

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, IT & MANAGEMENT

I
J
R
C
M



A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A., Google Scholar,

Open J-Gate, India [link of the same is duly available at Inlibnet of University Grants Commission (U.G.C)],

Index Copernicus Publishers Panel, Poland with IC Value of 5.09 & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 5555 Cities in 190 countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

<http://ijrcm.org.in/>

CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	E-GOVERNANCE IN INDIAN UNIVERSITIES: A CONCEPTUAL FRAMEWORK <i>VIJAY BHASKAR KOUDIKI & K JANARDHANAM</i>	1
2.	EMPIRICAL ANALYSIS ON THE ADOPTION OF QUALITY MANAGEMENT PRACTICES IN INFORMATION TECHNOLOGY SECTOR IN INDIA <i>DR. BEULAH VIJI CHRISTIANA. M & JOSEPH SASI RAJAN.M</i>	5
3.	IMPACT OF FOREIGN DIRECT INVESTMENT INFLOWS ON BRAZILIAN ECONOMY <i>ROBIN INDERPAL SINGH, DR. SANJEEV BANSAL & DR. JAGWANT SINGH</i>	12
4.	A STUDY OF ORGANIZATIONAL INVESTMENT IN EMPLOYEE TRAINING, WORK ENGAGEMENT AND TURNOVER INTENTION: A CROSS-LEVEL MEDIATION ANALYSIS <i>YU-PING HSU</i>	17
5.	ENTREPRENEURSHIP: IN A DYNAMIC WAY <i>DR. R. SATHYADEVI & SALMA.C.T</i>	24
6.	PARTICIPATION OF WOMEN IN SOCIO-ECONOMIC DECISION MAKING: A COMPARISON BETWEEN JOINT FAMILY AND NUCLEAR FAMILY <i>BHAGWATESHWARI KARKI & DR. B. P. SINGHAL</i>	26
7.	A STUDY OF INVESTORS' PERCEPTION TOWARDS STOCK MARKET IN JALANDHAR <i>DR. ANIL SONI</i>	29
8.	ROLE OF ORGANISATIONS TO COMBAT STRESS AMONG EMPLOYEES IN IT SECTOR <i>DR. SUDHAKAR B INGLE & ANITA D'SOUZA</i>	34
9.	THE EFFECT OF SOCIO-ECONOMIC FACTORS ON PUBLIC HEALTH SERVICE DELIVERY IN KENYA (A CASE OF MURANG'A COUNTY HOSPITALS) <i>CLIFFORD MACHOGU, DR. JAIRUS BOSTON AMAYI, DR. JOHN WEKESA WANJALA & LYDIAH KEYA ABUKO</i>	38
10.	A STUDY ON POSSIBLE PARTICIPATION OF MINING INDUSTRY IN MAKE IN INDIA CONCEPT <i>DR. MAMTA BRAHMBHATT & AMIT KUMAR SHARMA</i>	48
11.	IMPACT OF FOREIGN DIRECT INVESTMENT INFLOWS ON INDIAN ECONOMY <i>ROBIN INDERPAL SINGH, DR. SANJEEV BANSAL & DR. JAGWANT SINGH</i>	50
12.	GLOBAL PREVALENCE OF IFRS WITH SPECIAL REFERENCE TO INDIA <i>VAISHALI NAROLIA & AMIT KUMAR PASWAN</i>	55
13.	A STUDY ON THE CURRENT STATE OF INDIAN HEALTHCARE INDUSTRY <i>PRIYANKA SAHNI</i>	60
14.	DEMONETIZATION AND REMONETISATION OF INDIAN ECONOMY: AFTERMATH <i>GURVEEN KAUR</i>	63
15.	EFFICIENCY OF BANKS UNDER DIFFERENT OWNERSHIP GROUPS <i>RACHITA GARG</i>	66
16.	REVIVING UP INDIAN VC INDUSTRY: LESSONS FROM USA <i>NEHARIKA SOBTI</i>	71
17.	WOMEN ENTREPRENEURSHIP: ENTERING A MALE DOMAIN <i>BHAWNA MITTAL</i>	79
18.	STUDENTS ATTITUDE TOWARDS MATHEMATICS AT SECONDARY LEVEL IN SIKKIM <i>RAJESH SINGH</i>	84
19.	TRANSFER PRICING REGULATIONS AND ADVANCE PRICING AGREEMENTS IN INDIA <i>PRIYANKA SAHNI</i>	87
20.	DIGITAL INDIA OPPORTUNITIES AND CHALLENGES <i>SAPNA</i>	90
	REQUEST FOR FEEDBACK & DISCLAIMER	93

CHIEF PATRON**Prof. (Dr.) K. K. AGGARWAL**

Chairman, Malaviya National Institute of Technology, Jaipur
 (An institute of National Importance & fully funded by Ministry of Human Resource Development, Government of India)
 Chancellor, K. R. Mangalam University, Gurgaon
 Chancellor, Lingaya's University, Faridabad
 Founder Vice-Chancellor (1998-2008), Guru Gobind Singh Indraprastha University, Delhi
 Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar

FOUNDER PATRON**Late Sh. RAM BHAJAN AGGARWAL**

Former State Minister for Home & Tourism, Government of Haryana
 Former Vice-President, Dadri Education Society, Charkhi Dadri
 Former President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

FORMER CO-ORDINATOR**Dr. S. GARG**

Faculty, Shree Ram Institute of Business & Management, Urjani

ADVISOR**Prof. S. L. MAHANDRU**

Principal (Retd.), Maharaja Agrasen College, Jagadhri

EDITOR**Dr. R. K. SHARMA**

Professor & Dean, Bharti Vidyapeeth University Institute of Management & Research, New Delhi

CO-EDITOR**Dr. BHAVET**

Faculty, Shree Ram Institute of Engineering & Technology, Urjani

EDITORIAL ADVISORY BOARD**Dr. S. P. TIWARI**

Head, Department of Economics & Rural Development, Dr. Ram Manohar Lohia Avadh University, Faizabad

Dr. CHRISTIAN EHIOBUCHÉ

Professor of Global Business/Management, Larry L Luig School of Business, Berkeley College, Woodland Park NJ 07424, USA

Dr. SIKANDER KUMAR

Chairman, Department of Economics, Himachal Pradesh University, Shimla, Himachal Pradesh

Dr. JOSÉ G. VARGAS-HERNÁNDEZ

Research Professor, University Center for Economic & Managerial Sciences, University of Guadalajara, Guadalajara, Mexico

Dr. M. N. SHARMA

Chairman, M.B.A., Haryana College of Technology & Management, Kaithal

Dr. TEGUH WIDODO

Dean, Faculty of Applied Science, Telkom University, Bandung Technoplex, Jl. Telekomunikasi, Terusan Buah Batu, Kabupaten Bandung, Indonesia

Dr. M. S. SENAM RAJU

Director A. C. D., School of Management Studies, I.G.N.O.U., New Delhi

Dr. CLIFFORD OBIYO OFURUM

Director, Department of Accounting, University of Port Harcourt, Rivers State, Nigeria

Dr. KAUP MOHAMED

Dean & Managing Director, London American City College/ICBEST, United Arab Emirates

SUNIL KUMAR KARWASRA

Principal, Aakash College of Education, ChanderKalan, Tohana, Fatehabad

Dr. MIKE AMUHAYA IRAVO

Principal, Jomo Kenyatta University of Agriculture and Technology, Westlands Campus, Nairobi-Kenya

Dr. S. TABASSUM SULTANA

Principal, Matrusri Institute of P.G. Studies, Hyderabad

Dr. NEPOMUCENO TIU

Chief Librarian & Professor, Lyceum of the Philippines University, Laguna, Philippines

Dr. SANJIV MITTAL

Professor, University School of Management Studies, Guru Gobind Singh I. P. University, Delhi

Dr. ANA ŠTAMBUK

Head of Department in Statistics, Faculty of Economics, University of Rijeka, Rijeka, Croatia

Dr. RAJENDER GUPTA

Convener, Board of Studies in Economics, University of Jammu, Jammu

Dr. SHIB SHANKAR ROY

Professor, Department of Marketing, University of Rajshahi, Rajshahi, Bangladesh

Dr. ANIL K. SAINI

Chairperson (CRC), Guru Gobind Singh I. P. University, Delhi

Dr. SRINIVAS MADISHETTI

Professor, School of Business, Mzumbe University, Tanzania

Dr. NAWAB ALI KHAN

Professor, Department of Commerce, Aligarh Muslim University, Aligarh, U.P.

MUDENDA COLLINS

Head of the Department of Operations & Supply Chain, The Copperbelt University, Zambia

Dr. EGWAKHE A. JOHNSON

Professor, Babcock University, Ilishan-Remo, Ogun State, Nigeria

Dr. A. SURYANARAYANA

Professor, Department of Business Management, Osmania University, Hyderabad

Dr. MURAT DARÇIN

Associate Dean, Gendarmerie and Coast Guard Academy, Ankara, Turkey

Dr. ABHAY BANSAL

Head, Department of I.T., Amity School of Engineering & Technology, Amity University, Noida

Dr. YOUNOS VAKIL ALROAIA

Head of International Center, DOS in Management, Semnan Branch, Islamic Azad University, Semnan, Iran

WILLIAM NKOMO

Asst. Head of the Department, Faculty of Computing, Botho University, Francistown, Botswana

Dr. JAYASHREE SHANTARAM PATIL (DAKE)

Head of the Department, Badruka PG Centre, Hyderabad

SHASHI KHURANA

Associate Professor, S. M. S. Khalsa Lubana Girls College, Barara, Ambala

Dr. SEOW TA WEEA

Associate Professor, Universiti Tun Hussein Onn Malaysia, Parit Raja, Malaysia

Dr. OKAN VELI ŞAFKLI

Associate Professor, European University of Lefke, Lefke, Cyprus

Dr. MOHENDER KUMAR GUPTA

Associate Professor, Government College, Hodal

Dr. BORIS MILOVIC

Associate Professor, Faculty of Sport, Union Nikola Tesla University, Belgrade, Serbia

Dr. MOHAMMAD TALHA

Associate Professor, Department of Accounting & MIS, College of Industrial Management, King Fahd University of Petroleum & Minerals, Dhahran, Saudi Arabia

Dr. V. SELVAM

Associate Professor, SSL, VIT University, Vellore

Dr. IQBAL THONSE HAWALDAR

Associate Professor, College of Business Administration, Kingdom University, Bahrain

Dr. PARDEEP AHLAWAT

Associate Professor, Institute of Management Studies & Research, Maharshi Dayanand University, Rohtak

Dr. ALEXANDER MOSESOV

Associate Professor, Kazakh-British Technical University (KBTU), Almaty, Kazakhstan

Dr. ASHOK KUMAR CHAUHAN

Reader, Department of Economics, Kurukshetra University, Kurukshetra

YU-BING WANG

Faculty, department of Marketing, Feng Chia University, Taichung, Taiwan

SURJEET SINGH

Faculty, Department of Computer Science, G. M. N. (P.G.) College, Ambala Cantt.

Dr. MELAKE TEWOLDE TECLEGHIORGIS

Faculty, College of Business & Economics, Department of Economics, Asmara, Eritrea

Dr. RAJESH MODI

Faculty, Yanbu Industrial College, Kingdom of Saudi Arabia

Dr. SAMBHAVNA

Faculty, I.I.T.M., Delhi

Dr. THAMPOE MANAGALESWARAN

Faculty, Vavuniya Campus, University of Jaffna, Sri Lanka

Dr. SHIVAKUMAR DEENE

Faculty, Dept. of Commerce, School of Business Studies, Central University of Karnataka, Gulbarga

SURAJ GAUDEL

BBA Program Coordinator, LA GRANDEE International College, Simalchaur - 8, Pokhara, Nepal

FORMER TECHNICAL ADVISOR**AMITA****FINANCIAL ADVISORS****DICKIN GOYAL**

Advocate & Tax Adviser, Panchkula

NEENA

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

LEGAL ADVISORS**JITENDER S. CHAHAL**

Advocate, Punjab & Haryana High Court, Chandigarh U.T.

CHANDER BHUSHAN SHARMA

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

SUPERINTENDENT**SURENDER KUMAR POONIA**

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to the recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Rural Economics; Co-operation; Demography; Development Planning; Development Studies; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript** **anytime** in **M.S. Word format** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. infoijrcm@gmail.com or online by clicking the link **online submission** as given on our website ([FOR ONLINE SUBMISSION, CLICK HERE](#)).

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____

THE EDITOR

IJRCM

Subject: SUBMISSION OF MANUSCRIPT IN THE AREA OF _____.

(e.g. Finance/Mkt./HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript titled ' _____ ' for likely publication in one of your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published anywhere in any language fully or partly, nor it is under review for publication elsewhere.

I affirm that all the co-authors of this manuscript have seen the submitted version of the manuscript and have agreed to inclusion of their names as co-authors.

Also, if my/our manuscript is accepted, I agree to comply with the formalities as given on the website of the journal. The Journal has discretion to publish our contribution in any of its journals.

NAME OF CORRESPONDING AUTHOR

Designation/Post* :

Institution/College/University with full address & Pin Code :

Residential address with Pin Code :

Mobile Number (s) with country ISD code :

Is WhatsApp or Viber active on your above noted Mobile Number (Yes/No) :

Landline Number (s) with country ISD code :

E-mail Address :

Alternate E-mail Address :

Nationality :

* i.e. Alumnus (Male Alumni), Alumna (Female Alumni), Student, Research Scholar (M. Phil), Research Scholar (Ph. D.), JRF, Research Assistant, Assistant Lecturer, Lecturer, Senior Lecturer, Junior Assistant Professor, Assistant Professor, Senior Assistant Professor, Co-ordinator, Reader, Associate Professor, Professor, Head, Vice-Principal, Dy. Director, Principal, Director, Dean, President, Vice Chancellor, Industry Designation etc. **The qualification of author is not acceptable for the purpose.**

NOTES:

- a) The whole manuscript has to be in **ONE MS WORD FILE** only, which will start from the covering letter, inside the manuscript. **pdf. version is liable to be rejected without any consideration.**
 - b) The sender is required to mention the following in the **SUBJECT COLUMN of the mail:**
New Manuscript for Review in the area of (e.g. Finance/Marketing/HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)
 - c) There is no need to give any text in the body of the mail, except the cases where the author wishes to give any **specific message** w.r.t. to the manuscript.
 - d) The total size of the file containing the manuscript is expected to be below **1000 KB**.
 - e) Only the **Abstract will not be considered for review** and the author is required to submit the **complete manuscript** in the first instance.
 - f) **The journal gives acknowledgement w.r.t. the receipt of every email within twenty-four hours** and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of the manuscript, within two days of its submission, the corresponding author is required to demand for the same by sending a separate mail to the journal.
 - g) The author (s) name or details should not appear anywhere on the body of the manuscript, except on the covering letter and the cover page of the manuscript, in the manner as mentioned in the guidelines.
2. **MANUSCRIPT TITLE:** The title of the paper should be typed in **bold letters, centered and fully capitalised**.
 3. **AUTHOR NAME (S) & AFFILIATIONS:** Author (s) **name, designation, affiliation (s), address, mobile/landline number (s), and email/alternate email address** should be given underneath the title.
 4. **ACKNOWLEDGMENTS:** Acknowledgements can be given to reviewers, guides, funding institutions, etc., if any.
 5. **ABSTRACT:** Abstract should be in **fully italic printing**, ranging between **150 to 300 words**. The abstract must be informative and elucidating the background, aims, methods, results & conclusion in a **SINGLE PARA. Abbreviations must be mentioned in full.**
 6. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of **five**. These should be arranged in alphabetic order separated by commas and full stop at the end. All words of the keywords, including the first one should be in small letters, except special words e.g. name of the Countries, abbreviations etc.
 7. **JEL CODE:** Provide the appropriate Journal of Economic Literature Classification System code (s). JEL codes are available at www.aea-web.org/econlit/jelCodes.php. However, mentioning of JEL Code is not mandatory.
 8. **MANUSCRIPT:** Manuscript must be in **BRITISH ENGLISH** prepared on a standard A4 size **PORTRAIT SETTING PAPER. It should be free from any errors i.e. grammatical, spelling or punctuation. It must be thoroughly edited at your end.**
 9. **HEADINGS:** All the headings must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
 10. **SUB-HEADINGS:** All the sub-headings must be bold-faced, aligned left and fully capitalised.
 11. **MAIN TEXT:**

THE MAIN TEXT SHOULD FOLLOW THE FOLLOWING SEQUENCE:**INTRODUCTION****REVIEW OF LITERATURE****NEED/IMPORTANCE OF THE STUDY****STATEMENT OF THE PROBLEM****OBJECTIVES****HYPOTHESIS (ES)****RESEARCH METHODOLOGY****RESULTS & DISCUSSION****FINDINGS****RECOMMENDATIONS/SUGGESTIONS****CONCLUSIONS****LIMITATIONS****SCOPE FOR FURTHER RESEARCH****REFERENCES****APPENDIX/ANNEXURE****The manuscript should preferably be in 2000 to 5000 WORDS, But the limits can vary depending on the nature of the manuscript.**

12. **FIGURES & TABLES:** These should be simple, crystal **CLEAR, centered, separately numbered** & self-explained, and the **titles must be above the table/figure. Sources of data should be mentioned below the table/figure. It should be ensured that the tables/figures are referred to from the main text.**
13. **EQUATIONS/FORMULAE:** These should be consecutively numbered in parenthesis, left aligned with equation/formulae number placed at the right. The equation editor provided with standard versions of Microsoft Word may be utilised. If any other equation editor is utilised, author must confirm that these equations may be viewed and edited in versions of Microsoft Office that does not have the editor.
14. **ACRONYMS:** These should not be used in the abstract. The use of acronyms is elsewhere is acceptable. Acronyms should be defined on its first use in each section e.g. Reserve Bank of India (RBI). Acronyms should be redefined on first use in subsequent sections.
15. **REFERENCES:** The list of all references should be alphabetically arranged. **The author (s) should mention only the actually utilised references in the preparation of manuscript** and they may follow Harvard Style of Referencing. **Also check to ensure that everything that you are including in the reference section is duly cited in the paper.** The author (s) are supposed to follow the references as per the following:
- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
 - Use (ed.) for one editor, and (ed.s) for multiple editors.
 - When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc., in chronologically ascending order.
 - Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
 - The title of books and journals should be in italic printing. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
 - For titles in a language other than English, provide an English translation in parenthesis.
 - **Headers, footers, endnotes and footnotes should not be used in the document. However, you can mention short notes to elucidate some specific point,** which may be placed in number orders before the references.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–23

UNPUBLISHED DISSERTATIONS

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Gas Policy, Political Weekly, Viewed on January 01, 2012 <http://epw.in/user/viewabstract.jsp>

TRANSFER PRICING REGULATIONS AND ADVANCE PRICING AGREEMENTS IN INDIA

PRIYANKA SAHNI
ASST. PROFESSOR
DEPARTMENT OF COMMERCE
MAITREYI COLLEGE
UNIVERSITY OF DELHI
DELHI

ABSTRACT

The Indian Transfer Pricing provisions require all international transactions and Specified Domestic Transactions undertaken by an enterprise with its Associated Enterprises are to be computed having regard to the Arm's Length Price. This paper has discussed in brief the transfer pricing methods prescribed for computation of the arm's length price. Further, the paper covers the concept of Advance Pricing Agreement and some of the recent additions/amendments in the TP Regulations.

KEYWORDS

transfer pricing, transfer price, arm's length price, advance pricing agreement (APA), transfer pricing methods.

TRANSFER PRICING IN INDIA

Transfer Pricing (TP) is one of the most debated topics around the world, particularly in India. The key focus of the Revenue authorities is on the transfer prices of intra-group transactions of the multinational enterprises who undertake majority of the international trade.

When two related entities enter into any cross-border or domestic transaction, the price at which they undertake the transaction is called Transfer Price. The price between unrelated parties in uncontrolled conditions is known as the "Arm's Length" price (ALP). The transfer pricing issue arises because the transfer price which is transacted between the two related entities may be different than the price that would have been agreed between two unrelated entities.

As per Section 188 of the Companies Act, the expression "arm's length transaction" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. The Companies Act and the accompanying rules do not provide any guidance/detailed process on the methodology for determination of the arm's length nature of related party transactions. However, the transfer pricing provisions under IT Act provides detailed process to determine whether a transaction is at arm's length.

TRANSFER PRICING LEGISLATION IN INDIA

Transfer Pricing Regulations were introduced in the year 2001. They are largely based on the OECD (Organisation for Economic Co-operation and Development) Transfer Pricing Guidelines. They are enshrined in Income Tax Act, 1961 ('Act') and Income Tax Rules, 1962 ('Rules').

There is a separate code on transfer pricing under Sections 92 to 92F of the Indian Income Tax Act, 1961 with Rules 10A to 10E of the Rules, that covers intra-group cross-border transactions, which is applicable from 1 April 2001 and specified domestic transactions which is applicable from 1 April 2012.

The Companies Act, 2013, with effect from 1 April 2014, require companies to comply with certain statutory requirements in connection with the transactions entered into by a company with its related parties. The management, directors and committees of the board are, therefore, responsible for identification, approval and disclosure of related party transactions undertaken by the Company. Further, Section 188 of The Companies Act governs and regulates the related party transactions undertaken by a company.

Section 2(76) of The Companies Act provides the definition of a related party. "Related party" with reference to a company means any of the followings:

- a director or his relative;
 - a key managerial personnel or his relative;
 - a firm, in which a director, manager or his relative is a partner;
 - a private company in which a director or manager is a member or director
 - a public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital;
 - any body-corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
 - any person on whose advice, directions or instructions a director or manager is accustomed to act;
 - any company which is a holding, subsidiary or an associate company of such company; or a subsidiary of a holding company to which it is also a subsidiary.
- Further, the Companies Act, under Section 2(77), provides the definition of "Relative". A relative includes members of a Hindu Undivided Family; husband and wife; or Father (including step father); Mother (including step mother); Son (including step son); Son's wife; Daughter; Daughter's husband; Brother (including step brother); or Sister (including step sister).

In June 2015, The Ministry of Corporate Affairs via its notification, have excluded related parties of private companies as mentioned under Section 2(76)(viii) of the Cos. Act from the applicability of the provisions of Section 188 of the Cos. Act. Accordingly, intercompany transactions entered into between holding company, subsidiary company, associate company and fellow subsidiary in case of private companies shall not be subject to the provisions of Section of 188 of the Cos. Act.

TRANSFER PRICING METHODS AND THEIR APPLICATION

The TP regulations clearly lay down the scope and purview of Indian Transfer Pricing legislation. It defines basic terms such as Associated Enterprise ("AE") and International Transaction. It has also listed various methods to be considered for determination of the arm's length price. Section 92A defines an AE. An "AE", in relation to another enterprise, means:

- an enterprise which participates, directly or indirectly, or through one or more intermediaries, in the management or control or capital of the other enterprise; or
- in respect of which one or more persons who participate, directly or indirectly, or through one or more intermediaries, in its management or control or capital, are the same persons who participate, directly or indirectly, or through one or more intermediaries, in the management or control or capital of the other enterprise.

According to Section 92B, an International Transaction means "transaction" between two or more associated enterprises, either or both of whom are non-residents, in the nature of the following:

- Purchase, sale or lease of tangible or intangible property;
- Provision of services;
- Lending or borrowing money; or
- Any other transactions affecting profits, losses, income, assets or liability of the enterprise.

As per the Indian TP regulations, the income arising from an international transaction with an AE must be computed having regard to the arm's length price. The calculation of the arm's length price has to be done by using the Most Appropriate Method (MAM). The most appropriate method must be selected from the following six methods as listed under the regulations:

1. COMPARABLE UNCONTROLLED PRICE METHOD ("CUP METHOD")

The CUP is one of the most direct, reliable and preferred method of determining the ALP. It seeks to determine the arm's length price by comparing the controlled transaction with the uncontrolled transaction. The "uncontrolled transaction" means the transaction between enterprises other than associated enterprises, whether resident or non-resident. This method is generally used where there is a strong similarity of products or services.

2. RESALE PRICE METHOD ("RPM")

This method is used in case of purchase of goods or services from related parties for resale to unrelated parties without substantial value addition. The price is reduced by the normal gross margins earned by unrelated party for same or similar products or services. In order to apply this method there is a need for similarity of functions performed and risks undertaken. In this method, Gross margins are used as the profit level indicator.

3. COST PLUS METHOD ("CPM")

CPM Method is used in cases that involve transactions such as manufacture, assembly or production of tangible products or services that are sold or provided to related parties. Similar to RPM method, such method also demands high similarity in functions performed and risks borne. The mark up on direct and indirect costs incurred to be based on unrelated comparable. Gross margin is used as the profit level indicator.

4. PROFIT SPLIT METHOD ("PSM")

The PSM is normally used in multiple international transactions, which are so closely inter related that they cannot be evaluated separately for determining the arm's length price. This method would require identifying the combined profit or loss of the related parties to be split between them. The profit split method is normally used in situations where both parties to a controlled transaction own valuable, non-routine intangible assets. This method is slightly complex in nature and hence, sparingly used.

5. TRANSACTIONAL NET MARGIN METHOD ("TNMM")

Under this method, the standards of comparability are less stringent relative to the other methods. Only broad similarity of functions is required. This method compares the normal net profit margin, computed in relation to costs incurred or sales effected or assets employed or having regard to any other relevant base, realized from transactions with the AEs to the net profit margin realized by unrelated enterprises from comparable uncontrolled transactions. This method is most widely used and considered as a practical method.

6. ANY OTHER METHOD ("AOM")

The Central Board of Direct Taxes vide Notification No. 18/2012 dated May 23, 2012, prescribed sixth TP Methods for computation of ALP. For this purpose, Rule 10AB was inserted under the Income Tax Rules, 1962.

This AOM evaluates the arm's length nature of the international transaction by considering the price which has been charged or paid, or would have been charged or paid, for the same or similar uncontrolled transaction, with or between non-associated enterprises, under similar circumstances.

SELECTION OF THE MOST APPROPRIATE METHOD

Rule 10C(2) of the Rules, lists the factors that should be taken into account in selecting the most appropriate method. Some of the factors are the availability, coverage and reliability of data necessary for the application of the method and the nature, extent and reliability of assumptions required to be made in application of a method.

In practice, application of CUP method is very difficult as very high degree of comparability is required. It is also difficult to apply the RPM and CPM methods because the gross margin of the comparables is generally not available. Therefore, TNMM is most widely method.

TRANSFER PRICING DOCUMENTATION

Under Section 92D, Rule 10D, there is a prescribed list of documents required to be kept and maintained by the companies entering into an international transaction. However, this mandatory documentation requirement is applicable only in a case where the aggregate value of the international transactions entered in the books of account exceed one crore rupees.

The law under Rule 10D(1), mandatorily requires to maintain the following documents: Description of Ownership Structure; Profile of Multinational Group; Description of Business; Nature & Terms of Transactions; Description of Functions, Risks & Assets Record of Economic & Market Analyses; Comparability Analysis; Record of Uncontrolled Transactions; Description of Methods considered; Record of actual working assumptions, policies, price negotiations; any other information, data or document that is company specific information.

ADVANCE PRICING AGREEMENT ("APA")

APA was introduced in the Finance Bill 2012. Two sections - 92CC and 92CD under the Act, were inserted to provide a framework for Advance Pricing Agreement. An APA is an agreement between a taxpayer and a taxing authority to determine the ALP or specify the manner or methodology in which ALP shall be determined for a set of transactions over a fixed period of time. Once agreed upon, the APA agreement shall be a binding on the persons who have entered into (includes commissioner and his subordinates) and also valid for a period of five consecutive previous years. However, APA shall not be binding on the Board or the taxpayer if there is a change in any of the critical assumptions, change in law or any request from competent authority of other country in case of bilateral and multilateral agreements.

For unilateral APA, the application is to be made to Director General of Income-tax (International Taxation) ("DGIT") and in case of Bilateral and Multilateral APA, to the Indian Competent Authority ("Indian CA"). It is mandatory to go for Pre-filing consultation, which shall determine the scope of agreement, identify the TP issues, determine the suitability of the international transaction for the agreement and discuss the broad terms of the agreement. The process shall not bind either of parties to enter into APA. Before finalization of the APA, it is possible to amend the terms of APA or withdraw the entire application.

There is a prescribed amount of fees payable at the time of making the application for APA. The fee depends upon the amount of international transaction entered into or proposed to be undertaken in respect of which an agreement is proposed. In case the amount of proposed international transaction does not exceed Rs.1,000 million, the fees prescribed is Rs.1 million. For amount of less than Rs. 2,000 million, there is a fees of 1.5 million and for amount over Rs. 2,000 million, the fees is RS. 2 million.

As per the compliance requirements, the taxpayer is required to furnish Annual Compliance Report to DGIT for each year. The Transfer Pricing Officer shall carry out compliance audit for each year and provide report to DGIT/ Indian CA regarding the compliance by taxpayer with terms of the APA. In case of failure to comply with the terms of the agreement or to file the Annual Compliance Report in time, the board has the power to cancel the APA.

The Finance (No. 2) Act, 2014, has provided for 'roll back mechanism' in section 92CC of the Act under the present APA scheme which refers to the applicability of the methodology of determination of ALP, or the ALP, to be applied to the international transactions which had already been entered into in a period prior to the period covered under an APA. This roll back mechanism is effective with effect from 01-10-2014.

AMENDMENTS IN TP DOCUMENTATION

The Finance Minister in the Budget 2016, proposed to introduce three layered transfer pricing documentation requirement, to be effective with effect from AY 2017-18. They are based on recommendations issued by the OECD and G-20's -Base Erosion and Profit Shifting ("BEPS") Action Plan 13. As per the requirements, the taxpayers will now be required to prepare a master file, local file and country by country reporting referred as (CbCR). A Master File is required to provide an overview of the Multinational Enterprises (MNEs) business and explain the MNE's TP policies in the context of its global economic, legal, financial and tax profile.

A Local File shall demonstrate that the taxpayer has complied with the arm's length principle in its material intra-group transactions. CbC Reporting will provide information to tax authority to enable it to undertake a TP risk assessment. The detailed contents of these documents are provided in the rules.

The CbCR is applicable only for large taxpayers, that is, taxpayers having an annual consolidated group turnover of over ₹750 million in the immediately prior year. The new regime will be applicable for financial year (FY) 2016-17. The first filing will be due by 30th November, 2017. For the FY 2016-17, this requirement is applicable for taxpayers having a group consolidated turnover of approximately INR 53,950 million for FY 2015-16. Indian resident parent companies will be required to file the master file, local file and CbCR with Indian tax authorities. For Indian subsidiaries with parent companies resident outside India, the CbCR will ordinarily be filed by the parent entity in their home country or by a designated entity in its home country.

CONCLUSION

India is strongly committed to have a stable and predictable tax regime. The year-on-year amendments in the TP rules and regulations are aimed towards simplification and rationalization of our taxation system. The efforts are undertaken to bring clarity over the complex and controversial issues in order to reduce the TP Litigation matters. The adoption of maintenance of Master file, Local file and CbC reporting will definitely reveal a lot of information about the functioning of transactions between the related parties. The enterprises involved in related party transactions are indeed expected to follow the TP policy diligently and comply with the rules and regulations to avoid paying penalties.

REFERENCES

1. <http://www.businesstoday.in/union-budget-2016-17/expert-take/union-budget-2016-transfer-pricing-update/story/229833.html>
2. http://www.dov.gov.in/newsite3/tp_agenda.asp
3. <https://www.indiafilings.com/learn/what-is-transfer-pricing-in-india>
4. <http://www.investopedia.com/ask/answers/052215/how-does-transfer-pricing-help-business.asp>
5. <http://www.tp.taxsutra.com/experts/column?sid=326>
6. <http://www.transferpricing-india.com/faq.htm>

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce, IT & Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue, as well as on the journal as a whole, on our e-mail infoijrcm@gmail.com for further improvements in the interest of research.

If you have any queries, please feel free to contact us on our e-mail infoijrcm@gmail.com.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward to an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator

DISCLAIMER

The information and opinions presented in the Journal reflect the views of the authors and not of the Journal or its Editorial Board or the Publishers/Editors. Publication does not constitute endorsement by the journal. Neither the Journal nor its publishers/Editors/Editorial Board nor anyone else involved in creating, producing or delivering the journal or the materials contained therein, assumes any liability or responsibility for the accuracy, completeness, or usefulness of any information provided in the journal, nor shall they be liable for any direct, indirect, incidental, special, consequential or punitive damages arising out of the use of information/material contained in the journal. The journal, neither its publishers/Editors/ Editorial Board, nor any other party involved in the preparation of material contained in the journal represents or warrants that the information contained herein is in every respect accurate or complete, and they are not responsible for any errors or omissions or for the results obtained from the use of such material. Readers are encouraged to confirm the information contained herein with other sources. The responsibility of the contents and the opinions expressed in this journal are exclusively of the author (s) concerned.

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals

