



# The Echo

▶ Year 2020 ▶ VOLUME - 3

*March ~ The Month of Financial ending year*



▶ Devi Ahilya Mata ▶ Rani Laxmibai ▶ R. Sivabhogam ▶ Mary Kom ▶ Hima Das ▶ Mother Teresa ▶ Kalpana Chawla ▶ Sushma Swaraj



Dear Readers,

*As I begin to pen down my first message as Chairman of the Indore Branch of CICASA of ICAI, I am filled with lot of energy to share and communicate with the young brigade.*

*At the outset, I would like to express my sincere regards to all my colleagues at the Managing Committee for having reposed their faith in me to lead the young brigade. Last year the then CICASA Chairman CA. Ankush Jain and his energetic team, did not leave any stone unturned to take CICASA activities to newer heights which has been duly recognised as the, Best by CIRC awarding Indore CICASA as best branch for the year 2019.*

*We are committed to keep the tempo high and thus we began with the celebration of Women's day at CA Branch, gracefully acknowledging the work of renowned personalities from different fields including Roadies fame Chetana Joshi, Industrialist Riya Chhabra, with the Team CICASA being at the back organising the event. We shall continue the series of activities and call for involvement of one and all.*

*As you all are aware that this we as an Indian are passing through the toughest time fighting against global pandemic of novel corona virus covid-19. Almost all the countries are under mass destruction due to this pandemic. World economy including India is undergoing immense devastation and cascading effects of covid-19. Needless to mention that the after effects shall be more disastrous on economic front. In these turbulent times We "the partner in nation building" will have to work in tandem with other saviors and shall have to perform our duties with utmost responsibility and integrity to serve our nation.*

*Everything and everyone has been created by the Almighty God to be UNIQUE. All of us have our share of strengths and also weaknesses. We are here in this world to be ourselves. Never should you struggle to become someone else, instead we should concentrate on improving ourselves by developing your strengths and striving to shed our weaknesses. I would like to end with the message that 'believe in yourself and your abilities, work to improve yourself, do not attempt to become someone else'.*

Regards,

**CA Samkit Bhandhari**

Chairman, CICASA Indore.





# Impact of removing DIVIDEND DISTRIBUTION TAX from new Tax Regime

One major change which will impact investors post 1st April 2020 is the removal of Dividend Distribution Tax (DDT) for dividends paid out by Indian corporates.

## **Current DDT Structure (till March 31, 2020):**

In the current tax structure companies distributing dividends are required to pay tax at an effective rate of 20.56% directly to the government from distributable dividend. As a result, out of every Rs 100 in distributable dividend, companies has to shell out Rs 20.56 as tax, with only Rs 79.44 left as dividend for shareholders. The dividend paid, however, was tax-free to the investors up to a limit of Rs 10 lakh and post that a concessional rate of 10% was payable on dividends received in a financial year.

## **New Proposition:**

The withdrawal of the DDT puts an end to this regime, by requiring all equity investors to treat their dividend receipts as income and pay taxes on it at their applicable slab rates.

A quick snapshot on 1,752 NSE-listed companies for year ending FY2018-19, based on the Capintone database, showed that merely 938 companies paid dividend last year, totaling about Rs 2 lakh crore.

## **Now the question arises, whether individual companies will distribute more of their DDT savings or not??**

It can be said that it depends upon the pattern of promoter's shareholding in the company. On the basis of promoter's shareholding, two categories of companies could possibly see their dividend pay-outs go up significantly — One is the Public Sector Undertakings (PSUs) and the other one is Multi-National Corporations (MNCs) (including companies with foreign promoters).

For PSUs, the Government of India i.e. their largest shareholder is not liable to any income tax. Hence, it is likely that PSUs will opt to distribute the DDT savings with the shareholders. On the basis of the above hypothesis, PSU stocks, some of which are already giving high-dividend yield, may increase their pay-outs further in the future. Also, given the fact that they are financed

by government, they are facing tremendous pressure to increase the dividend pay-out.

For multi-national corporations, dividend is the key route to repatriate profits. We feel that they are also likely to raise their dividend pay-outs in the future.

Of the 938 dividend payers last year, there were 58 PSUs and 108 companies with MNCs or foreign companies as holding/parent companies. Despite being less than 18% of the total no. of dividend payers, these two sets of firms contributed nearly 50% of the dividend corpus, with PSUs distributing about Rs 64,500 crore and foreign-owned companies paying Rs 34,000 crore.

## **Now the question here is that How can investors benefit out of it ???**

Domestic mutual funds/asset managers who enjoy pass-through status and pay no tax can pocket larger dividend incomes from their portfolios, as they will no longer suffer the indirect incidence of the DDT.

It makes huge sense for HNIs to switch from holding direct stocks to MF, which apart from giving the benefit of lower taxation will also offer the following benefits.

Investors having a large equity holdings in PSU/ MNC companies or PMS having exposure to these companies can invest in a similar portfolio (MNC Fund or PSU Fund) and take the advantage of dividend pass through, since MFs are not taxed on the income earned. The benefit will be available to investors who will invest in the growth options of the MNC Fund or PSU Fund.

So on account of new provisions being added to the tax structure the investors would require to properly plan the taxes and save more.

For eg - High net worth individuals having income greater than 10 lakh per annum and who are holding stocks of PSU and MNC companies stand to loose greater than 30% per annum by way of tax outgo. So they would require proper tax planning.



**PALAK ARORA**  
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# Coping Up with **CORORNA** Challenges

## Recent Announcements by RBI

In this challenging times where Coronavirus is hitting the country hard the government as well as citizens are fighting together to fight against this pandemic.

On 27th March, 2020 RBI Governor Shri. Shaktikanta Das made certain announcements to prepare the economy to fight against the consequences of this wide spread virus. The purpose of such changes is to undertake strong and purposeful action to protect the domestic economy, to help the stakeholders to fight against the pandemic and to ensure that banks should do all to keep credit flowing.

Here are the highlights of the changes bought in the economy to increase the immunity of the economy by RBI:-

- ▶ RBI has **reduced Repo rate by 75 basis points** to 4.4%. While the rate cut at this point is unlikely to revive loan demands in the market, it can definitely boost the morale in the financial market. Accordingly, the marginal standing facility (MSF) rate and the Bank Rate stands reduced to 4.65 percent from 5.40 percent. The reverse repo rate under the LAF stands reduced by 90 basis points to 4.0 percent.
- ▶ **CRR reduced by 100 basis points to 3%** for 1 year effective from the fortnight beginning March 28, releasing Rs 137,000 crore liquidity in the banking system. Greater access to MSF (Marginal Standing Facility) will also give banks more access to funds. This move will ensure financial stability. Thus, the minimum daily requirement of CRR maintenance has been brought down to 80 percent from 90 percent till 30/06/2020.
- ▶ **3,74,000 lakh crore liquidity has been injected in the economy.** Total liquidity injection is 3.4% of GDP. With a total Rs 374,000 crore pumped into the system, the RBI actions will significantly help

liquidity ease in the system. In view of persistent excess liquidity, it has been decided to widen the existing policy rate corridor from 50 bps to 65 bps. Under the new corridor, the reverse repo rate under the LAF would be 40 bps lower than the policy repo rate against the existing 25 bps. The marginal standing facility rate would continue to be 25 bps above the policy rates.

Money markets were facing pressures from redemptions by mutual funds. The Targeted Long-term Refinancing Operations (TLTRO) will give cash to banks, which they are supposed to invest in the specified securities as mentioned in the policy statement. This will be giving assurance for the money markets, ensuring they don't seize up.

The RBI governor emphasized that the liquidity availed by banks under the scheme has to be deployed in investment-grade corporate bonds, commercial papers and non-convertible debentures, over and above, the outstanding level of those investments in these bonds, as on March 25, 2020. Further the investment made by banks will be considered as held to maturity even in excess of 25 percent of the total investment permitted to be included in HTM portfolio. Eligible instruments comprise both primary market issuances as well as secondary market purchases, including from MFs and NBFCs. Exposure under this facility will also be not recognized under the large-exposure framework.

- ▶ **3 month moratorium** has been granted on payment of instalments of outstanding Term Loans. This moratorium includes both payment of interest as well as capital. The RBI policy statement explicitly mentions term loans which can be considered for this moratorium which includes home loans, personal loans, education loans, auto and any loans

which have a fixed tenure. This also includes consumer durable loans, such as EMIs on mobiles, fridge, TV etc. Since credit cards are defined as revolving credit and not term loans, they are not covered under the moratorium.

This non payment will not have any impact on the credit score of the borrower. This announcement is big since the economy is under hardship and reeling under job losses and industrial shutdown. The RBI has also allowed banks to restructure the working capital cycle for companies without worrying that these will have to be classified as NPA. Thus this three-month moratorium will permit banks to avoid a large onset of NPAs during the 21-day lockdown and keep their books healthy.

For borrowers too, the three-month moratorium will be helpful to ease the burden on their savings and avoid the fear of turning into defaulters.

- ▶ Interest on WC facilities to be deferred by 3 months - Lending institutions can defer by three months payment of interest outstanding as on March 1 on working capital facilities sanctioned in the form of cash-credit and overdraft and such. The accumulated interest for the period will be paid at the end of the deferment period. The moratorium on term loans and the deferment of interest on working capital will not result in asset classification downgrade. In respect of working capital facilities sanctioned in the form of cash credit, overdraft, lending institutions are allowed to recalculate drawing power by reducing margins or by reassessing the working capital cycle for borrowers. All such measures will not effect the credit history of the borrower.
- ▶ GDP growth for Q4 19-20 and FY 20-21 to be affected. Due to the economic slowdown as a result of COVID-19 aggregate demand may weaken leading to an overall negative impact on the economy. Future outlook is uncertain and negative. The RBI officials have neither estimated nor anticipated the exact impact on the economy.
- ▶ Impact on payment of EMIs - Moratorium on payment of instalments on term loans will help people to postpone payment of EMIs and help their cash position.

The RBI has only allowed banks to allow a moratorium. Individual banks will have to allow

suspension of EMIs. The borrower will have to request the bank and show that his or her income has been impacted by the coronavirus disruption. This means that unless you have specific approval from your bank, your EMIs will still be deducted from your account. This is not a waiver, but a deferment.

The RBI governor said the central bank was closely monitoring the situation and will step in whenever required. "Let me assure you that the RBI is at work in mission mode. We have been monitoring the evolving financial market and the macroeconomic conditions and calibrating its operations to meet any need for additional liquidity support as well as to take other measures if warranted," said the RBI governor.

## Finance Minister announced relief to fight COVID 19

The Finance Minister Shrimati Nirmala Sitharaman announced a few policy as well as operational changes so that the citizens especially poor people of the country are not severely impacted on account of lockdown and widespread pandemic Covid-19.

The following is the brief of announcements that were made by Hon'ble Finance Minister Nirmala Sitharaman on 26th March, 2020:

- ▶ PM Gareeb Kalyan Yojna has been announced to fight against COVID-19. Finance Minister announces Rs 1.70 Lakh Crore relief package under Pradhan Mantri Garib Kalyan Yojana aimed at providing a safety net for those hit the hardest by the Covid-19 lockdown.

Following are the components of **Pradhan Mantri Gareeb Kalyan Package:-**

- ▶▶ Insurance cover of Rs 50 Lakh per health worker fighting COVID-19 to be provided under Insurance Scheme for 3 months.
- ▶▶ 80 crore poor people will be able to get 5 kg wheat or rice and 1 kg of preferred pulses for free every month for the next three months at free of cost. Along with this provision people can also buy their monthly rations at subsidized rates from the government authorized ration shops such as those who are below poverty line.
- ▶▶ Women Jan Dhan Yojna account holders will get Rs.500 PM for next 3 months. It is expected to



benefit around 20.5 crore people.

- ▶▶ Increase in MNREGA wage to Rs 202 a day from Rs 182. It will benefit around 13.62 crore families.
  - ▶▶ Widows/Poor widows/Poor pensioners/Poor Divyang /Poor sr. Citizens will get ex gratia one time grant of Rs. 1000 in 2 instalments.
  - ▶▶ Government to front-load Rs 2,000 paid to farmers in first week of April under existing PM Kisan Yojana to benefit 8.7 crore farmers.
  - ▶▶ Central Government has given orders to State Governments to use Building and Construction Workers Welfare Fund to provide relief to Construction Workers.
  - ▶ For Financial Year 2018-19 last date for filing of ITR is now 30th June, 2020.
  - ▶ The government also announced that it will pay the entire provident fund contribution of those who earn less than Rs 15,000 per month in companies having less than 100 workers as they are at risk of losing their jobs. That amounts to 24% of basic pay--12% from the employee and 12% from the employer. This will be paid by the government for three months.
- In addition, the Employees' Provident Fund Regulations will be amended to include the coronavirus pandemic as grounds for allowing a non-refundable advance of 75% of the corpus or three months of wages, whichever is lower, from their accounts.
- ▶ Delayed payment in respect of FY 2018-19 made would be subject to 9% of interest instead of 12%.
  - ▶ No extension but on delayed deposit of TDS only reduced interest of 9% will be charged instead of 18%.
  - ▶ Adhar Pan linking date has been extended to 30.06.2020
  - ▶ Vivaad se Vishwas scheme date has been extended to 30.06.2020.
  - ▶ Notice/ statements/ orders/ documents to be submitted before any authority under Capital Gains head/ wealth tax act/ black money act/ Benami Act etc where time was expiring on 20.03.2020 is now extended to 30.06.2020.
  - ▶ Last date of filing March, April and May 2020 returns as well as composition GST return extended to 30.06.2020.
  - ▶ Companies having turnover of less than 5 crore, no penalty or interest shall be charged.

- ▶ For bigger companies no penalty shall be levied but interest @ 9% shall be applicable.
- ▶ Date for opting for composition scheme has been extended to 30.06.2020.
- ▶ New CARO Regulation has been extended for one year. Now it shall be applicable from FY 2020-2021.
- ▶ MCA-21 Registry, moratorium from 01.04.2020 till 30.06.2020.
- ▶ No additional fees for late filing till 30.06.2020.
- ▶ Board Meetings has been relaxed by 60 days till next two Quarters.
- ▶ For the FY 2019-20, if Independent director did not hold even one meeting then no violation.
- ▶ Sab Ka Vishwas [Indirect Tax Scheme] - Due date of 31st March, 2020 has been extended to 30th June 2020. No interest on the period upto 30th June, 2020 irrespective of the amount.
- ▶ Customs clearance till 30th June 2020 will operate 24x7 as an essential service.
- ▶ Threshold of default under Insolvency and Bankruptcy Code of Rs.1 lakh has been raised to Rs. 1 crore.
- ▶ Newly incorporated companies have been allowed to give declaration of commencement of business upto 1 year from 6 months.
- ▶ Relaxation in Residency rules for directors.
- ▶ Deadline for creating Deposit fund extended to 30th June, 2020.
- ▶ 63 lacs Self Help Groups will get upto Rs.20 lacs collateral free loans.

Announcing the scheme, finance minister Nirmala Sitharaman said that government would not allow anybody, especially any poor family, to suffer on account of non-availability of food grains due to disruption in the next three months.

The government will bear the entire expenditure of Rs 40,000 crores spent for distributing free food grain as well as Rs 5,000 crore spent on distribution of pulses.

All the announcements made by the Finance Minister are the need of the hour. Government looks proactive in dealing with the challenges arising out of pandemic Covid-19.

**SRUSHTI GUPTA**  
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# THE 5 TRILLION INDIAN ECONOMY



USD 5 Trillion economy

India is daring to dream and dreaming to dare- as quoted by our honorable prime minister.  
The dream of Independence..... and yes, successfully achieved  
The dream of clean India check  
The dream of digital India almost there  
And now this dream of making India a 5 trillion economy.

But a question comes to our mind that whether this dream of a 5 Trillion Economy as quoted by the government really achievable or it was just promised by the ruling government to fulfill their political interests.

The idea of this article is to give you the story of **"India's march towards five trillion economy"**

Ok so what is a 5 trillion economy?

Essentially the reference is to the size of an economy as measured by the annual gross domestic product or GDP. In short what 5 trillion dollars economy means is, there will be increase in number of businesses, industries, cooperative companies, services, commercial market, IT sector, increase in exports etc.

## Can India achieve the target by 2024?

Well!!!The answer would depend essentially on the assumption about economic growth. If India grows at 12% nominal growth (that is 8% real GDP growth and 4% inflation), then from the 2018 level of \$2.7 trillion, India would reach the 5.33 trillion mark in 2024.



And today, India has been rated as the number one FDI destination from the world. Yes, you growing economy in this planet. Also the sixth largest economy!! Although sixth-largest necessarily imply that Indians are the sixth-richest people on the planet. The GDP is the first way to keep score among economies.

are the fastest economy does not and most rudimentary

So How will GDP per capita change when India hits the \$5-trillion mark?

If by 2024 India's GDP is \$5.33 trillion and India's population is 1.43 billion, India's per capita GDP would be \$3,727. While this would be considerably more than what it is today.

Apart from that, India's slowdown and a simmering shadow banking crisis is putting Prime Minister Narendra Modi's goal of crafting a \$5 trillion economy by 2025 at risk.

For the economy to reach \$5 trillion, it will take the types of reform that were long promised: massive reductions in regulations, streamlining of labor laws, privatization of state entities, investments in infrastructure,"

We will be 1.5 billion by 2023. 1 billion of those will be under the age of 35. We will be the largest workforce on the planet. Just think of the immense power of this human capital.This immense capable workforce can surely help in achieving the 5 Trillion mark provided they are guided by self determination and government support.

And that takes me to the conclusion which is, what is actually driving this power is 'IS YOU'. So I think this will be the power of our economy. This is the force, which is creating the new India, this is your story, the story of new India, just take it on and make it the best you have ever done.

**SALONI AHUJA**  
CRO 0620724





# The Unwanted Vacation

*I wanted to go on a vacation,  
But I didn't mean quarantining at home station,  
What's good in it?  
I can't even take a noon nap due to "Work from Home" kit,  
It feels like saving the lives from zombie  
Who thought the people would be lockdown  
even before the world war three?*

*Maybe someone thought of beating the number 1 racer,  
And so, punished the whistle-blower,  
Instead of leading for the target,  
It is now losing the resources and the market.  
The one behind making us tamed,  
Is now being blamed.*

*Or maybe it's the nature's equal and opposite reaction,  
For human beings' dirty actions.  
Are the bats with their virus balls  
Playing cricket in the world hall?  
Who thought of welcoming the new year,  
With fear and tear?*

*One day, this will pass too  
And the kids will go for picnic at the zoo.  
The bright sun will rise again,  
And the people will enjoy the songs of melodious rain.*



**ADITI SHARMA**  
CRO 0588675





Each year, International Women's Day recognizes the social, economic, cultural, and political achievements of women all over the world.

Woman is a very beautiful creation who is the beauty of life. She is very caring and loving as a mother, as a daughter, as a sister, as a wife and as a friend. A woman cannot be defined in few words because she is a complete book of life which explains the every color of life. A woman sacrifices her whole life for her family, works from day to night for the support of her family and spends her whole life for others. A woman cannot be defeated if she stands against something. If she is stubborn, then she can pass through every trouble but do not give up. A collection of sacrifice, love, care, mystery, stubbornness, fun, tears, grace and beauty is called a Woman. Its impossible for all of us to even imagine a day without Women. Here is a short poem to depict the importance of women in our lives.

## Women's Day Special



She gave life. She is a wife.  
She is a mother and she is a friend  
She is a sister a survivor to the end.

Appreciate her, we don't dare.  
Ask her worries, we don't care.  
Wipe away her tears, they are invisible as air.

She works, cooks and clean.  
She laughs, helps comfort, and hides her pain.  
When you struggle she pulls you through  
All this is she and what do we do?

Complain and create a mess.  
Provide stress and leave her feeling depressed.  
Push her away and ignore her advice.  
Tell her she is nothing without thinking twice.

She swallows her pride, put her feelings aside.  
Does as you need in order for you to be free  
Ignores your ignorance and tolerates your flaws  
You call her nothing  
I call her Strong, Smart, Sensual, Caring,  
Giving, Surviving, Tolerant and powerful  
I call her WOMAN!







**ANUSHA PAGARIYA**



BEING UNITED WE ALL INDIANS CAN FIGHT AGAINST THIS GLOBAL PANDAMIC OF COVID-19. STAY HOME, STAY SAFE !!

EVENTS CONDUCTED IN MARCH

# WOMEN'S DAY Celebration



CICASA Indore celebrated **Women's Day** with great zeal and enthusiasm wherein very renowned women from different sectors of the economy were welcomed and acknowledged for the work done by them.

# FORTHCOMING ACTIVITIES

With the tag line “Kuch Positive Karona” CICASA is also organizing a “Knockdown the Lockdown” Social Media Contest so as create awareness about COVID-19 and spreading the message of how to fight against this global pandemic together in the month of April. This contest is covering various activities like –

# APRIL 20 20

Poster Making Competition

Best Out of Waste Competition

Fitness Challenges

Corona Awareness Photography

Quarantine Quiz Competitions

Bingo Activity

Quarantine Talent Search

*These activities will be conducted till 14th of March, 2020. Also CICASA is organizing an article writing competition on the topic “Socio Economic Impact of Corona Pandemic in India and Globally” to spread awareness about COVID-19 in first week of April.*

