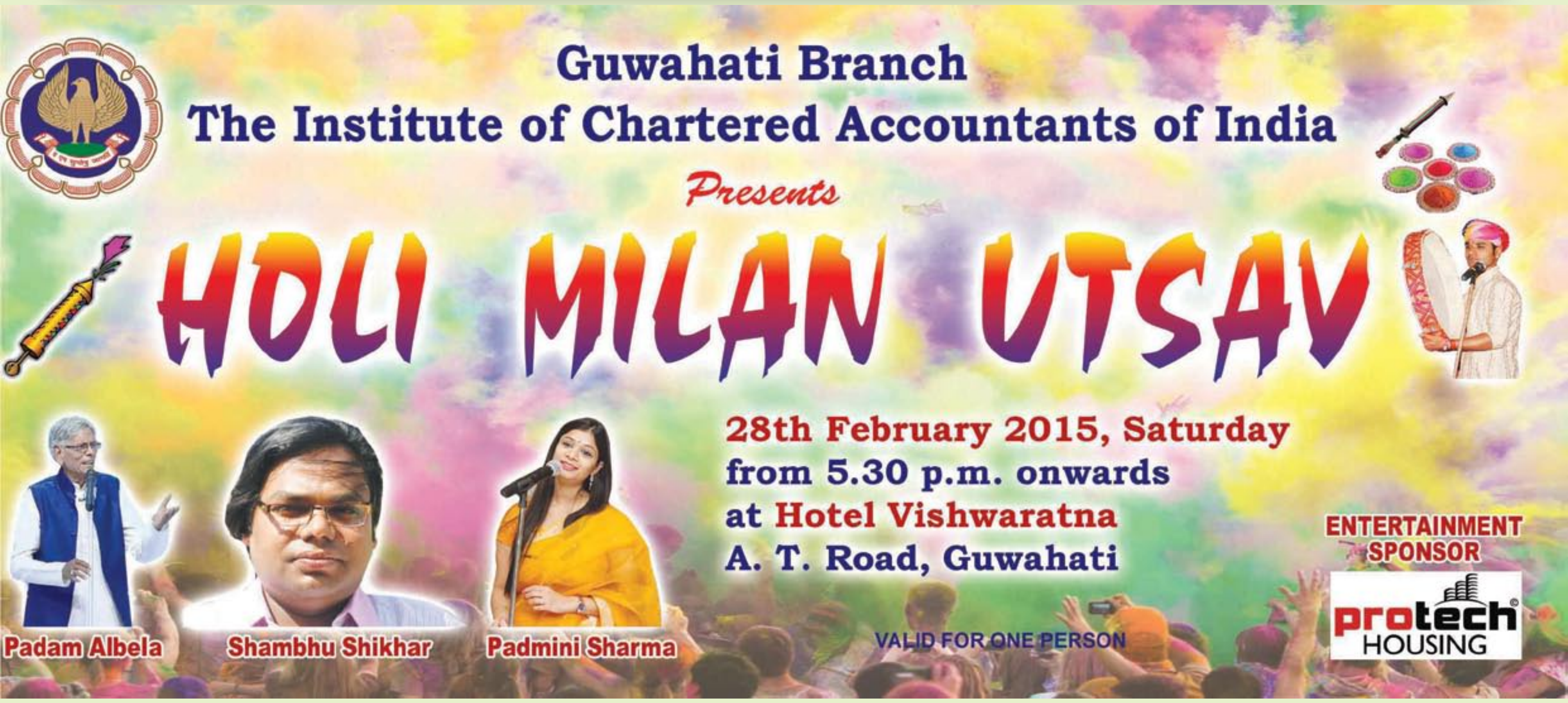
A new job along with happiness comes with many new challenges to face in the organisation. Being a new manager can be tough because it often includes stepping into situations that are outside your comfort zone, such as handling negative office gossip. Dealing directly and swiftly with the perpetrators, meeting with your staff and encouraging positive gossip can help turn things around.

As a new manager, it's your job to ensure the department achieves all of its goals and objectives. This can be difficult to do if you're stepping into a situation where workplace gossiping has been allowed to run rampant. Being new to your managerial role is the best time to get to the bottom of what's going on and then put a stop to it.

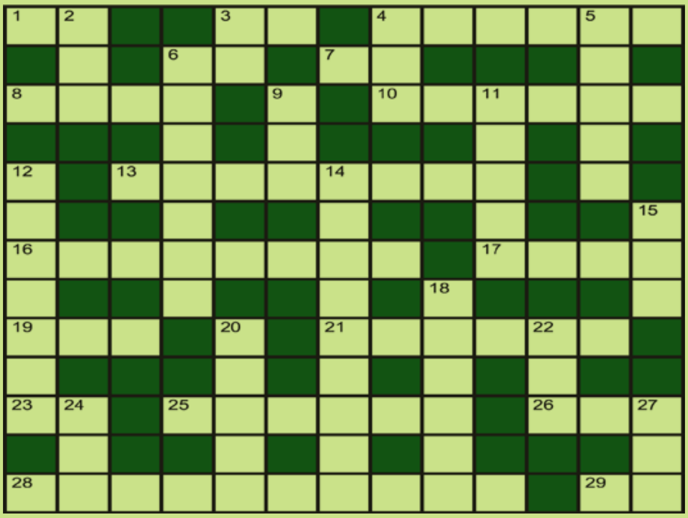
STEPS TO AVOID NEGATIVE PEOPLE:

1. ***ADDRESS THE SPECIFIC PERPETRATORS* -** Your first action should be to stop negative gossip on a personal level by directly addressing the key gossipers one-on-one. You goal is to help the person understand the impact of their behaviour and the consequences of what will happen if their bad behaviour continues.
2. ***ENCOURAGE POSITIVE GOSSIP* -** Positive gossip can actually be good for companies and employees. This is when managers and employees share positive stories. Take time at every staff meeting to share positive gossip stories to encourage positive behaviour.
3. ***IDENTIFY AREAS YOU CAN MAKE A POSITIVE CHANGE* -** One of the best ways you can help a negative individual is to usher positivity into his/her life. Think about what's bothering the person at the moment, and think about how you can help him/her in your own way. It doesn't have to be anything elaborate, and you definitely don't have to go out of the way to help if you don't want to. The key here is to be sincere in your desire to help, and to show him/her the upsides in life.
4. ***START SAYING DON'T TO STOP ENCOURAGING* -** Something ***I don't encourage*** is trying to stop negative office gossip at an all-employee level. Provide managers with training on dealing with conflict and encourage all managers to address negative gossipers immediately and directly.

Thus, I would like to conclude by saying, allowing negative workplace gossip to flourish can lead to a culture of distrust and negatively impact productivity, morale, engagement and turnover. New managers should act quickly – unless stopped, pervasive negative gossip can be like a disease that spreads, wreaking havoc throughout a department and even throughout a company.



CROSSWORD # 20



QUICK CLUES

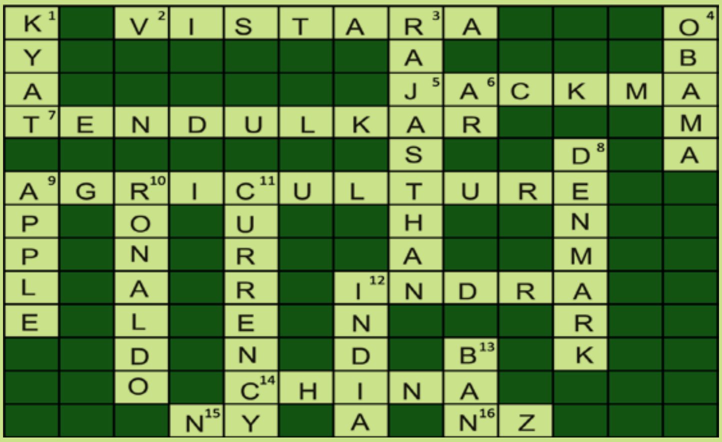
Across:

1 Chemical Symbol for Silver (2)
3 Cost of living adjustment allowance (2)
4 Controversial new chairman of Censor Board (with 13 Across) (6)
6 Bhutanese Currency (2)
7 Internet country code for South Africa (2)
8 Peruvian Capital (4)
10 International Organisation which plans to prepare a Tea Atlas in Assam (6)
13 See 4 across (8)
16 Best Branch of ICAI for 2014 in medium category (8)
17 Eye Part (4)
19 Blood Grouping System (3)
21 Chinese ribbon dance (6)
23 Type of electric current (2)
25 Second word of the national motto (6)
26 Measure of Fuel efficiency just like KMPL (3)
28 This Indian UT has French as an official language (10)
29 A negative response (2)

Down:

2 Leading organization in the sustainability field which developed Sustainability Reporting Framework (3)
3 State University celebrating its Golden Jubilee Year (2)
4 University established in 1962 with motto "Ensuring Food Security to the Nation" (3)
5 Regional Comprehensive Economic Partnership (RCEP) is a proposed free trade agreement between members of this organisation; (5)
6 First African country to use electronic voting in its presidential election (7)
9 Molecule that encodes the genetic instructions used in the development and functioning of living organisms (3)
11 Indian Bank which launched its services on Twitter (5)
12 Brand name of new airline of Tata & Singapore International Airlines Ltd. (7)
14 Fortune Business Person of the Year 2014 (5,4)
15 Asia's first stock exchange (3)
18 UN Global Ebola response mission (6)
20 "White" in French (5)
22 Royal Dutch Airlines (3)
24 Computer Brain (3)
27 General Post Office (3)

SOLUTION CROSSWORD # 19



Congratulations to **CA. Mohammed Mandlaywala** for submitting correct solution to crossword # 19

Guwahati Branch Managing Committee for the Session 2013-16 and Office Bearers for the year 2013-14

Designation	Name	Contact No.	E-mail
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Treasurer	CA. Mahabir Agarwala	9435198133	mahabir_agarwala@rediffmail.com
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चलते चलते.....