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Weekly Updates

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WEEKLY UPDATES

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

INDEX

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INDUSTRY

➲ Manufacturing growth loses momentum in February with PMI at 51.1, same as January

Manufacturing business conditions in India continued to improve, with new orders, exports, output and purchasing activity all rising in February. However, a faster expansion in new business inflows failed to lift growth of output.

At 51.1 in February, unchanged from January's reading, the seasonally adjusted Nikkei India Manufacturing Purchasing Managers' Index (PMI), pointed to a second consecutive monthly improvement in business conditions across the sector.

Read more at: http://economictimes.indiatimes.com/articleshow/51204816.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➲ Industrial output contracts 1.5 per cent in January: Government

Showing sluggishness in the economy, industrial production contracted by 1.5 per cent in January -- its third straight month of drop -- due to poor performance of manufacturing sector and lower off take of capital goods.

Factory output measured in terms of Index of Industrial Production (IIP) had declined by 3.4 per cent in November and 1.2 per cent in December, according to the data released by Central Statistics Office (CSO). The index had registered a growth of 2.8 per cent in January last year, it said. During April-January, industrial output growth remained flat at 2.7 compared to the year ago period.

The decline in January has been primarily on account of a massive drop in output of capital goods, which showed a contraction of 20.4 per cent in January compared to a growth of 12.4 per cent in the same month a year ago.

Read more at: economictimes.indiatimes.com/news/economy/indicators/industrial-output-contracts-1-5-per-cent-in-january-government/articleshow/51360322.cms

➲ India's steel imports drop for fourth straight month as tax helps

India's steel imports dropped for a fourth straight month in February, provisional government data showed, as duties and a floor price on steel products helped reduce overseas purchases hurting the sector.

The Indian government imposed a 20 percent safeguard import duty for 200 days on some steel products in September 2015 and last month set a floor price on imports to deter countries such as China from undercutting local mills, the first such move in more than 15 years.

India, the third-largest steel producer in the world, shipped in 912,000 tonnes of the alloy last month, 7.3 percent lower than the corresponding month a year earlier, data from the Joint Plant Committee of the steel ministry showed.

However, imports rose 20.5 percent in the 11 months to February compared with the same period last year, the data showed. Imports edged down 0.1 percent compared to January.

Source: Reuters | Mar 7, 2016

➲ February - coal imports inch up for first time in 8 months

India's coal imports inched up 1.7 percent in February, the first rise in eight months, Coal Secretary Anil Swarup told Reuters, but suggested it may have been a temporary increase based on deals signed earlier.

Imports rose to 16.79 million tonnes from 16.51 million a year ago, ending a downward trend that began in July and lasted until January.

Source: Reuters | Mar 7, 2016

➲ Indian mills clinch sugar exports deals, first in 2 months

Indian sugar mills signed export deals this week, the first in nearly two months, as an incentive by the top producing state Maharashtra and a rally in global prices of the sweetener made overseas sales attractive, industry sources told Reuters.
A pick up in exports by the world's second-biggest producer could put a lid on world sugar prices, which climbed to more than one-month highs on Thursday amid worries about lower shipments from top supplier Brazil.

Indian sugar export deals, absent earlier this year due to uncompetitive local prices, are trickling in now following a decision by Maharashtra to "exempt cane purchase tax for mills exporting their quota", said Sanjeev Babar, managing director of Maharashtra State Co-operative Sugar Factories Federation.

Source: Reuters | Mar 4, 2016

➲ IMF sees India growth picking up, inflation behaving

India's economic growth rate should pick up to 7.5 percent in the 2016/17 fiscal year, the International Monetary Fund said, aided by a collapse in oil prices and relatively low exposure to current global financial turbulence. Summing up its latest review of Asia's third-largest economy, the Fund forecasts that economic growth would pick up from 7.3 percent in the 2015/16 fiscal year that ends on March 31.

"The broad message is that India's growth trajectory is pretty strong by international standards - not to mention the advanced economies," IMF Resident Representative Thomas Richardson told Reuters.

Inflation was behaving and was on track, the Fund said in a statement, with monetary conditions consistent with hitting the Reserve Bank of India's target for consumer price inflation of 5 percent by March 2017.

Source: Reuters | Mar 4, 2016

➲ **Govt approves Adani Ports's proposal to club three SEZs in Gujarat**

The government has approved the Adani Group's proposal for clubbing its three notified special economic zones (SEZs) in Gujarat to form a mega multi-product export zone spanning over 8,500 hectares. The decision on the same was taken y the Board of Approval (BoA), headed by Commerce Secretary Rita Teaotia, in its meeting on February 23. "After deliberations, the Board approved the proposal of Adani Ports & SEZ Ltd for clubbing of APSEZSL - I (multi - product) and APSEZL-II (free trade ware housing zone) with APSEZL - III (multi-product) subject to contiguity being maintained," the minutes of the BoA meeting said.

Read more at: http://economictimes.indiatimes.com/news/economy/policy/govt-approves-adani-portss-proposal-to-club-three-sezs-in-gujarat/articleshow/51211247.cms

➲ **1,200 urban poor provided housing loan under Pradhan Mantri Awas Yojana**

Housing loans of Rs 72.86 crore have been disbursed to 1,200 beneficiaries in 21 states under Credit Linked Subsidy Scheme of Pradhan Mantri Awas Yojana, Rajya Sabha was informed.

In a written reply, Minister of State for Housing and Urban Poverty Alleviation Babul Supriyo said housing loans so far disbursed by banks benefited about 1,200 people with a total interest subsidy of about Rs 27 crore.

Under Credit Linked Subsidy Scheme, 6.50 per cent interest subsidy is given to urban beneficiaries belonging to the Economically Weaker Section and Low Income Group on a loan of up to Rs 6 lakh for a tenure of 15 years for acquisition, construction and extension of house.

In Maharashtra, Rs 36.11 crore was disbursed under the scheme, followed by Gujarat Rs 9.48 crore, Tamil Nadu Rs 6.64 crore, Madhya Pradesh Rs 3.52 crore, Uttar Pradesh Rs 2.58 crore, Rajasthan Rs 2.30 crore, Delhi Rs 2.26 crore, West Bengal Rs 1.92 crore, Chhattisgarh Rs 1.51 crore and Andhra Pradesh Rs 1.45 crore.

Read more at: http://economictimes.indiatimes.com/news/economy/policy/1200-urban-poor-provided-housing-loan-under-pradhan-mantri-awas-yojana/articleshow/51241517.cms

BANKING

➲ **Sovereign Gold Bonds- 2016 Series-II**

Government of India has vide its Notification F.No. 4(19)-W&M/2014 dated March 04, 2016 announced that the Sovereign Gold Bonds, 2016 ("the Bonds") will be open for subscription from March 8, 2016 to March 14, 2016. The Government of India may, with prior notice, close the Scheme before the specified period. The terms and conditions of the issuance of the Bonds shall be as follows:

1. **Eligibility for Investment:** The Bonds under this Scheme may be held by a person resident in India, being an individual, in his capacity as such individual, or on behalf of minor child, or jointly with any other individual. The bond may also be held by a Trust, Charitable Institution and University. "Person resident in India" is defined under section 2(v) read with section 2(u) of the Foreign Exchange Management Act, 1999.

2. **Form of Security:** The Bonds shall be issued in the form of Government of India Stock in accordance with section 3 of the Government Securities Act, 2006. The investors will be issued a Holding Certificate (Form C). The Bonds shall be eligible for conversion into demat form.

3. **Date of Issue:** Date of issuance shall be March 29, 2016.

4. **Denomination:** The Bonds shall be denominated in units of one gram of gold and multiples thereof. Minimum investment in the Bonds shall be two grams with a maximum limit of subscription of five hundred grams per person per fiscal year (April – March).

5. **Issue Price:** Price of the Bonds shall be fixed in Indian Rupees on the basis of the previous week's (Monday – Friday) simple average closing price for gold of 999 purity, published by the India Bullion and Jewellers Association Ltd. (IBJA).

6. **Interest:** The Bonds shall bear interest at the rate of 2.75 percent (fixed rate) per annum on the amount of initial investment. Interest shall be paid in half-yearly rests and the last interest shall be payable on maturity along with the principal.

7. **Receiving Offices:** Scheduled commercial banks (excluding RRBs), designated Post Offices (as may be notified) and Stock Holding Corporation of India Ltd (SHCIL) are authorized to receive applications for the Bonds either directly or through agents.

8. **Payment Options:** Payment shall be accepted in Indian Rupees through Cash up to a maximum of Rs.20, 000/- or Demand Drafts or Cheque or Electronic banking. Where payment is made through cheque or demand draft, the same shall be drawn in favour of receiving office.

9. **Redemption:**
i) The Bonds shall be repayable on the expiration of eight years from February 8, 2016, the date of issue of Gold bonds. Premature redemption of the Bond is permitted from fifth year of the date of issue on the interest payment dates.

ii) The redemption price shall be fixed in Indian Rupees on the basis of the previous week's (Monday – Friday) simple average closing price for gold of 999 purity, published by IBJA.

10. **Repayment:** The receiving office shall inform the investor of the date of maturity of the Bond one month before its maturity.

11. **Eligibility for Statutory Liquidity Ratio (SLR):** The investment in the Bonds shall be eligible for SLR.

12. **Loan against Bonds:** The Bonds may be used as collateral for loans. The Loan to Value ratio will be as applicable to ordinary gold loan mandated by the RBI from time to time. The lien on the Bonds shall be marked in the depository by the authorized banks.

13. **Tax Treatment:** Interest on the Bonds shall be taxable as per the provisions of the Income-tax Act, 1961. Capital gains tax treatment will be the same as that for physical gold.

14. **Applications:** Subscription for the Bonds may be made in the prescribed application form (Form 'A') or in any other form as near as thereto stating clearly the grams of gold and the full name and address of the applicant. The receiving office shall issue an acknowledgment receipt in Form 'B' to the applicant.

15. **Nomination:** Nomination and its cancellation shall be made in Form 'D' and Form 'E', respectively, in accordance with the provisions of the Government Securities Act, 2006 (38 of 2006) and the Government Securities Regulations, 2007, published in part III, Section 4 of the Gazette of India dated December 1, 2007.

16. **Transferability:** The Bonds shall be transferable by execution of an Instrument of transfer as in Form 'F', in accordance with the provisions of the Government Securities Act, 2006 (38 of 2006) and the Government Securities Regulations, 2007, published in part III, Section 4 of the Gazette of India dated December 1, 2007.

17. **Tradability of bonds:** The Bonds shall be eligible for trading from such date as may be notified by the Reserve Bank of India.

18. **Commission for distribution:** Commission for distribution shall be paid at the rate of rupee one per hundred of the total subscription received by the receiving offices on the applications received and receiving offices shall share at least 50% of the commission so received with the agents or sub-agents for the business procured through them.

Source: Notification No. RBI/2015-16/333 [IDMD.CDD.No. 2020/14.04.050/2015-16] dated: March 04, 2016

Read more at: https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10298&Mode=0

➲ Grant of EDF Waiver for Export of Goods Free of Cost

Attention of Authorized Dealers is invited to A.P. (DIR Series) Circular No. 94 dated April 26, 2003 in terms of which GR waiver to exporters for export of goods free of cost had been enabled. The facility had been extended to the Status Holders vide para 2.52.1 of Handbook of Procedures - Vol-I of Foreign Trade Policy 2004-2009, in terms of which Status Holders shall be entitled to export freely exportable items on free of cost basis for export promotion subject to an annual limit of Rs 10 lakh or 2% of average annual export realization during preceding three licensing years, whichever is higher.

Government of India vide amendment Notification No. 9/2015-2020 dated June 4, 2015, has notified that the Status Holders shall be entitled to export freely exportable items on free of cost basis for export promotion subject to an annual limit of Rs 10 lakh or 2% of average annual export realization during preceding three licensing years whichever is lower.

AD Category – I banks may, therefore, consider requests from Status Holder exporters for grant of Export Declaration Form (EDF) waiver, for export of goods free of cost based on the revised norm.

Source: Notification No. RBI/2015-16/332 [A.P. (DIR Series) Circular No.53] dated: March 03, 2016

Read more at: https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10297&Mode=0

➲ Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016

Applicability: The provisions of these Directions shall apply to every Scheduled Commercial Bank {including Regional Rural Banks(RRBs)} licensed to operate in India by Reserve Bank of India. These directions shall not be applicable to operations of foreign branches of Indian banks.

Read the full notification at: https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10296&Mode=0

Source: Notification No. RBI/DBR/2015-16/19, Master Direction DBR. Dir. No.84/13.03.00/2015-16 dated: March 03, 2016

TAXATION

- CBEC exempt CVD on imported media with recorded Information Technology Software on so much value as is equivalent to the value of the Information Technology Software recorded on the said media which is leviable to Service tax under Finance Act, 1994 vide Notification No. 11/2016-Cus,dt. 01-03-2016.

Read more at: http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-tarr2016/cs11-2016.pdf

- Amendment of Notification No. 171/93-Customs, dated the 16.09.1993 so as to increase the value limit for bonafide gifts imported by post or as air freight from Rs. Ten thousand to Rs. Twenty thousand vide Notification No. 13/2016-Cus,dt. 01-03-2016.

Read more at: http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-tarr2016/cs13-2016.pdf

- **CBDT forms directorates to monitor taxpayer service**

To reduce grievances of tax payers, the revenue department has set up a dedicated structure for delivery and monitoring of taxpayer services. CBDT Member (Revenue and Tax Payer Services) will oversee the related services in Central Board of Direct Taxes, the CBDT said in a statement. Two separate Directorates - Directorate of Tax Payer Services I and Directorate of Tax Payer Services II - have been set up, it added. "Together, these Directorates will be responsible for delivery and monitoring of taxpayer services in the field offices and e-services deliverable through various electronic platforms of the Department," CBDT said.

Read more at: http://economictimes.indiatimes.com/news/economy/policy/cbdt-forms-directorates-to-monitor-taxpayer-service/articleshow/51287208.cms

- **Seeks to notify new Central Excise (Removal of Goods at Concessional rate of Duty for Manufacture of Excisable Goods), 2016 vide Notification No. 20/2016-CENT dt. 01-03-2016**

Read more at: http://www.cbec.gov.in/resources//htdocs-cbec/excise/cx-act/notifications/notfns-2016/cx-nt2016/cent20-2016.pdf

- CBEC seeks to amend notification No. 32/2012-Service Tax dated 20th June, 2012, so as to exempt services provided by the bio-incubators approved by the Biotechnology Industry Research Assistance Council, under Department of Biotechnology, Government of India vide *Notification No. 12/2016-Service Tax dt. 01-03-2016*.

Read more at: http://www.cbec.gov.in/resources//htdocs-servicetax/st-notifications/st-notifications-2016/st12-2016.pdf

- CBEC seeks to exempt services in relation to Information Technology Software recorded on a media bearing RSP, provided Central Excise Duty has been paid vide Notification No. 11/2016-Service Tax dt. 01-03-2016.

Read more at: http://www.cbec.gov.in/resources//htdocs-servicetax/st-notifications/st-notifications-2016/st11-2016.pdf

- Rate of exchange of conversion of the foreign currency with effect from 4th March, 2016 vide Notification No. 36/2016-Cus (NT),dt. 03-03-2016.

Read more at: http://www.cbec.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-nt2016/csnt36-2016

- CBEC has amended Customs Baggage Declaration Regulations, 2013 vide Notification No. 31/2016-Cus (NT),dt. 01-03-2016. The new regulations may be called the Customs Baggage Declaration (Amendment) Regulations, 2016. It shall come into force on the 1st day of April, 2016.

Read the full notification no. at: http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-nt2016/csnt31-2016.pdf

FOREIGN TRADE

- **Anti-dumping duty likely on a chemical imports from 6 nations**

The government is expected to impose anti-dumping duty of up to $127 per tonne on a chemical, used in flavours and fragrance industry, originating from six countries, including the US and the EU. The move is aimed at protecting the domestic industry from cheap in-bound shipments from the six countries - European Union, Indonesia, Korea, Malaysia, Chinese Taipei and the US. The Directorate General of Anti-dumping and Allied Duties (DGAD) during its investigation has concluded that "2-Ethyl Hexanol" have entered the Indian market from these countries at prices "less than their normal values".

Read more at: http://economictimes.indiatimes.com/articleshow/51241774.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➲ Levy of definitive anti-dumping duty on Polypropylene, originating in, or exported from Singapore, for a period of five years vide *Notification No. 07/2016-Cus (ADD), dt. 08-03-2016*.

Read more at: http://www.cbec.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2016/cs-add2016/csadd07-2016

➲ **India's January gold imports rise 62 percent**

India's gold imports in January surged 62 percent compared with the same period last year, news agency News Rise Financial reported citing a government official, as the country's appetite for the precious metal continues unabated despite federal duties.

India, the world's second biggest consumer of gold, shipped in 93.3 tonnes of gold last month while overseas purchases of the metal surged 25 percent to 904.2 tonnes, in the ten months to January, it said.

Read more at: http://economictimes.indiatimes.com/articleshow/51204976.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➲ **India-China trade deficit at $44.7 billion in April-January**

Trade deficit between India and China has increased to USD 44.7 billion during April-January period of 2015-16, Parliament was informed. India's exports to China stood at USD 7.56 billion during the period whereas the imports have jumped to USD 52.26 billion in April-January. In 2014-15, the deficit was aggregated at USD 48.48 billion.

The Commerce Ministry's of both the countries have signed a Five-year Development Programme for Economic and Trade Cooperation in September 2014 to lay down a medium-term roadmap for promoting balanced and sustainable development of economic and trade relations, Commerce and Industry Minister Nirmala Sitharaman said in a written reply to the Rajya Sabha.

Read more at: http://economictimes.indiatimes.com/articleshow/51223260.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➲ **India's oil meals exports down 74% in February: Solvent Extractors Association**

Oil meals exports fell by 74 per cent to 53,866 tonnes last month due to a sharp fall in soyabean and rapeseed meal shipments, industry body SEA said. The country had shipped 2, 08,436 tonnes of oil meals, used as animal feed, in the same period last year. The overall export of oil meals during the April-February period of this fiscal fell 52 per cent to 10.92 lakh tonnes, against 22.56 lakh tonnes in the previous year, Solvent Extractors Association (SEA) said in a statement.

Read more at: http://economictimes.indiatimes.com/articleshow/51287509.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➲**DTAA benefits applicable to partnership firms in India, UK**

Ending uncertainty over tax treatment, the Central Board of Direct Taxes (CBDT) has said that benefits under the India-UK Double Taxation Avoidance Agreement (DTAA) would be applicable to partnership firms in the UK as well as India. Apprehensions that the term 'person' in the DTAA does not specifically include partnership were brought to the notice of the CBDT and clarity was sought on whether the provisions of the treaty are applicable to a partnership.

In circular, the CBDT said the provision of the DTAA would be "applicable to a partnership i.e. a resident of either India or the UK, to the extent that the income derived by such partnership, estate or trust is subject to tax in that state as the income of the resident either in its own hand or in the hands of its partner or beneficiaries".

Read more at: http://economictimes.indiatimes.com/articleshow/51276825.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➲ **FDI in services sector up 85.5 per cent in April-December**

With the government taking steps to improve ease of doing business and attract foreign investment, FDI inflows into the services sector grew by 85.5 per cent to $4.25 billion in April-December period. The sector, which includes banking, insurance, outsourcing, R&D, courier and technology testing, had received foreign direct investment (FDI) worth $2.29 billion during April-December 2014, according to the Department of Industrial Policy and Promotion (DIPP).

The services sector contributes over 60 per cent to Indian GDP. FDI in the sector accounts for 17 per cent of the country's total foreign investment inflows. The other sectors where inflows have recorded growth are: computer software and hardware ($5.3 billion), trading ($2.71 billion), automobile ($1.78 billion) and chemicals ($1.19 billion).

In step with growth in FDI in important sectors like services, overall foreign inflows in the country rose by 37 per cent to $39.32 billion during the first nine months of 2015-16. The amount was $28.78 billion in the year-ago period.

Read more at: http://economictimes.indiatimes.com/industry/banking/finance/finance/fdi-in-services-sector-up-85-5-per-cent-in-april-december/articleshow/51275550.cms

➲ **U.S. trade deficit widens as exports hit 5-1/2-year low**

The U.S. trade deficit widened more than expected in January as a strong dollar and weak global demand helped to push exports to a more than 5-1/2-year low, suggesting trade will continue to weigh on economic growth in the first quarter. The Commerce Department said that the trade gap increased 2.2 percent to $45.7 billion.

December's trade deficit was revised up to $44.7 billion from the previously reported $43.4 billion. Exports have declined for four straight months. Economists polled by Reuters had forecast the trade deficit widening to $44.0 billion in January. When adjusted for inflation, the deficit increased to $61.97 billion from $60.09 billion in December.

Source: Reuters | Mar 4, 2016

SEBI

➲ **Introduction of Exchange Traded Cross Currency Derivatives contracts on EUR - USD, GBP - USD and USD - JPY currency pairs and Exchange Traded Option contracts on EUR - INR, GBP - INR and JPY - INR currency pairs**

Reserve Bank of India (RBI) vide A.P. (DIR Series) circular no. 35 dated December 10, 2015 has permitted recognised stock exchanges to offer cross - currency futures and option contracts in the EUR - USD, GBP - USD and USD - JPY currency pairs. RBI has also permitted recognised stock exchanges to offer currency option contracts in EUR - INR, GBP - INR and JPY - INR currency pairs, in addition to the existing USD - INR pair.

In view of the above and after detailed consultations with stock exchanges , it has been decided to permit recognized stock exchanges to introduce cross - currency futures and options contracts on EUR - USD, GBP - USD and USD - JPY.

Further, it has also been decided to permit recognized stock exchanges to introduce currency options on EUR - INR, GBP -INR and JPY - INR currency pairs.

Eligible market participants, i.e., stock brokers, domestic institutional investors, FPIs and clients, are allowed to take positions in the exchange traded cross - currency futures and option contracts in the EUR - USD, GBP -USD and USD - JPY currency pairs and exchange traded currency option contracts in EUR - INR, GBP -INR and JPY - INR currency pairs, subject to terms and conditions mentioned in this circular and the aforesaid circular of RBI.

The existing limits of USD 15 million for USD - INR contracts and USD 5 million for non USD - INR contracts (i.e. EUR - INR, GBP - INR and JPY - INR), all put together, per exchange, without having to establish underlying exposure, as laid down in SEBI circular CIR/MRD/DP/04/2015 dated April 08, 2015, shall remain unchanged. The hedging procedure for eligible market participants as laid down in SEBI circulars CIR/MRD/DP/20/2014 dated June 20, 2014 and CIR/MRD/DP/04/2015 dated: April 08, 2015 shall also remain unchanged.

Eligible market participants shall also ensure that any synthetic positions (such as synthetic USD - INR derivatives contracts) created using USD - INR, EUR -INR, GBP - INR or JPY-INR exchange traded currency derivatives contracts and exchange traded cross - currency derivatives contracts iswithin the position limits prescribed in SEBI circulars CIR/MRD/DP/20/2014 dated June 20, 2014 and CIR/MRD/DP/30/2014 dated October 22, 2014 for the USD - INR, EUR - INR, GBP - INR or JPY - INR derivatives contracts.

In addition to the above, SEBI has been decided in consultation with RBI to allow trading in cross - currency derivatives contracts between 09:00 a.m. and 07:30 p.m. Accordingly, stock exchanges are permitted to set their trading hours for cross - currency derivatives contracts subject to the fulfilment of the following few conditions.

With the view to ensure orderly trading and market integrity, stock exchanges shall implement a mechanism of Dynamic Price Bands in the currency derivatives segment on the lines below so as to prevent acceptance of orders placed beyond the price limits set by the stock exchanges:

(i) Dynamic Price Bands for currency futures contracts (including cross - currency futures contracts)

(a) Stock exchanges shall set the daily dynamic price bands of the currency futures contracts as mentioned in the table below:

Contracts with tenure up to 6 months	± 3% of the theoretical price or the previous day closing price, as applicable
Contracts with tenure greater than 6 months	± 5% of the theoretical price or the previous day closing price, as applicable

(b) The dynamic price bands shall be relaxed in increments of 1% as and when a market - wide trend is observed.

(ii) Dynamic Price Bands for currency options contracts (including cross - currency options contracts)

(a) For currency options, stock exchanges shall implement a dynamic price band mechanism based on theoretical price of contracts.

(b) The dynamic price bands shall be relaxed as and when a market wide trend is observed in situations of high volatility

(iii) Stock exchanges shall frame suitable rules with mutual consultation for such relaxation of dynamic price bands and shall make it known to the market.

Before the launch of the cross - currency derivatives product(s) and currency options on EUR -INR, GBP - INR and JPY - INRcurrency pairs, the stock exchange/clearing corporation shall submit proposal to SEBI for approval giving the details of contract specifications, risk management framework, surveillance systems, compliance vis-à-vis the requirements specified in this circular, etc.

Read more at: http://www.sebi.gov.in/cms/sebi_data/attachdocs/1457523461184.pdf

Source:Circular-SEBI/HO/MRD/DPCIR/P/2016/0000000038, March 09, 2016

International News

➲ Business activity worldwide at weakest in three years in February

Global business activity expanded at its weakest rate in over three years in February despite firms cutting prices for the first time since September, business surveys showed. The U.S. service sector contracted for the first time since October 2013, euro zone businesses had their worst month in over a year, and China's service sector growth slowed.

Thursday's downbeat surveys come just days after reports showed manufacturing output across much of Asia shrank in February and faded throughout Europe and the Americas.

JPMorgan's Global All-Industry Output Index, produced with private data vendor Markit, slumped to 50.6 in February from January's 52.6, its lowest reading since October 2012 when it nudged above the 50 mark that divides growth from contraction. "February's PMI surveys further highlight the broad-based weakness in global growth during the opening quarter of 2016," said David Hensley, a director at JPMorgan.

Source: Reuters | Mar 3, 2016

➲ February was worst month for euro zone businesses in over a year – PMI

Euro zone businesses had their worst month in over a year in February which, coupled with further signs of deflationary pressures, is likely to solidify expectations for further monetary policy easing, a survey found. Markit's final Composite Purchasing Managers' Index, published and seen as a good guide to growth, fell to 53.0 last month from January's 53.6, its lowest reading since the start of 2015.

Source: Reuters | Mar 3, 2016

➲ Euro zone factory growth at one-year low in February – PMI

World manufacturing sector growth stagnated in February as falling prices failed to stimulate new orders, pushing factories to trim workforces, and dealing a blow to policymakers who are struggling to stimulate their economies. Manufacturing output across much of Asia shrank in February while waning throughout Europe and remaining sluggish in the U.S., according to surveys of purchasing managers on Tuesday.

JPMorgan's Global Manufacturing Purchasing Managers' Index (PMI), produced with data vendor Markit, slipped to 50.0 last month, right on the level that separates growth from contraction, and down from 50.9 in January.

"Inflows of new business and production volumes barely rose, while the trend in international trade deteriorated," said David Hensley, a director at JPMorgan. "Market conditions will need to improve in the short run if global manufacturing is to avoid falling back into contraction."

Source: Reuters | Mar 1, 2016

➲ U.S. manufacturing stabilizing; construction spending surges

U.S. manufacturing appeared to stabilize in February, with production accelerating and new orders holding steady at higher levels, in another dose of good news for the economy after growth slowed in the fourth quarter. The economic outlook was further bolstered by another report on Tuesday showing construction spending scaling a more than eight-year high in January. Though automobile sales slowed a bit in February, they remained at levels consistent with strong consumer spending.

The reports added to upbeat data on consumer spending, the labor market, industrial production and durable goods orders in suggesting that economic growth picked up at the start of the first quarter, which should further ease fears of a recession.

Source: Reuters | Mar 1, 2016

➲UK economic growth still in the doldrums in February – CBI

Growth in Britain's private sector remained subdued last month after falling to its slowest rate in nearly three years in January, a survey showed, adding to signs of a slowing in the country's economy. The Confederation of British Industry said its monthly growth indicator — based on surveys of manufacturers, retailers and services — edged up to +8 from +6 in January but was below its levels throughout all of last year and 2014.

"The British economy has made a slow start to the year, and growth has remained in the doldrums in February," Rain Newton-Smith, the CBI's director of economics, said. "With global risks increasing this year following the volatility seen in financial markets, businesses will be keeping a close eye on any possible impact on domestic activity."

Britain has grown more strongly than almost all other rich economies over the past couple of years but growth slowed towards the end of 2015.

Source: Reuters | Mar 1, 2016

➲ Japan Q4 capex, profits signal weak business spending may hit growth

Japanese capital investment rose at a slower pace in October-December and corporate profits fell for the first time in four years in a worrying sign that flagging business spending will weigh on economic growth.

The data suggests that revised gross domestic product (GDP) due on March 8 may show Japan's economy contracted more than first reported, adding to the sense of pessimism surrounding the strength of domestic demand.

Japan's robust employment pattern continued, however, with seasonally adjusted unemployment falling in January to 3.2 percent, versus the median estimate for 3.3 percent. The jobs to applicants ratio rose to a 24-year high of 1.28, versus the median forecast of 1.27.

Source: Reuters | Mar 1, 2016

➲China Feb official services PMI rises but pace of growth slows

Activity in China's services industry expanded in February but at a slower pace than in the previous month, an official survey showed. The official non-manufacturing Purchasing Managers' Index (PMI) stood at 52.7 in February, down from the previous month's reading of 53.5 but still well above the 50-point mark that separates growth from contraction on a monthly basis.

Source: Reuters | Feb 29, 2016

➲ China Feb official manufacturing PMI falls to 49.0, activity shrinks more than expected

Activity in China's manufacturing sector shrank more than expected in February, an official survey showed, adding pressure on policymakers to provide additional stimulus for the cooling economy. The official Purchasing Managers' Index (PMI) stood at 49.0 in February, down from the previous month's reading of 49.4 and below the 50-point mark that separates growth from contraction on a monthly basis. Analysts polled by Reuters had predicted a reading of 49.3. Late, China's central bank reduced the amount of cash that banks must hold as reserves for the fifth time since Feb. 2015, as regulators move to get more cash into the system to cushion painful structural reforms.

Source: Reuters | Feb 29, 2016

➲ Dollar gains against yen on U.S. data; euro lower in run-up to ECB

The U.S. dollar rebounded against the yen and hit one-month highs against the euro after traders saw the yen's rally as overextended, while strong U.S. manufacturing data supported views of higher U.S. interest rates.

The greenback rose more than 1 percent against the yen, to 114.18 yen, its highest level since Feb. 18, reversing Monday's drop against the Japanese currency and putting the dollar on track for its biggest daily percentage gain against the yen in more than a month.

The dollar in February posted its biggest monthly decline against the yen since 2008. Analysts said the potential for more Bank of Japan stimulus, combined with increasing expectations for at least one Federal Reserve rate increase this year after U.S. manufacturing data, pushed the dollar higher.

Source: Reuters | Feb 29, 2016

➲ Factory activity slows worldwide in February despite price discounting

World manufacturing sector growth stagnated in February as falling prices failed to stimulate new orders, pushing factories to trim workforces, and dealing a blow to policymakers who are struggling to stimulate their economies. Manufacturing output across much of Asia shrank in February while waning throughout Europe and remaining sluggish in the U.S., according to surveys of purchasing managers.
JPMorgan's Global Manufacturing Purchasing Managers' Index (PMI), produced with data vendor Markit, slipped to 50.0 last month, right on the level that separates growth from contraction, and down from 50.9 in January.

Source: Reuters | Mar 1, 2016

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