

Chit Funds

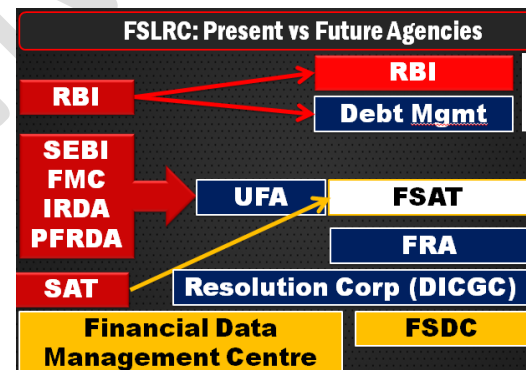
- 1) Regulation under: central chit fund act, 1982 + (NRIs) can make unlimited investments
- 2) Rules framed by various state govt.s
- 3) Included in definition of NBFC by RBI.
- 4) Cheating is crime under prize chits and money circulation scheme act 1978.
- 5) Known by name: chitti, kuri
- 6) NRI can get back the proceeds of such investments only in rupee

Vodafone case

- 1) Over transfer pricing
- 2) Transfer pricing: price in which division of co. transact with each other.
- 3) Arms length: seller and buyer acting independently, sharing no relation.
- 4) Safe harbour: circumstance in which IT authorities accept transfer price declared.
- 5) CBDT may enter into an **advance pricing agreement** with any person
- 6) Gap btw rural and urban inflation.

Draft Indian Financial Code:

- 1) Aim: single unified + internal consistent **law** replacing existing legal financial framework.
- 2) **Existing laws:** over **60** outdated; dramatic changes in global finance, emergence of new instruments sometimes fall between **regulators** resulting in **conflict**.
- 3) FSLRC- B.N. Srikrishna- suggested merger of financial regulatory agencies (except RBI) into one - have oversight over capital mkt, insurance sector, pension funds and commodities.
- 4) proposed- RBI governor the right to overrule the MPC's decisions.



E-Sahyog pilot programme

- 1) online mechanism to resolve mismatches in Income-tax returns, for those scrutinised
- 2) no need to visit IT office.

Shankar Acharya to examine the desirability and feasibility a new fiscal year

CPI Revision

- 1) revision by CSO
- 2) Disadvantages:
 - a) Volatile sectors like fuel in CPI basket
 - b) Supply chain bottle-necks and disruptions: can hardly be reflected
 - c) Changing demand patterns not appropriately reflected in CPI
 - d) Distorting-65.6% for a relatively small basket food and fuel items
- 3) Advantages:
 - a) revisions in the CPI are way forward. For ex: weightage for food is down from 47.6% to 45.9%.
 - b) weightage for housing and clothing has increased.
 - c) CPI better reflects demand side of the economy
 - d) CPI inflation targeting includes services sector:

