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Info Capsule

CSR COMPLIANCE AMONG LISTED COMPANIES IMPROVED

As per the report of KPMG survey, Top 100 listed Indian companies have managed to improve their corporate social responsibility (CSR) compliance.[1] According to the Companies Act, 2013 every company with a net worth of Rs. 500 crore or a turnover of Rs 1,000 crore or a net profit of Rs 5 crore is required to spend about 2% of their profits to CSR. Compliance to the requirements of the Companies Act has improved.
Furthermore a strengthening of governance mechanisms for CSR projects is visible. Overall CSR spending has increased and thematic areas of health, education and sanitation witnessed higher budget allocation from corporate.

As per the Act's requirements and public disclosures of N100 companies' profits, they are required to spend INR 7233 Cr. against which companies committed INR 7355 Cr (higher by INR 122 Cr.) and have spent INR 6518 Cr. (90 per cent). This is higher as compared to last year wherein the companies had spent INR 5115 Cr. (79 per cent) against the requirement of INR 6490 Cr.

An increase of 11 per cent spends is observed during the current year as compared to the previous year. The average spending per company has also seen a nearly 15 per cent increase.

This is an indication of India Inc. getting familiar with the requirements of the Act and also getting the internal controls in place, a major reason for companies that were not able to spend the required amount during the previous year.

During the current year, 70 per cent of companies have disclosed the direct and overhead expenditure towards CSR projects.

There is almost a 50 per cent increase in clearly disclosing the direct and overhead expenses as compared to the previous year, which indicates an increase in better financial monitoring of projects by companies. Eleven per cent of companies have spent more than 5 per cent of their total spends towards administration.

The health, sanitation and education sector accounts for the 63.74 per cent (INR 4155 Cr.) of the total spends on CSR against 50 per cent (INR 2592 Cr.) in last year, an increase by 14 per cent. CSR spent on rural development sector has considerably increased from INR 443 Cr. (8.84 per cent) in 2014-15 to INR 804 Cr. (12.34 per cent) in 2015-16.

Certain Schedule VII areas such as National Heritage, Support to War Veterans, PM Relief Fund, Sports, Technology Incubators, Slum Development, put together, accounted for 3 per cent (INR 154 Cr.) of the total spends this year as well (INR 153 Cr. last year).

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1 Available at https://assets.kpmg.com/content/dam/kpmg/in/pdf/2017/02/CSR-Survey-2016.pdf

PROPOSAL TO AMEND CUSTOMS VALUATION (DETERMINATION OF PRICE OF IMPORTED GOODS) RULES, 2007

The Central Govt. proposes to consider the following amendments to the Customs Valuation (Determination of Price of Imported Goods) Rules, 2007:

Sub-rule (2) to Rule 10 is proposed to be replaced with the following:

(2) For the purposes of sub-section (1) of section 14 of the Customs Act, 1962 (52 of 1962) and these rules, the value of the imported goods shall be the value of such goods, and include–

(a) The cost of transport, loading, unloading and handling charges associated with the delivery of the imported goods to the place of importation;

(b) The cost of insurance to the place of importation.

Stakeholder consultation/comments are invited by March 8, 2017 on the proposal to amend Customs Valuation (Determination of Price of Imported Goods) Rules, 2007 on email ID kshitendra.verma@nic.in.

SECURITIES AND EXCHANGE BOARD OF INDIA (MUTUAL FUNDS) (AMENDMENT) REGULATIONS, 2017

In exercise of the powers conferred by section 30 read with clause (c) of sub-section (2) of section 11 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board via Notification No. SEBI/LAD/NRO/GN/2016-17/031 hereby makes the following regulations to further amend the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, namely:-

1. These Regulations may be called the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2017.

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

3. In the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996,

I. in regulation 2, -

i. The following new clause shall be inserted after clause (mn), namely,-

"(mo) "InvIT" or "Infrastructure Investment Trust" shall have the meaning assigned in clause (za) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014;"

ii. The following new clause shall be inserted after clause (sa), namely,-

"(sb) "REIT" or "Real Estate Investment Trust" shall have the meaning assigned in clause (zm) of sub-regulation 1 of regulation 2 of the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014;"

iii. the existing clause (sb) shall be re-numbered as clause (sc).

II. In the Seventh Schedule, the following new clause shall be inserted after clause 12, namely,-

"13. A mutual fund may invest in the units of REITs and InvITs subject to the following:

(a) No mutual fund under all its schemes shall own more than 10% of units issued by a single issuer of REIT and InvIT; and

(b) A mutual fund scheme shall not invest –

(i) more than 10% of its NAV in the units of REIT and InvIT; and

(ii) more than 5% of its NAV in the units of REIT and InvIT issued by a single issuer.

Provided that the limits mentioned in sub-clauses (i) and (ii) above shall not be applicable for investments in case of index fund or sector or industry specific scheme pertaining to REIT and InvIT."

GOODS AND SERVICES TAX

- PWC has launched an app on GST for its clients which are designed to provide news, insights and latest developments under GST. It provides user access to analysis on GST impact, sector insights etc. The app also has GST contests and interactive polls where users can compete and test their GST knowledge.
- Under the proposed GST regime, the GST Council is likely to retain the clause that will require service providers to register in every state in which they operate despite various representations from telcos, banks and insurance companies for a single registration.
- The adoption of the GST could help raise India's medium-term GDP growth to over eight per cent and create a single national market for enhancing the efficiency of the movement of goods and services-IMF. IMF also said that larger than expected gains from the GST and further structural reforms could lead to significantly stronger growth, while a sustained period of continued low global energy prices would also be beneficial to India.

Team ICSI