

**Monthly
E-Newsletter
May 2017**



**NAGPUR BRANCH OF
WICASA OF ICAI**



Speak Up!

The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)



WICASA Chairman's Communication

CA Saket Bagdia

Dear Student Friends,
"The expert in anything was once a Beginner"

The Month of May becomes warmer with the heat of CA examinations. It's always amazing to pen down my message for "Speak Up" wherein the talent of students galore. While the auspicious occasion of Nagpur popularly termed as "Nautapa" has taken a toll on us with soaring temperature where we continue to be on top in India albeit on the other side being part of India's one of hottest city and I believe, you all along with me, are anxiously waiting for the soothing "Rimzim"/"Zamamam" Baarish of Nagpur City.

Getting started, we are now two issues old. Following the Unique Theme of our Chairman 2017-18 of Nagpur Branch – CA Sandeep Jotwani of "Chale Ek Saath", we are striving to bring rich contents of topics related to latest professional interests to help our budding professionals get acquainted with provisions and interpretations of law and start making headway in new fields. The topics covered in the issue relates to Gold Monetization and NPA ordinance to Banking Regulation Act. I congratulate Kushal Raut, Vishal Saluja & Akhand Pratap Singh for their contributions. I recognize the efforts of Priyanka Vanjani & Aditi Nevatia for their contribution in the amazing corner.

This newsletter acts as a mirror displaying WICASA activities and is a mode of communication to nurture skills set. With the role of CA Articles so critical in the performance of financial reporting, we need to continuously strive to explore frontiers of challenges through sharpening our knowledge and increasing interpretation expertise.

With a new concept of Adhyayan – Enlightening minds wherein Student Speaker would deliberate in front of CA Students, our initiative is to help develop presentation skills amongst students. The Branch level elocution contest titled "National Talent Hunt" also provided a base for the overall development of students. With GST approaching fast, for ensuring education, knowledge and compliance, a 3 day GST Conclave was organized jointly with Board of Studies. This was a highly successful session and immensely beneficial to all the participants. In our endeavor we have continued to hold CPT revisionary classes for the benefit of students which were followed by CPT Mock Test.

I wish that maximum students should come up for events and contribute for their own growth.

"Be Somebody Nobody Thought You Could Be"
Keep believing, keep learning!

Regards

CA Saket Bagdia
WICASA Chairman

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WICASA Vice Chairman's Communication Devashish Mahadule

All we have to Fear is the Fear itself'

Always being inspired by these words of Mr. Franklin D Roosevelt, I believe fear is just a figment of limitation of our unimaginable capabilities. What stands between our success is the Fear of failure, Fear of neglect, Fear of standing out. Be fearless, push your limits and make it happen.

WICASA is a platform For ,By & Of the students, which provides means for one's overall Self Development. Extend your helping hand in making every effort of WICASA beneficial & meaningful.

Further I would like to humbly thank Nagpur branch of WIRC & Nagpur branch of WICASA for giving me this one in a lifetime opportunity to provide to the fraternity.

Introspect, Rejuvenate, have Faith & BELIEVE IN YOURSELF!

Devashish Mahadule

Vice Chairman

Nagpur Branch of WICASA



WICASA Secretary's Communication Pulkit Jhawar

You may not know the right answers, but you should always ask the right questions.

With our third monthly newsletter 'SPEAK UP', we present to you some well written articles on Gold Monetisation Scheme and NPA Ordinance. SPEAK UP is a platform where everyone can post articles and even display their artistic skills in our *Amazing Corner*.

I would like to thank everyone for their continued support and dedication to make all our events a grand success and make Nagpur Branch of WICASA stand apart.

With the MegaCon preparations round the corner, we expect the same support to make this the biggest Student Conference of the year.

After all, WICASA is of the students, by the students and for the students.

Pulkit Jhawar

Secretary

Nagpur Branch of WICASA



What is Gold Monetisation Scheme?

Kushal R. Raut
WR00525805

Gold lying in the locker appreciates in the value if gold prices goes up but it doesn't pay you a regular interest, dividend. On the contrary you incur carrying cost on it (bank locker charges).

Monetisation scheme will allow you to earn some regular interest on the gold and save carrying cost as well. It is a gold saving account that will earn interest for the gold that you deposit in it.



Your gold can be deposited in the physical form – jewellery, coins and bars. This gold will earn interest on the basis of gold weight and appreciation of the metal value.

The interest earned in gold monetisation scheme will be exempt from income tax and capital gain tax.

What Are Its Objectives?

1. Earn interest on idle gold.
2. Earnings are exempt from capital gain tax, income tax
3. No maximum depository limit
4. Offers flexibility
5. Deposits are divided into three terms
 - a) Short
 - b) Mid
 - c) Long
6. Allow investment with as low as 30 gm of gold
7. As backed by government of India safety of gold is high

Advantages of Gold Monetisation Scheme

Earns interest on idle gold

Earnings are exempt from capital gains tax, income tax & wealth tax

No maximum depository limit

Offers Flexibility

Deposits are divided into 3 terms- Short, Mid and Long Term

Allows investment with as low as 30gm of gold

As backed by the Government of India, safety of gold is high

How This Scheme Works?

Individual has to give its gold to purity testing centre. This designated centres are designated by the government. After the testing and measuring the quantity of the gold, it will be sent to gold collection centre with the consent of the individual.

The collection centre gives the certificate to the individual certifying the value of the gold.

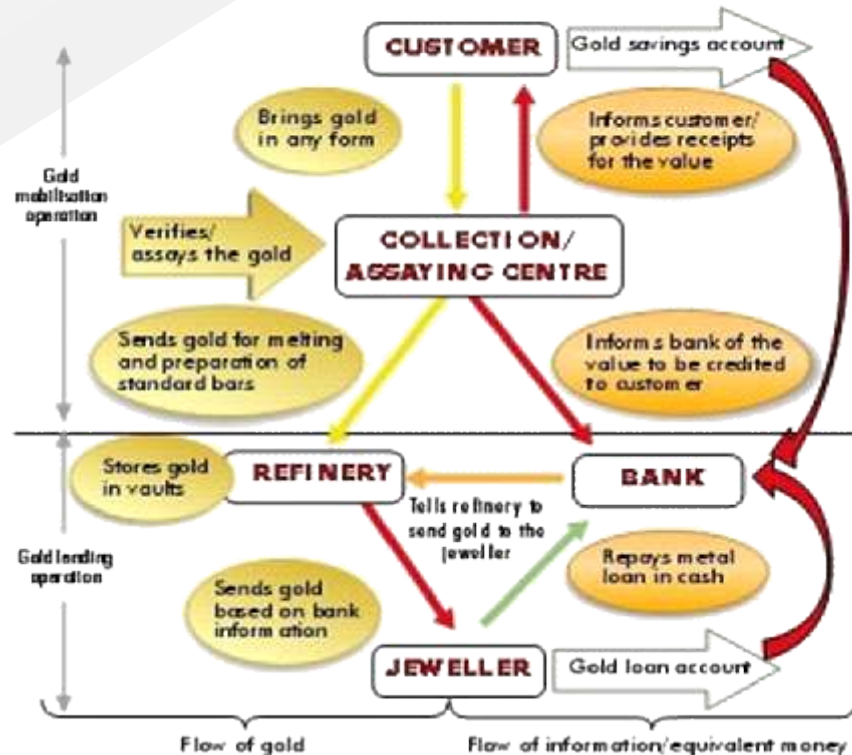
From the collection centre gold will be transferred to refiners. The refinery refines the gold, converts it into standard bars and keeps it.

Now the individual submits the certificate to the bank and thus opens a gold deposit account with the bank. As a follow up bank takes control of the individual gold holding with the refiners and starts its monetisation process.



Golden glow

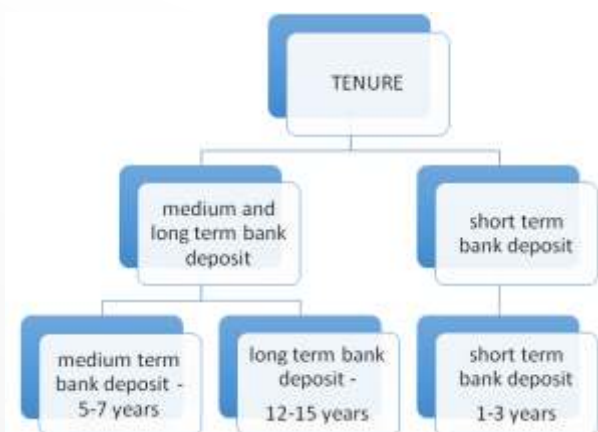
This is how gold will flow among customers, banks and jewellers under the monetisation scheme



Tenure

The scheme will allow an investor to deposit gold in

- Short term bank deposit (STBD)
- Medium and long term government deposit (MLTGD)



- Short term bank deposit would be acceptable by the bank on their own account
- But the medium and long term deposit would be accepted by bank on behalf of Government of India based on notification issued by Reserve Bank of India.

How Redemption Takes Place In Gold Monetisation Scheme

Customer will have the choice to take the cash or gold on redemption but the customer has to state the preference at the time of deposit

For example : If person at the time of depositing gold with the bank decides that at the time of redemption he wants gold and communicates same to the bank then at the time of redemption he will get gold otherwise cash.

How Is The Interest Calculated

Both the principle and interest to be paid to the depositor will be valued at gold.

Ex: if customer deposits 100 gm of gold and gets one percent interest , then on the maturity he has a credit of 101 gm.

How Will The Banks Get Incentivised

- Banks will be allowed to deposit mobilised gold as a part of their CRR with the Reserve bank of India . CRR is the amount which the bank has to keep with the Reserve bank of India.
- Bank can also sell the gold to generate foreign currency the currency further can be used for lending to the exporters and the importers.
- Bank can also convert gold to cash which can be utilised or can further be sold to the customers.



Gold Monetization Scheme, 2015

Vishal Saluja
WRO 043664

Objectives :

GMS, which modifies the existing 'Gold Deposit Scheme' (GDS) and 'Gold Metal Loan Scheme (GML)', is intended to mobilize gold held by households and institutions of the country and facilitate its use for productive purposes, and in the long run, to reduce country's reliance on the import of gold.

Gold Monetisation Scheme, 2015 which includes Revamped Gold Deposit Scheme (R-GDS) and Revamped Gold Metal Loan Scheme (R-GML) covered under the definition of Scheme.

Revamped Gold Deposit Scheme (R-GDS) :

A. Basic Provisions :

• General :

This scheme will replace the existing Gold Deposit Scheme, 1999. However, the deposits outstanding under the Gold Deposit Scheme will be allowed to run till maturity unless these are withdrawn by the depositors prematurely as per existing instructions. All designated banks will be eligible to implement the scheme. The principal and interest on STBD shall be denominated in gold. In the case of MLTGD, the principal will be denominated in gold. However, the interest on MLTGD shall be calculated in Indian Rupees with reference to the value of gold at the time of the deposit.

(Whereas, Designated bank means All Scheduled Commercial Banks (excluding RRBs) that decide to implement the Scheme. Short Term Bank Deposit (STBD) means The deposit of gold made under the GMS with a designated bank for a short term period of 1-3 years. The Medium Term Government Deposit (MTGD) can be made for 5-7 years and Long Term Government Deposit (LTGD) for 12-15 years or for such period as may be decided by the Central Government from time to time).

Persons eligible to make a deposit – Resident Indians (Individuals, HUFs, Proprietorship & Partnership firms, Trusts including Mutual Funds/Exchange Traded Funds registered under SEBI (Mutual Fund) Regulations and Companies) can make deposits under the scheme. Joint deposits of two or more eligible depositors are also allowed under the scheme and the deposit in such case shall be credited to the joint deposit account opened in the name of such depositors. The existing rules regarding joint operation of bank deposit accounts including nominations will be

applicable to these gold deposits. All deposits under the scheme shall be made at the CPTC.

(Whereas, Collection and Purity Testing Centre (CPTC) means the collection and assaying Centre's certified by the Bureau of Indian Standards (BIS) and notified by the Central Government for the purpose of handling gold deposited and redeemed under GMS)

Provided that at their discretion, banks may accept the deposit of gold at the designated branches, especially from the larger depositors.

Provided further that banks may, at their discretion, also allow the depositors to deposit their gold directly with the refiners that have facilities to carry out final assaying and to issue the deposit receipts of the standard gold of 995 fineness to the depositor.

(Whereas, Refiners – The refineries accredited by the National Accreditation Board for Testing and Calibration Laboratories (NABL) and notified by the Central Government for the purpose of handling gold deposited and redeemed under GMS).

Interest on deposits under the scheme will start accruing from;

- the date of conversion of gold deposited into tradable gold bars after refinement OR
- 30 days after the receipt of gold at the CPTC or the bank's designated branch, as the case may be,
- (Whichever is earlier).

During the period commencing from the date of receipt of gold by the CPTC or the designated branch, as the case may be, to the date on which interest starts accruing in the deposit, the gold accepted by the CPTC or the designated branch of the bank shall be treated as an item in safe custody held by the designated bank.

On the day the gold deposited under the scheme starts accruing interest, the designated banks shall translate the gold liabilities and assets in Indian Rupees by crossing the London AM fixing for Gold / USD rate with the Rupee-US Dollar reference rate announced by RBI on that day. The prevalent custom duty for import of gold will be added to the above value to arrive at the final value of gold. This approach will also be followed for valuation of gold at any subsequent valuation dates and for the conversion of gold into Indian Rupees under the Scheme.



Designated banks shall inform the RBI of their decision to participate in the Scheme as soon as the policy to implement the Scheme is approved by their Board. They shall also report to the RBI the gold mobilized under the Scheme by all branches in a consolidated manner on a monthly basis as per the format given in the Annex-2.

Tax implications on GMS shall be as notified by the Central Government from time to time. The quantity of gold will be expressed up to three decimals of a gram.

• **Acceptance of deposits**

- i. The minimum deposit at any one time shall be 30 grams of raw gold (bars, coins, jewellery excluding stones and other metals). There is no maximum limit for deposit under the scheme.
- ii. All gold deposits under the scheme, whether tendered at the CPTC or the designated branches, shall be assayed at CPTC:

Provided that the designated banks are free not to subject the standard good delivery gold accepted directly at branches to fire assaying at the CPTC.

B. Utilization of gold mobilized under GMS :

• **Gold accepted under STBD**

Without prejudice to the generality of the uses of the gold mobilized under the STBD, the designated banks may

- i. Sell the gold to MMTC for minting India Gold Coins (IGC), to jewellers and to other designated banks participating in GMS; or
- ii. Lend the gold under the GML scheme to MMTC for minting India Gold Coins (IGC) and to jewellers.

• **Gold accepted under MLTGD**

- i. Gold deposited under MLTGD will be auctioned by MMTC or any other agency authorized by the Central Government and the sale proceeds credited to the Central Government's account with RBI.
- ii. The entities participating in the auction may include RBI, MMTC, banks and any other entities notified by the Central Government in this regard.

- iii. Gold purchased by designated bank under the auction may be utilized by them for any purposes indicated as per under STBD.

GMS - linked Gold Metal Loan (GML) Scheme :

A. General

The gold mobilized under STBD may be provided to the jewellers as GML. The designated banks can also purchase the gold auctioned under MLTGD and extend GML to the jewelers. The jewellers will receive the physical delivery of gold either from the refiners or from the designated bank, depending on the place where the refined gold is stored. The existing Gold (Metal) Loan (GML) Scheme operated by nominated banks in terms of the RBI Master Circular on Loans and Advances dated July 1, 2015 will continue in parallel with GMS-linked GML scheme. All prudential guidelines for the existing GML Scheme as prescribed in the Master Circulars amended from time to time will also be applicable to the new Scheme.

The designated banks other than the nominated banks shall be eligible to import gold only for redemption of the gold deposits mobilised under the STBD.

(Whereas, Nominated bank means A Scheduled Commercial Bank authorized by RBI to import gold under the extant Foreign Trade Policy)

B. Interest to be Charged :

The designated banks are free to determine the interest rate to be charged on GMS-linked GML.

C. Tenor :

The tenor of GMS-linked GML will be the same as under the extant GML scheme.

Benefits for Depositors under Income Tax Act, 1961:

Deposit certificate issued under the gold Monetisation Scheme, 2015 are excluded from the definition of Capital Asset that defined u/s. 2(14) that amounts not taxable on their redemption or transfers.



NPA Ordinance to Banking Regulation Act, 1949

Akhand Pratap Singh
CRO0328152

"We are towards CHANGE that is constant so Cabinet amended the Section 35 of the Banking Regulation Act, 1949 i.e. BANKING REGULATION (AMENDMENT) ORDINANCE, 2017 by inserting Section 35AA and Section 35AB." Let's read on to know more.....

As we have seen recently in our economy NPA is keeping positive trend to go higher that makes our economy weak. Banks disburse loans to various corporate houses of different sectors to get fulfilled the targets which increase the profitability of banking companies initially but however the recovery aspect is not so focused which turns into stressed assets/non - performing assets. Such stressed assets give stress to the policy makers and regulators of the economy. This dangerous situation came to the attention of Central Government which has brought this NPA ordinance to overcome such fiscal issue by issuing **press release on 5th May, 2017 under Ministry of Finance**.

The RBI has also been empowered to issue other directions for resolution, and appoint or approve for appointment, authorities or committees to advise banking companies for stressed asset resolution. This action of the Union Government will have a direct impact on effective resolution of stressed assets, particularly in

consortium or multiple banking arrangements, as the RBI will be empowered to intervene in specific cases of resolution of non-performing assets, to bring them to a definite conclusion. The Government is committed to expeditious resolution of stressed assets in the banking system. The recent enactment of Insolvency and Bankruptcy Code (IBC), 2016 has opened up new possibilities for time bound resolution of stressed assets.

"India's ranking is 136 out of 189 countries as per the World Bank's index on the ease of resolving insolvencies".

The central bank can effectively ask banks to sit down with defaulters and reach a settlement as part of the package, aimed at accelerating a resolution of the Rs 9.64 trillion in bad loans choking the banking system. The NPA problem is, to a large extent, confined to specific large corporate loan defaulters and the story of Mr. Vijay Malya is not hidden.

Reserve Bank of India is proceeding to implement the provisions of NPA Ordinance for resolve such cases of stressed assets in near future as it has mentioned in the press release issued on 22nd May, 2017.



*Insolvency resolution process comes under Insolvency & Bankruptcy Code, 2016.



"NOT TO MISS IN NAGPUR"

Raman Science Centre



The Raman Science Centre and Raman Planetarium Complex at Nagpur is an interactive science centre affiliated with Mumbai's Nehru Science Centre. The centre was developed to promote a scientific attitude, portray the growth of science and technology and their applications in industry and human welfare, and hold science exhibits. The centre is named after famous Nobel Prize winner Indian physicist Chandrasekhara Venkata Raman. The Raman Science Centre was inaugurated on 7 March 1992 and the planetarium was started on 5 January 1997. The centre is located opposite Gandhi Sagar Lake in the heart of Nagpur. Between 1 April 2014 and 31 March 2015 the Centre recorded a visitor count of 582,962. The centre is part of the National Council of Science Museums (NCSM), India which is also the largest network of science centres/museums under a single administrative umbrella in the world. NCSM rates the centre as regional level and it has a total floor area of 4333 sq meters.

Activities

The centre carries out numerous programs to spread science and technology knowledge amongst the general public. The centre has started innovation centre from 14 February 2017, that gives opportunities to students, who are dedicated to science. The centre along with local NGO Hirwai gives the Green Finger Award to create awareness about the environment amongst school children. In August 2007, the information and communication technology gallery was opened where ISRO Chairman Madhavan Nair declared that India will send astronauts in space by 2015. The centre currently has 3 different interactive galleries including a 133 seat planetarium, fun science, a prehistoric Animal Park and more. The centre also holds science lectures, science film shows and 3-dimensional science shows. The centre also organises activities like planet watching and other celestial phenomena for citizens.



Priyanka Vanjani
WRO0553865

THE SECRET

What is the secret of happy life? Funky clothes, fluent English, lavish lifestyle with all the luxuries, huge bank balance- is it? Well, had it been so, then all the billionaires would have been the happiest souls on earth. Yet, the reality is that material things cannot buy happiness.

One's happiness is associated with his achievements, his pals & his family members. A person is in high spirits when he achieves what he desires. And that happens when one's thought process and actions flow in the right direction. Merely having a desire to attain the goals won't suffice. It should be backed up by the zeal to grab every opportunity that comes our way. Every decision that you take must take you one step closer to your aspirations.

Don't let your happiness depend on external factors. One can spread happiness only when he himself is content. Follow your conscious, come what may. Never compromise with your principles.

Problems, sufferings and disappointments are a part & parcel of life. Nevertheless, adopting an optimistic approach is the key to endure these.

Don't lead a monotonous life. After all, change is the spice of life. Be an adventure- freak, don't hesitate to take risks & most importantly, make yourself a priority, let the others adjust.

So here's the secret-

"Relish the achievements & joys of life to such extent that it overlooks the bitter reality."



Aditi Nevatia
WRO0561454



Glimpses of Past Events



STUDY CIRCLE MEET - 'ADHYAYAN-ENLIGHTENING MINDS' ON CHANGES IN INCOME TAX RETURNS



Guiding Light CA Prateek Palan



Student Speaker Aditi Agrawal

BRANCH LEVEL ELOCUTION CONTEST-NATIONAL TALENT HUNT



Winner : Aravind Jayraman



Runner Up : Revati Naidu



Event Inaugurated by CA Mahendra Kamath

Glimpses of Past Events



CPT-ONE DAY REVISIONARY



CA-CPT - Mercantile Law
by CA Pinkesh Thakrani



CA-CPT - Quantative Aptitude (Mathematics)
by CA Neeraj Batra



CA-CPT - Quantative Aptitude (Statistics)
by Prof Swapnil Salunke



CA-CPT - Accountancy
by CA Deepak Motwani



CA-CPT - Economics
by CS Praveen Chaudhrey

Glimpses of Past Events



THREE DAY REFRESHER COURSE ON GST FOR BEGINNERS



Event inaugurated by
Chief Guest CA Ashwini Agrawal



Enthralled Students



Speaker : CA Ritesh Mehta



Speaker : CA Preetam Batra



Speaker : CA Ashish Mundhada



Speaker : CA Ritesh Panpaliya

Glimpses of Past Events



THREE DAY REFRESHER COURSE ON GST FOR BEGINNERS



Speaker : CA Jai Poptani



Speaker : CA Payal Vasani



Speaker : CA Amitabha Sharma



Speaker : CA Saurabh Punyani



Speaker : CA Atul Deshmukh

Glimpses of Past Events



CPT MOCK TEST : SERIES I



UPCOMING EVENTS

DATE	EVENT	TOPIC	SPEAKER	TIME
15-06-2017	Study Circle Meet - 'Adhyayan-Enlightening Minds'	Restrictions on Cash Transaction	Student Speaker - Darshan Jakhotia Sakshi Laturiya	4:30 PM - 06:30 PM
16-06-2017	Interactive Meet with WIRC Office Bearers			11:30 AM - 01:00 PM
24-06-2017	Full Day Seminar on Co-operative Society Audit	<ul style="list-style-type: none"> • Pre Audit & First Overview of Audit • Verification of KYC, Loans and Advances & other related areas • Audit Report & Audit Classification • Tax Audit & Income Tax Provisions for Society 		10:00 AM - 05:30 PM
25-06-2017	SANGRAM - Indoor Sports Meet			10:00 AM onwards
15-07-2017	Mega Conference on GST for CA Students			

**SWACHH BHARAT STARTS
WITH A CHANGE IN
YOUR HABIT!
STOP LITTERING!!!**



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(Setup by Act of Parliament)

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