

FOCAL POINT

Newsletter from Raju and Prasad Chartered Accountants

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Cinema Industry Review (Inside)

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Dear Reader,

Our editorial comments for this month are on “Recapitalisation of Banks”.

This month we have covered “ Cinema Industry” in our Industry Review which is a coincidence of V Shantaram’s 116th Birthday.

Please give your views and also send this newsletter to your friends.

Regards

For Raju & Prasad

Chartered Accountants

M Siva Ram Prasad

Partner

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Editorial



Recapitalisation of Banks

On 24th October, 2017, Government of India announced Recapitalisation of Banks. This is a commendable step to help the Banking Sector, which is stuck with NPAs and shying away from releasing credit and rather worried about the Balance sheet ratios. While the regulatory mechanism is essential to monitor the banking sector, the overall growth in the country is dependent on Bank credit. Recapitalisation is not new for India. It is done in 90's. Indian Bank was the first to get such help and presently its Balance sheet is better than other banks.

In USA Troubled Asset Relief Programme (TARP) was introduced in 2008. Similar programs were there in other countries also.

Government of India proposed that 2.11 Lakh Crores to be pumped into this sector over a period of two years. The fund to be kept at the disposal of Banks is 18,000 Crores of Budgetary allocation, 1,35,000 Crores of Bonds and 58,000 Crores by way of public offer of shares. Government may utilize the surplus transferred from Reserve Bank of India, Dividend from Banks and RBI for this purpose.

Indra Dhanush appears only when there is sun and rain which means credit growth and Industrial growth

The effort is to provide the gap of regulatory capital due to write offs of NPAs and growth capital to further multiply the fund by way of business. This is only to restructure the bank's debt equity leverage. Government proposes to issue 7% Bonds with ten year time, and banks are required to subscribe to this and out of this cash inflow 18,000 crores of shares will be issued to Banks. This is a merry go round to show that there is no fiscal deficit except interest payment. By going to public offer, equity exposure to the Government of India will get diluted. If the interest rates on deposits are further reduced, 7% Bonds will be a costlier fund raising mode. If the repayment of bonds is not staggered, it will hit the economy at a particular time.

If Bonds are tradable, it is a welcome measure for bond markets. But there is need to make Bond Market active to provide a win-win situation for Banks and other QIPs.

- In this exercise there are weak banks whose market capitalization is less than the capital requirements. Is it easy for them to raise equity through public offer or again it fall will back on government or government agencies?

- When NPAs are ranging from 8% to 10%. Whether the quantum of recapitalisation is sufficient?
- What is the action plan for recovery of NPAs other than Insolvency and Bankruptcy code(IBC) implementation?
- Whether IBC will help the banks if their recovery is poor or restructuring is the better method with the right of recompense?
- If IBC is implemented whether it is a death knell to certain industries whose problems are cyclical?

Unless there are parallel measures for industrial growth, recapitalisation will not yield results for Banking sector or the economy.

Is Recapitalisation a type of vaccination for Banking Sector?

Ironically the funding is through "Indra Dhanush" scheme of Finance Ministry, while the health ministry has implemented mission "Indra Dhanush" for intensified vaccination. Are we to draw conclusion that recapitalisation is a type of vaccination for Banking sector.

In anyway Indra Dhanush appears only when there is sun and rain which means credit growth and Industrial growth.

M Siva Ram Prasad

Industry Review



Cinema Industry

Introduction:

Cinema in India provides entertainment to all sections of people at affordable costs. The Industry can be divided into Film Production, Cinematography, Film Processing, Studios, Exhibition theatres, Music and sound, Film journals, Advertisement etc., The industry provides opportunity for equipment manufacturing,

processing, printing, publishing and employment in all these areas.

For many decades, the industry did not get the support from the government in spite of its contribution to the economy. This is a powerful medium and motivated public opinion on many social issues and propagated the Indian Freedom Movement. Khwaja Ahmad Abbas wrote

to Gandhiji in 1939 not to derogate this medium like Gambling, Satta, Horse racing etc.

In the initial years female roles were played by males. Acting in cinemas by women was considered a taboo. Initially Anglo Indians and European females acted in Indian Cinemas. Some of the well-known names are Thelma, Yvonne Wallace, Ruby Meyers, Zebunnisa, Gohar, Zubeida in Hindi Cinemas and Marien Hill, Mrs Aelliot in South Indian Cinemas. Of Course in later years well educated Indian Ladies like Durga Khote B.A. and Leela Chitinis M.A joined the film field as leading ladies.

The cinema in India with its history of more than 100 years had moved from silent cinema to talkie cinema, Black and white cinema to color, digital, animation, 3D and VFX.



Pic from Raja Harishchandra

Though the cinema is spread all over the country and are produced in various



languages like Telugu, Tamil, Kannada, Bengali, Malayalam, Marathi, Gujarati, Assamme and Bhojpuri, Hindi cinema is considered as a National cinema. However there were years when number of Telugu cinemas produced had out-numbered Hindi Cinemas.

Originally the Indian Cinemas were produced in many studios of Salem, Coimbatore, Kolhapur and Pune. Finally the industry settled down in Bombay (Mumbai), Madras (Chennai), Calcutta (Kolkata), Hyderabad and Bangalore.

The industry is striving to keep up the cultural heritage, social conscience, history, art and music and through its multi-lingual dimensions, it is promoting national integration.

Films Produced					
S. No.	Language	2013-14	2014-15	2015-16	2016-17
1	Hindi	252	297	340	364
2	Telugu	334	301	275	294
3	Marathi	117	128	181	117
4	Tamil	306	303	291	304
5	Bengali	124	157	149	163
6	Kannada	142	159	204	220
7	Punjabi	47	38	45	38
8	Bhojpuri	87	96	67	102
9	Gujarati	29	39	45	73
10	Malayalam	200	195	168	156
11	Assamese	17	19	20	16
12	Others	123	95	118	139
Total		1778	1827	1903	1986

Source: Film Federation of India – Certified Films

History:

Auguste Lumiere and Louis Lumiere (Lumiere Brothers) started screening the movies in Bombay on 7th July 1896 for British audience. Inspired by the Bioscope Harishchandra, Sakharam Bhatvadekar (Sayedada) imported the equipment and started shooting motion pictures.

Feature films in silent era (Mookie Cinema):

- Pundalik in Marathi by N.G Chitre and RG Torney in 1912.
- Raja Harishchandra in Marathi by Dhundiraj Govind Phalke (Dadasaheb Phalke) in 1913.
- Keechaka Vadham in Tamil by Rangaswamy Nataraja Mudaliar in 1919



Dadasaheb Phalke

- Bilwamangal, in Bengali in 1919, by J.F. Madan.

The silent era continued upto 1930 in India. Nearly 1000 cinemas are said to be produced and most of them are lost and some of them are with National Film

Archives. Cinema backed with sound track started in 1931.

Alam Ara was produced by Ardeshir Irani in Hindustani language

Sound made a difference between silent and talkie cinema. There was a lot of criticism on sound that it has distorted the natural performance. The transition was possible due to technological advancements and "Show boat" was the first movie with 40% of sound and Alam Ara in 1931 was the first full length talkie cinema with dialogues, sound track, background, music and songs followed by Kalidas (Tamil), Bhaktha Prahaladha (Telugu), Jamai Sashti (Bengali), Shirin Farhad (Hindi). Alam Ara was produced by Ardeshir Irani in Hindustani language and Devika Rani is called the first lady of Indian



VFX Effects in the movie Life of Pi



V Shantaram

Cinema. Kamalabai Gokhale was the first woman to act in silent movies. Talkie cinemas became popular with technological innovations over a period of time and as a result natural dialogue delivery is shifted to dubbing, Original singing is changed to play back singing. Though the critics were unhappy, the commercial success swayed over everything else.

In this journey of a century, this sector produced good movies, talented actors, Directors, Singers, Music Directors, Cinematographers, established studios and process Centres of international standards. Finally the industry status was accorded in 2001 to this sector. Banks and financial institutions started financing the industry which was originally funded by the money lenders.

Major Events in evolution of Indian Cinema Industry

Year	Event
1896	July 7, Lumiere Brothers Presented the first Cinematograph show at Watson's Hotel, Bombay
1899	An Englishman, Major Warwick, Brings moving pictures to Madras
1902	JF Madan acquires equipment from pathe Freres, launches BioScope in a tent on the maidan in Calcutta
1905	Jyotish Sircar, Cameraman, covers demonstrations against Lord Curzon's Partition in Bengal
1907	Pathe Freres Set up office in Calcutta for supplying films and equipments
1912	Two amateurs, NG Chitre and RG Torney attempt a narrative film 1500 feet in length, of a Marathi play, Pundalik
1913	On May 3, Dadasaheb Phalke released India's first feature length film "Raja Harishchandra"
1917	JF Madan produces <i>Satyavadi Raja Harishchandra</i> - an Elphinstone Bioscope company Production
1918	Patanakar Friends and Co produce first 4 part serial, Exile of Shree Rama (Rama Banvas)
1918	Indian Cinematograph act passed providing for censorship of films and licensing of cinema
1919	R Nataraja Mudaliar makes first silent film, <i>keechaka vadham</i> in Madras. JF Madan Releases Bilwamangal in Calcutta featuring famous stage singer actress Miss Gohar
1920	Maharashtra Film Company of Kolhapur founded by Babu Rao Painter releases its first film
1922	Entertainment tax introduced in Bengal and Bombay
1927	Government of India appoints a committee "The Indian Cinematograph Committee" under the chairmanship of T Rangachari
1930	On March 7, first film society in India known as Punjab Cinema Art Society, Formed in Lahore with Sir Siyanda Hyat Khan as President
1931	First Full Length Talkie Movie "Alam Ara" is released by Ardeshir Irani of Imperial Film

1932	Motion Picture Society in India is formed in Bombay
1933	Shantaram takes Sairandhri, the first colour film, for processing and printing to Germany
1934	East India Film Company's Seeta directed by Debaki Bose shown a Venice Film Festival
1935	Himanshu Rai sets up Bombay Talkies as a Joint Stock Company. First Trade Journal Started by Motion Picture Society of India. First all Indian Motion Picture Convention is held in Bombay
1936	Second All India Motion Picture Convention held in Madras; Bengal Motion Picture Association formed in Calcutta.
1937	Indian Motion Picture Producers Association founded in Bombay. Sant Tukaram receives special jury mention at Venice Film Festival; First Colour Film "Kisan Kanya" is released by Ardeshi Irani
1938	South Indian Film Chamber of Commerce formed in Madras. Indian Motion Picture Distributors' Association set up in Bombay
1939	Indian Film Industry Celebrates Silver Jubilee
1940	Film Advisory Board Set up in Bombay
1942	Production hit due to shortages of raw film and equipment
1946	Chetan Anand's Neecha Nagar shown at the Cannes Film Festival
1949	Amendment in Indian Cinematograph Act 1918 to include censorship classification for "Adult" and "Unrestricted exhibition of Film"
1951	Formation of Central Board of Film Censors and Film Federation of India
1952	First International Film Festival held in India Travelling to Bombay, Calcutta, Delhi and Madras. Cinematograph Act, 1952 is passed by the parliament replacing 1918 act.
1954	P.K. Atre's Marathi Film Shyamchi Aayee awarded President's Gold Medal as the best feature film of 1953
1956	Pather Panchali awarded Best Human Document Indian Talkie (1913-56)
1957	Mehabob's landmark film "Mother India" a huge box-office success and nominated for best foreign film by Academy of Motion Picture Arts and Sciences, Hollywood
1960	Film Finance Corporation formed with authorised capital of Rs 1 Crore

1962	Second International Film Festival is held in New Delhi;
1963	Indian film industry Celebrates Golden Jubilee
1964	National film Archive of India set up in Pune
1970	Devika Rani is first recipient of DadaSaheb Phalke Award.
1971	Production of feature films jumps to 432 making Indian film largest in the world
1972	Over 90% of Hindi Films switch over to colour with raw film manufactured in India
1973	Government started imposing 250% of import duty on raw film
1976	Ramesh Sippy's sholay, the first curry-western set a new box office record
1980	Film Finance Corporation and Indian Motion Picture Export Corporation merge to become National Film Development Corporation
1983	Bhanu Athiaya wins oscar for costumes designed for Richard Attenborough's Gandhi. Mrinal Sen's Khajri received special appreciation in cannes film festival
1988	Indian Cinema Industry celebrates Platinum Jubilee
1992	American Academy of Motion Picture Arts and Sciences awards Satyajit Ray Oscar for life time achievement
1995	Centenary of World Cinema
2003	Centenary of Indian Cinema
2009	AR Rahman won 2 Oscars for "Slumdog Millionaire"
2014	First India's Photorealistic Motion Capture Film "Kochadaiyaan" directed by Soundarya R Ashwin was released

Hindi Cinema

This language movies have more market due to the fact that larger population understands the language, even though the contribution in all the respects from the beginning is from all over the country.

Hindi Cinema is enriched by great producers and Directors like Himanshu rai,

V Shantaram, P.C. Barua, Bimal Roy, Prithiv Raj Kapoor, Mehaboob Khan, K. Asif Gurudutt, Raj Kapoor, Man Mohan Desai and B.R. Chopra. They have also set the trend in the Hindi cinema, its themes and contributed on contemporary issues and the society.



MS Subba Laxmi

The actors like Ashok Kumar, Devika Rani, Raj Kapoor, Nargis, Meena Kumari, Jai Raj, and Nirupa Rai became legends and attained international fame.

Great Singers like Bade Ghulam Ali Khan, D.V. Paluskar, and MS Subba Laxmi acted in movies in the initial years of talkie cinema. MS Subba Laxmi became synonymous to Meera and became legend forever. Other singing stars like KL Saigal, Noorjahan, Santa Apte, Suraiya, Kanan Bala, are few singing stars of yester years. The Industry produced Melodious singers like Mangeshkar sister, Mukesh, Mohammed Rafi etc.

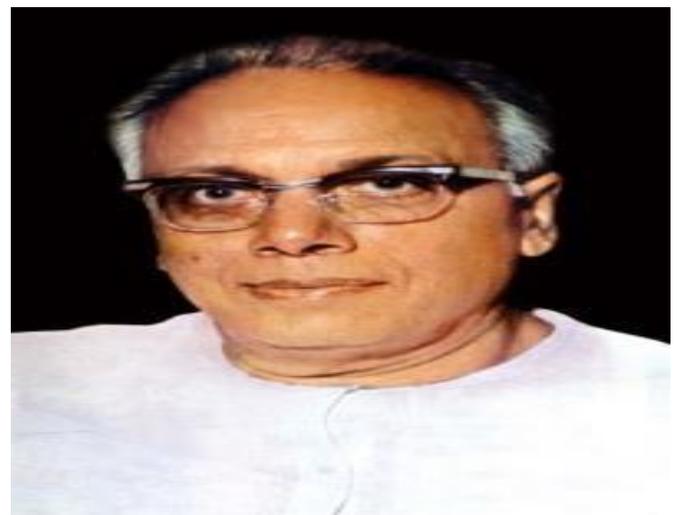
Telugu Cinema:

Not only a prolific industry, but also produced stalwarts like HM Reddy who was associated with the industry right from

Kolhapur and directed legends like Prithiv Raj Kapoor. B.N. Reddy, K.V. Reddy, Vendantham Raghavaiah, K.B. Tilak, Dasari Narayana Rao, K. Kranthi Kumar, P Pulliah, Bhanumathi and her husband Ramakrishna, Vijaya Nirmala, K Viswanath and Bapu are the famous directors of the Telugu industry. Ironically the first Tamil cinema had Telugu songs.

Actors like Sarada who received urvasi three times, NT Ramarao, who made a difference in India in Politics is a product of this field. L.V. Prasad brought laurels to Hindi Cinema is from this field. "Baahubali" directed by SS Rajamouli has broken all the earlier records in many respects.

It was Raghupathi Venkaiah who owned photo studio took to screening of Silent movies in tent cinema and later built the Gaiety cinema in Madras and



BN Reddy



produced the movie Bhisma Pratigya and is known as Father of Telugu Cinema. P.V. Das an exhibitor from Repalle in Andhra Pradesh built the first talkie studio named as Vel Pictures and produced Sita Kalyanam in the year 1935.

Surabhi Kamala Bai was the leading lady of Bhakta Prahlada 1931 followed by P Kannamba in Harishchandra and Dasari Kotiratnam in Sakkubai both in 1935. Dasari Kotiratnam became the first woman producer by producing Anasuya, Kanchanamala, Tanguturi Suryakumari, Rushyeendra Mani, are few names of yester years leading ladies. The Industry produced internationally famed actors like S.V. Ranga Rao, who received Best Actor Award in Jakarta Film Festival, K. Jaggaiah, Savithri, Anjali Devi, Sri Devi, Jayapradha, Nageswara rao, singer stars like

Bhanumathi, S Varalaxmi, Santakumari, Ghantasala, P.B. Srinivas, S.P. Bala subramanyam, Susheela and music directors like S Rajeswar Rao, Adi Narayana Rao, S Dakshinamurthi. The actors, directors and other technicians have also worked in other south Indian language movies.

Tamil Cinema:

The silent cinema was started with Nataraja R Mudaliar's Keechaka vadham in 1917 and first talkie cinema kalidas was made in 1931 which had Telugu songs and Tamil Dialogues and TD Rajya Laxmi was the leading lady. Kalidas is followed by Kalava in 1932 which is a full length Tamil Talkie. Prakash Raghupathi son of Raghupathi Venkayya made few silent movies including Saranga Dhara, Bhojaraja,

Sivaji Ganesan





AR Rahman with Oscars

Gajendra Moksham etc. Musicians and other singers like K.B. Sundarambal in "Avvaiyar", Veena Maestro, S. Balachandar in "Seetha Kalyanam", M.S Subba Laxmi in "Meera", writer Papanasam Sivan in "Kuchela", MM Danda Pani Desikar in "Pattinattar" acted and sang their songs. Madras, the capital of the province became the capital of film industry and all south Indian language films were produced from the studios in madras. The cinemas were also dubbed into other languages or remade. S.S. Vasan's Chandra Lekha, Anjali Devi's Swarna Sundari were made on lavish scale. Kalam Mari Pochu, Rakta kannir, Avvaiyar, Para Sakti, Veera pandya katta Bomman were few cinemas to mention in the black and white days. Perhaps it was Sridhar who produced "Sivandamann" as a simultaneous production in Tamil, Telugu and Hindi for the first time in India.

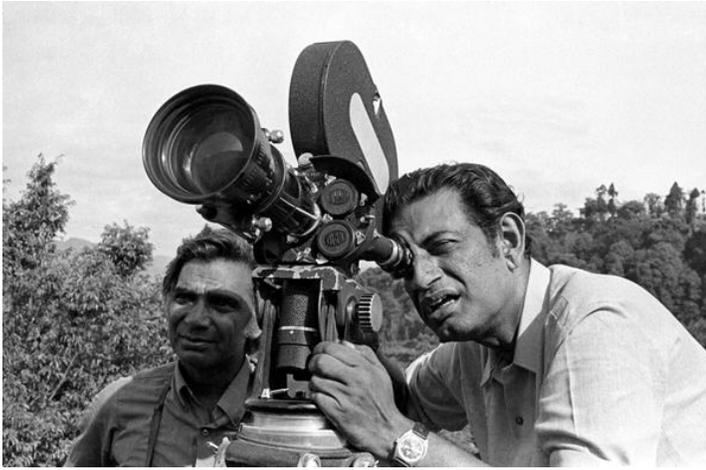
The industry used this media to propagate certain political and social movements and MGR and Jayalalita became legends in cinema and a stalwarts in politics.

The well-known directors like K Balachandar, Bharathi raja, Balu mahendra, K Bhagya Raj, Mani Ratnam, and Sankar have directed everlasting movies. The industry produced great music directors like Mahadevan, Viswanathan, Ramamurthy, Master Venu, Ileya Raja and AR Rahman who received two Oscar awards for his tune in "Slumdog millionaire". Actors like Sivaji Ganesan who received Best Actor Award in Cairo Film festival in 1960, Gemini Ganesh, Kamal Hasan, M.R. Radha, Rajinikanth, and Comedians like Nagesh are the products of this Industry.

Bengali Cinema:



Devika Rani



Satyajit ray

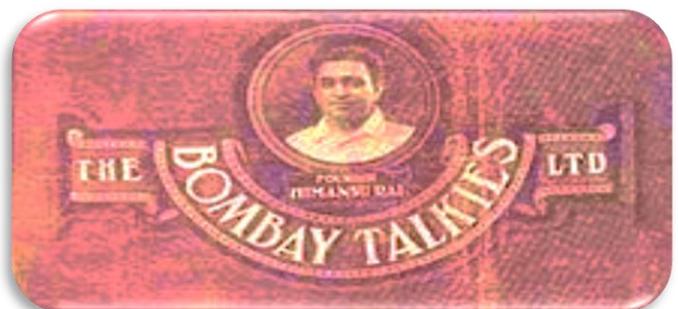
Bengal never had dearth of writers. It was the Bengali story that was taken as theme in many languages. Intellectual Bengal contributed to the cinema in every way that is possible and lead the way to the purposeful cinema. This industry sowed the seeds of realistic cinema in the country.

It was Hiralal Sen who started making short films in 1913. Being the capital of British Raj, it has the advantage of exposure to western technology. The Bengali Cinemas are always a head of Times and made the cinema irrespective of the commercial motives.

Dhiren Ganguly (DG) Head Master of Nizam College, Hyderabad was one of the earliest founders of cinema in Bengal acted in "Bilet Pherat" in 1921. Setup British Dominion Film Company in 1928 and Promoted Devika Rani, P.C. Barua and others.

Madan Theatres of JF Madan made the silent movie Bilwamangal, the first Bengali silent cinema in 1919. B.N.Sircar established New Theatres Ltd in 1930. Talkie films made in 30's were Chandidas 1932, Devadas 1935, Mukthi 1937, and President 1937. Madan Theatres produced the first talkie cinema Jamai Shasti in 1932. Satyajit ray received life time achievement award in 1992 from Oscar, received Silver bear in Berlin 1981, Bharata Ratna and Order of The French Legion.

The Bengali cinema made Rabindra Sangeeth popular through its cinema and Pankaj Mullick was the first to attempt this. Singers like K.L. Saigal, K.C. Dey, Geeta Dutt, Hemanth Kumar, Kishore Kumar and music directors like Salil Chaudhuri, Syamal Mitra, and Anil Biswas. Great directors like Satyajit ray, Mrinal sen, Gowtham Ghosh, Ritwik ghatak, Rithuparno Ghosh, Aparna Sen, Anirudh Roy Chaudhuri are all the products of this industry.



Well Known actors like Utpal Dutt, Uttam Kumar, Suchitra Sen, Mithun Chakravarthi, and Sharmila Tagore had their origin from Bengali Cinema.

Marathi Cinema:

Indian Cinema had its beginning in Kolhapur, Nasik and Pune. The greatest events in evolution of Indian Motion Picture Production are associated with Marathi artists, Directors and Producers. Marathi theatre contributed a lot for the cinema.

It has glorious past in every respect with cinema studios like Prabhat, Raj Kamal, Imperial Studios, Bombay Talkies Limited, Wadia Movietone. Great Personalities like V. Shanta Ram, Babu Rao Painter, Dwaraka Das, P.K. Atre, Raja Paranjape, Sampat, Ardeshir Irani, Bhogilal, KM Dave, Chandulal, J. Shah are associated with the industry. Pundalik was produced in 1912. Raja Harishchandra, Mohini Bhasmasur, Satyavan Savitri were the earliest silent era cinemas and Ayodhyecha Raja is the first Talkie film in Marathi in 1932. Sant Tukaram was screened in Venice International film festival in 1936/37.

In 1953 Shyamchi Aaee received the president's gold medal. In 2004 Shwaas was an official entry to Oscars. Harish

Chandra Chi factory was an official entry in 2012 for academy awards.

Kamal Bai Gokhale was the first lady to act in silent movies. Shanta Apte was the singing star. Leading ladies in Marathi Cinemas are Jayasree, Sandhya, Lalitha Pawar, Dina Pathak, and Smita Patil. Master Vinayak an actor and producer was associated with Prabhat Films and had a long career. Sri Ram Lagoo, Nana Patekar, Amul Palekar, Atul Kulakarni, Vikram Gokhale have theatre background and worked in Marathi cinema.

Kannada Cinema:



Dr. Raj Kumar

Kannada Cinema Market is rather small compared to other language cinema but had its beginning in silent era with Gubbi Veeranna's efforts of starting Karnataka film Studio in 1928 and produced "Harimaya". Another film maker Hari Bhai Desai started Surya Film Company in 1929.

Sathi Sulochana in 1934 was the first talkie film.

In later years the industry produced great actors like Raj Kumar, Vishnu Vardhan, Ananth Nag, Sankar Nag, Ravichandran and leading ladies B Saroja Devi, Jayanthi, Bharathi and Kalpana. The industry has theatre background and great writers like Shivaram Karanth, Directors like BS Ranga, Girish Kasaravalli, K Puttanna, Girish Karnad and G.V. Iyer made their mark internationally through this industry.

Offbeat Cinema

Cinema in India is originally based on Mythology, History, Family Stories, and Folk Stories. Later social issues. Patriotism, reformist outlook were introduced in the themes. The Commercial Movies with formula are more acceptable in the Box Office even now.

The offbeat cinemas are also called parallel cinema or New Wave Cinema. Such movies were tried in Bengali, Malayalam, Kannada and Marathi. Bimal Roy's "Do Bigha Zameen" and Guru Dutt's "Pyasa" in 50s were successful and also it was beginning of the new genre. Later many directors in Hindi like Hrishikesh Mukherjee (Anand), Gulzar (Koshish), Basu Chatterjee (Choti Se Baat), Basu

Bhattacharya (Theerikasam), have worked on low budget movies and tried new faces. Shyam Benagal's Ankur, Nishant, Bhumika, Manthan have set the trend for new wave cinemas in 1970s. Govind Nihlani's "Tamas" though brought out as a TV serial was realistic and "Garam Hawa" by M.S. Sathyu were based on the partition of India. Aakrosh by Govind Nihalani created sensation in this line of cinema.

Mrinal Sen, Aravindan, Adoor Gopala Krishnan, Girish Kasaravalli, K.S. Narayana, Narasing Rao are well known directors who directed the new wave cinema. The cinemas to mention are samskara, Gajjepuja, Chomana Dudi, Sara Panjara in Kannada, Nimajjanam, Daasi, Urummadi Batukulu in Telugu, Chemmeen, Uttarayanam, Kodiyettam, and Thampu in Malayalam. The wave has not been continued and the realistic cinema is blown out by the strong winds of multi starrer



cinemas even found it difficult to get theatres to screen.

Film Society Movement in India:



Lumiere Brothers

Again it is Lumiere Brothers who started the first film society in 1920 in Paris. The movement is aimed at exchanging the movies from country to country for screening through this societies to understand the trends in cinema in various countries. Internationally the movement spread to various countries. In India first film society was started in Punjab under the chairmanship of Sir Sikander Hyat Khan in 1930, later the societies were started in Bombay 1937, Calcutta 1947, Delhi 1956/57, Madras 1957, and Hyderabad 1963. Now it is spread to various cities and towns all over the country. Many embassies are helping in screening the movies of respective countries. Federation of Film Societies of India is formed in the year 1959 under the chairmanship of Satyajit Ray.

Presently more Indian language films are screened in place of international films.

Children Film Festival:

Children film Society was formed in 1955 with the encouragement of the Prime Minister Sri Jawaharlal Nehru. The purpose is to produce movies with themes and stories that involve children and their interest.

About 250 films were produced in 10 languages as per the children film society of India since its inception. First Movie "Jaldeep" received first prize in Venice Film Festival in 1957. India participates in international film festivals and also conducts childrens International and National Film Festivals. "Heda Hoda" (2003) has received many international awards in Vancouver, Hamburg, La Matatena, Mexico, Cine Jeune Delaon France, Cairo Film Festival, Ningbo Shanghai China, Bronze Remi award, at world fest USA.

Studios:

Industry can be divided into production and exhibition. Production includes shooting, processing, recording, dubbing etc. The studios in India have geared up from Silent cinemas to talkie cinemas. Some of the original and major studios include-

- Prabhat Studios (V Damle, Fatelal and Dhube),

- Imperial Studios (Ardeshir Irani),
- New Theatres (B.N. Sircar),
- Madan Studios (J.F. Madan),
- Raj Kamal Studios (V Shanta Ram),
- Gemini Studios (S.S.Vasan),
- Vijaya Vauhini Studios (Nagi reddy and Chakrapani)
- Bharani Studios (P. Ramakrishna)
- Sobhanachala Studios (Raja of Mirjapuram),
- Sarathi Studios (Raja of Challapalli).

Ramoji Film Studios is the one stop shop for the industry where one can walk into the studio with a story and can walk out with a completed film.

Yester year's studios had a system of contract with technicians, Artists, Directors, and others. The system worked well. The directors also worked with team of people and best out of the team was achieved, quality of cinema with cost controls was possible. Later the system turned into star system and cinema is dependent on stars. The costs of the cinema making have gone up and technical standards picked up.

Exhibitors:

The Cinema halls construction in rural areas is encouraged by Tamil Nadu, Andhra Pradesh and Telangana. Originally the



screens were available in Tier I and Tier II Cities. Gradually the cinema halls have increased. The screen size has gone up from 35MM to 70MM. Circarama, Cinerama cinema scope theatres have sprung up. Present system is multiplexes with more number of screens in one place. 3D Screens and Digital screens have gained popularity. As per the statistics of film federation of India Total Number of Screens in country (in 2010-11) are 10167. Undivided Andhra Pradesh leading with 2809 followed by Tamil Nadu 1546, Kerala 1015, Uttar Pradesh 970, Karnataka 950, Maharashtra (Excluding Vidarbha) 504, West Bengal 330, Gujarat 291, Bihar 269, Jammu and Kashmir 267, Madhya Pradesh 201 and other states put together 1015.

Government Initiatives:

In the year 1922-23, Diwan Bahadur T. Rangachari committee, later S.K. Patil Committee have made recommendations for encouragement of Indian Cinema

Industry. Based on the recommendations, measures have been taken to encourage the industry and following institutions were set up to regulate the industry.

1949	Film Censor became federal function
1951	Central Film Censor Board was set up
1952	Cinematograph Act was enacted
1953	National Film Award Scheme was introduced
1954	Annual State Awards were introduced
1955	Children Film Society is established
1960	Film Institute of India and Film Finance Corporation
1963	Indian Motion Pictures Export Corporation
1964	National Film Achieves

Definitely an award is a reward for the good direction, good cinematography, good actors and other people who have worked for the film. Government of India started the Annual Awards in 1954 with Gold and Silver medals, later converted as Swarnakamal and Rajat Kamal. Various states also instituted similar awards at state level.

Along with the government, there are many organisations which are promoting the film industry by giving awards. Some of the popular awards to mention are-

- Oscar (International)
- National Film Awards
- Film Fare
- IIFA (International Indian Film Academy)

- Nandi Awards
- Dadashaheb Phalke Awards and
- Apsara Awards.

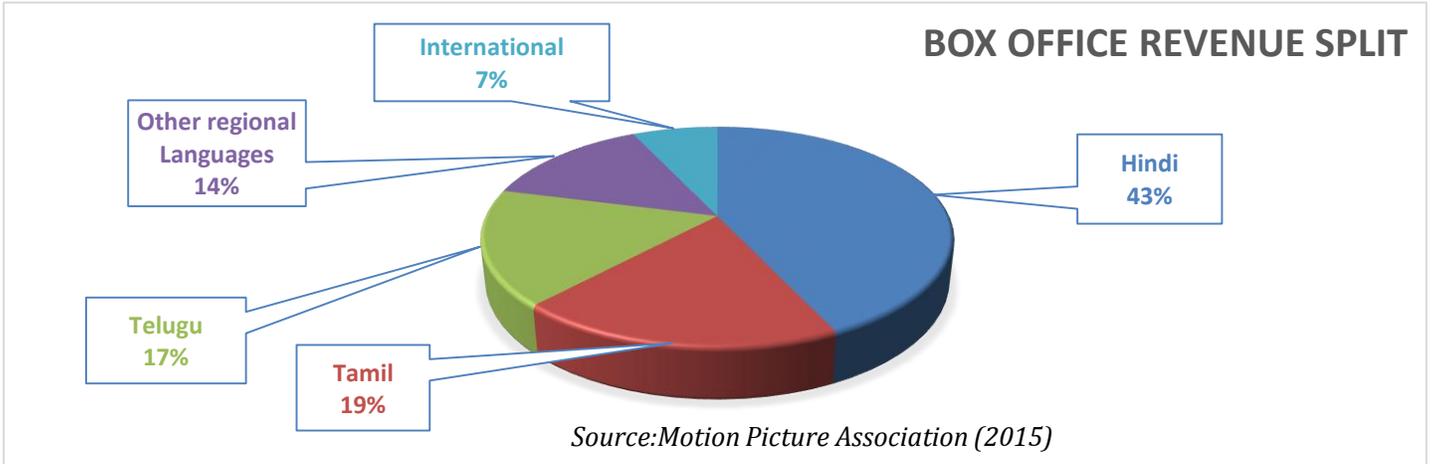


B.N. Reddy and B Nagireddy are the persons belonging to the same family but both received Dadasaheb Phalke award in the years 1974 and 1986 respectively. Same is the case with Prithivi Raj Kapoor (1971) and Raj Kapoor (1987) father and son duo.

Contribution to the economy:

Indian Film Industry is contributing to the country's economy by way of generating

employment, revenue to the government (tax collections), tourism development etc



S.No	Year	Employment
1	2013	160800
2	2014	179300
3	2015	199900
4	2016	222900
5	2017	248600

Source: Media for Entertainment and Skills council

The Size of the industry in 2014 was Rs 126.4 billion and is expected to reach Rs 204 Billion in 2019 as per the Ministry of Information and broadcasting.

Incentives:

➤ Government of India and Indian Banks Association (IBA) in 2001 gave the guidelines for financing the industry.

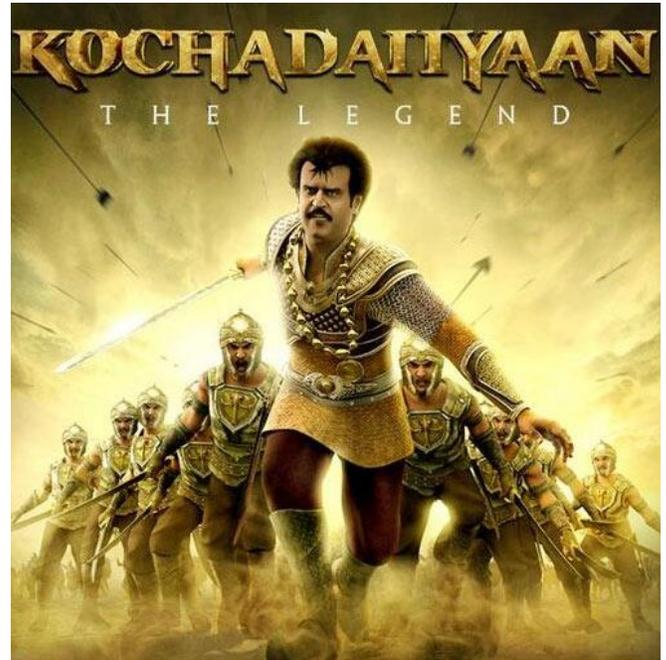
- In 2015-16 under Pradhan Mantri Kausal Vikas Yojana (PMKVY) 13,272 candidates have been trained for this industry.
- Government of India is setting up Film and TV Institute of India (FTII) in Arunachal Pradesh.
- Government of India is also setting up National Centre of excellence in

Animation, Gaming, and Visual effects (NCOE) in Mumbai.

Income tax and Entertainment tax:

Entertainment tax (ET tax) will be levied by the state governments/local bodies and calculated on the ticket cost. Government of Andhra Pradesh levies ET tax in three slabs, 21% for the films produced outside the state; 8% for the low budget films produced in the state, where as the rate is 16% for big budget films produced in state. The states of Assam and Gujarat has the tax slabs based on the population in that region. Himachal Pradesh, Jammu and Kashmir, Punjab states do not levy ET tax entirely. Tamilnadu and Karnataka do not levy ET tax for their language movies while the rate is 15% and 40% for other language films. The rate s ranging from 20% to 60% in some other states. (Source: Film federation of India)

After the implementation of GST in India, the entertainment tax levied by the state governments (other than tax levied by the local bodies) are subsumed into GST. Rate of GST is 18% when the price of admission ticket is less than Rs 100. When it is more than Rs 100, the rate is 28%.



As per Rule 9 of the income tax rules 1962, the Royalty received in respect of any Literary or Artistic works like Music will be taxed entirely i.e., 100% in a financial year, if the time taken for completing the same is less than 12 months. If the author has taken more than 12 months but less than 24 months the income shall be offered to tax in two financial years (1/2 in a year) and if the time taken is more than 24 months, then it shall be taxed in three years. (1/3 in a year).

As per Rule 9A and Rule 9B of the income tax rules 1962, the deduction in respect of expenditure incurred in producing feature films and expenditure on acquisition of distribution rights of feature films will be amortised as below:

S.No	Case	Deduction Allowed
1	If the Producer or Distributor has sold entire rights	100% of Expenditure will be allowed as deduction
2	If rights are not sold entirely But- i) Movie released atleast 90 days before the end of the previous year ii) Movie Not released 90 days before the end of the Previous year	100% of Expenditure will be allowed as deduction Deduction will be restricted to Expenditure incurred and Sums received from sale

Problems and Challenges:

1. The Industry follows mostly the cash system and it is not transparent in financial matters.
2. The statistics of revenue show that about 11.5% is the year on year growth rate. Perhaps this can be better if the industry is transparent.
3. Though the number of films produced are the highest in the world, the revenue is low compared to advanced countries with lesser population.
4. Piracy hits the industry especially in Metro and Tier I cities.
5. "Make in India" has provided certain incentives for foreign film makers in India. Country can be a destination for

film making internationally provided the clearances are fast.



6. While DTH (Direct To Home) encourages viewing of movies, it also has negative impact on screening other than local language movies in Tier II and Tier III towns.
7. VFX use is costly and only Big Budget movies can afford this.

8. Export Market to be explored throughout the world with Indian population spread across the globe.
9. Film society movement should be encouraged to help the purposeful cinema.

Cinema industry is evergreen in terms of Themes, Technology, Personalities and approach. India's diversity itself is a great strength for this sector.

It is not easy to tell about the industry with so many languages with a century old active history. It is only an attempt. If there are any omissions, it is not intentional.

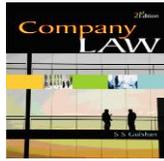
Historical facts are collected from B.D. Garga's Book "So Many Cinemas"

- Team at Raju and Prasad



Policy Watch

Company Law



Relaxation of additional fees and extension of last date of filing FORM AOC 4 and AOC 4 (XBRL)

The Ministry of Corporate affairs vide Circular No 13/2017 dated 26th October 2017 has extended the due date for filing Form AOC XBRL (For IND AS Applicable companies) for the financial year 2016-17 without additional fees till 31st March, 2018.

The Ministry of Corporate affairs vide Circular No 14/2017 dated 27th October 2017 has extended the due date for filing Form AOC 4 (For NON IND AS Applicable companies) for the financial year 2016-17 without additional fees till 28th November, 2017.

http://www.mca.gov.in/Ministry/pdf/GeneralCircular14_28102017.pdf

http://www.mca.gov.in/Ministry/pdf/GeneralCircular13_26102017.pdf

Indirect Taxes



Waiver of late fee payable for delayed filing of FORM GSTR-3B for Aug & Sep, 2017.

Central Board of Excise and Customs vide Notification No 50/2017 (Central Tax) dated 24th October 2017 has waived the late fee which is payable under Section



47 of Central Goods and Services Tax (CGST) on account of delay in filing of return in FORM GSTR – 3B for the months of August and September. The late fees will be refunded to the assessee's who have already paid the late fees in this regard.

<http://www.cbec.gov.in/resources//htdo cs-cbec/gst/notifctn-ct-50.pdf>

Exemption from payment of Goods and Services Tax under reverse charge mechanism covering under section 9(4) of CGST Act, 2017.

Central Board of Excise and Customs vide Notification No 38/2017 (Central Tax) dated 13th October 2017 has exempted the registered taxable person (Recipient of Supply) from paying the GST on taxable supplies received from unregistered person. It has also stated that the notification will be applicable upto 31st March, 2018.

<http://www.cbec.gov.in/resources//htdo cs-cbec/gst/notifctn-38-cgst-rate-english.pdf>

Notified Deemed Exports under Section 147 of CGST act, 2017

Central Board of Excise and Customs vide Notification No 48/2017 (Central Tax) dated 18th October 2017 has notified the list of supplies to be treated as deemed exports which are as follows:

S.No	Description of Supply
1	Supply of goods by a registered person against Advance Authorisation
2	Supply of capital goods by a registered person against Export Promotion Capital Goods Authorisation
3	Supply of goods by a registered person to Export Oriented Unit
4	Supply of gold by a bank or Public Sector Undertaking specified in the notification No. 50/2017-Customs, dated the 30 th June, 2017 (as amended) against Advance Authorisation.

<http://www.cbec.gov.in/resources//htdo cs-cbec/gst/nofcfn-48-cgst-english.pdf>

Rate of Central tax and integrated tax prescribed for supply of taxable goods by a registered supplier to a registered recipient for export:
goods by a registered supplier to a registered recipient for export:

Central Board of Excise and Customs vide Notification No 40/2017 of Central Tax (Rate) and Notification No 41/2017 of Integrated Tax (Rate) dated 23rd October

2017 has prescribed 0.05% as rate of GST for intra state supply and 0.01% as rate of GST for Interstate supply subject to following conditions which are as follows:

- The Registered supplier should supply the goods to the registered recipient on a tax invoice.
- The Registered recipient shall be registered with the export promotion council or a commodity board recognised by the department of commerce
- The registered recipient shall move the said goods from the place of registered supplier
 - Directly to the Port, Inland Container Depot, Airport or Land Customs Station from where the said goods are to be exported;
 - Directly to a registered warehouse from where the said goods shall be move to the Port, Inland Container Depot, Airport or Land Customs Station from where the said goods are to be exported;
- The registered recipient shall export the said goods within a period of ninety days from the date of tax invoice by a registered supplier.

<http://www.cbec.gov.in/resources//htdo cs-cbec/gst/nofcfn-40-cgst-rate-english.pdf>

<http://www.cbec.gov.in/resources//htdo cs-cbec/gst/nofcfn-41-igst-rate-english.pdf>

Exempt persons making inter-State supplies of taxable services from registration under section 23(2)

Central Board of Excise and Customs vide Notification No 10/2017 (Integrated Tax) dated 13th October 2017 has stated that a person making interstate supply of services whose turnover is upto 20 lakhs (to be computed on all India basis) shall be exempted from compulsory registration under the CGST act, 2017. The Turnover limit is Rs 10 lakhs for "Special Category States".

<http://www.cbec.gov.in/resources//htdoc-s-cbec/gst/nofctn-10-igst-english.pdf>

SEBI



Criteria for Settlement Mode of Commodity Derivative Contracts

Securities and Exchange Board of India vide Circular No SEBI /HO /CDMRD /DMP /CIR /P /2017/116 has prescribed the criteria for settlement mode of commodity derivative contracts which are as follows:

- The first preference of settlement type shall always be by the way of **physical delivery**.
- Any exemption from the above i.e. cash settlement of commodity derivatives contract, may be considered only in following scenarios with a proper justification:-

- Physical delivery is difficult to implement due to any reason, which may inter-alia include the following:
 - commodity is intangible
 - commodity is difficult to store may be due to low shelf life or inadequate storage infrastructure
 - it is difficult to physically handle and transport the commodity due to inadequate logistics and transport infrastructure
- There is availability of reliable benchmark price of the commodity which can be used as reference for settlement price. Exchanges shall satisfy Page 2 of 2 themselves that the reference spot price is robust – fair indicator of prevailing prices and not susceptible to any distortion/manipulation.
- Subject to the above conditions, both cash settled and physically settled derivative contracts on the same commodity may also be considered for trading, in case basis of price discovery of the proposed contracts is different.

http://www.sebi.gov.in/legal/circulars/oct-2017/criteria-for-settlement-mode-of-commodity-derivative-contracts_36281.html

Review of Block Deal Window Mechanism:

The Securities and Exchange Board of India Vide Circular CIR/MRD/DP/118/2017 dated 26th October 2017 has reviewed

the block deal window mechanism which is as follows:

- **Morning Block deal window:**

This window shall operate between 08:45 AM to 09:00 AM. The reference price for execution of block deals in this window shall be the previous day closing price of the stock. The stock exchanges shall set their trading hours between 08:45AM to 5:00 PM with a stipulation that between 08:45AM and 09:00AM, the stock exchanges shall operate only for executing trades in the block deal window.

- **Afternoon Block Deal Window:**

This window shall operate between 02:05 PM to 2:20 PM. The reference price for block deals in this window shall be the volume weighted average market price (VWAP) of the trades executed in the stock in the cash segment between 01:45 PM to 02:00 PM. Between the period 02:00 pm to 02:05 pm, the stock exchanges shall calculate and disseminate necessary information regarding the VWAP applicable for the execution of block deals in the Afternoon block deal window.

The minimum order size for execution of trades in the Block deal window shall be Rs.10 Crore.

http://www.sebi.gov.in/legal/circulars/oct-2017/review-of-block-deal-window-mechanism_36338.html

Direct tax

Direct
Tax

Notified place of Historic importance and a place of public worship of renown throughout the state of Tamil Nadu

The Central Board of Direct taxes vide Notification No 87/2017 notifies Arulmigu Kapaleeswarar Thirukoil, Mylapore, Chennai," to be place of historic importance and a place of public worship of renown throughout the state of Tamil Nadu for the purposes of the Section 80G of the Income tax act 1961. The Deduction of 100% of donation to above charitable institution is allowed as per the said section in this regard.

<https://www.taxmann.com/filecontent.aspx?Page=CIRNO&id=10401000000052910&isxml=Y&search=&tophead=true&tophead=true>

Notifying the recognised association for the purpose of Section 43(5) of income tax act, 1961

The Central Board of Direct taxes vide Notification No 91/2017 dated 30th October 2017 has notified "Indian commodity Exchange Limited (PAN:AABCI9479D)" as recognised association for the purpose of Section 43(5) of the income tax act, 1961. So now any derivative transaction entered with Indian Commodity Exchange Limited will not be treated as speculative transaction.

<https://www.taxmann.com/filecontent.aspx?Page=CIRNO&id=10401000000052913&isxml=Y&search=&tophead=true&tophead=true>

Verdicts

Direct Tax

Direct
Tax

As the Income Computation and Disclosure Standards (ICDS) are contrary to the judicial precedents laid down to interpret and explain the statutory provisions contained in Income tax act, the ICDS to such extent it is contrary is not valid.

- Vide Decision of Honorable High Court of Delhi Vide Chamber of Tax Consultants Vs. Union Of India

The Honorable High Court of Delhi Vide Chamber of Tax Consultants vs. Union of India held the following:

- Article 265 of the Constitution of India states that no tax shall be levied or collected except under the authority of law. The Section 145(2) does not permit changing the basic principles of accounting that have been recognized in various provisions of the Act unless, of course, corresponding amendments are carried out to the Act itself.
- In case the ICDS seeks to alter the system of accounting, or to accord accounting or taxing treatment to a particular transaction, then the legislature has to amend the Act to incorporate desired changes.
- The Central Government cannot do what is otherwise legally impermissible.



Therefore, the provisions of ICDS to the extent it is contrary to the laid down judicial precedents to interpret and explain the statutory provisions contained in the income tax act are invalid and it is struck down.

<https://www.taxmann.com/filecontent.aspx?Page=CASELAWS&multipage=false&id=10101000000177494&isxml=Y&search=&tophead=true&tophead=true>

Quoting of Aadhaar Number is mandatory as per section 139AA of the income tax act, 1961 while filing the return of income

- Vide Decision of Honorable High Court of Madras in Thiagarajan Kumararaja vs. Union of India

The Honorable High Court of Madras vide Thiagarajan Kumararaja vs. Union of India held that individual assessee cant file the return of income if he has not quoted the Aadhaar number. In other words, Every person who has been allotted permanent account number as on the 1st day of July, 2017, and who is eligible to obtain Aadhaar number, shall intimate his Aadhaar number to the authority failing

upon which the PAN of the assessee will be deemed to be invalid.

<https://www.taxmann.com/filecontent.aspx?Page=CASELAWS&id=101010000000177534&isxml=Y&search=&tophead=true&tophead=true>

Non Resident Assessee can't be taxed in India on the ground that support services has been received from the Indian subsidiary as there is no permanent establishment in India.

- Vide Decision of Honorable Supreme Court of India Vide Assistant Director of Income tax-1, New Delhi vs. E-funds IT Solutions Inc.

The Honorable Supreme Court of India vide Assistant Director of Income tax-1, New Delhi vs. E-funds IT Solutions Inc. held that even though Indian Subsidiary is rendering services to American holding company, which in turn enabled the American Holding company to render the services to their clients in abroad, the American holding company can't be taxed in India through section 9 of the income tax act 1961 and Article 5 of DTAA because there is no Permanent Establishment in India.

<https://www.taxmann.com/filecontent.aspx?Page=CASELAWS&id=101010000000177309&isxml=Y&search=&tophead=true&tophead=true>

Assessing Officer can't reopen the assessment on the invalid grounds.

- Vide Decision of Honorable High Court of Delhi Vide ESS Distribution (Mauritius) S.N.C.E.T Vs. Assistant Commissioner of Income tax, Circle 1(2)(2), International Taxation, New Delhi

The Honorable High Court of Delhi Vide ESS Distribution (Mauritius) S.N.C.E.T Vs. Assistant Commissioner of Income tax, Circle 1(2) (2), International Taxation, New Delhi held that the during the relevant year, the assessee (ESS Distribution) has not made any transaction with the party (Client) and accordingly no income have offered to tax with respect to the said party. Since the said transaction does not exist in the relevant year, AO can't open the assessment on the said ground.

<https://www.taxmann.com/filecontent.aspx?Page=CASELAWS&id=101010000000177403&isxml=Y&search=&tophead=true&tophead=true>

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1 ► ► ► **PHOTOGRAPH OF THE MONTH**

**Ibis and Spoonbill in the company of Crocodile at Ranganathittu
- Clicked by M Siva Ram Prasad**



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