



# BMC Advisors



## What's Inside

- MCA Update
- Income tax Update
- Excise Update
- DGFT Update
- SEBI
- IPR Update
- Custom Update
- RBI Update
- Service Tax
- GST Update

# *WEEKLY UPDATES*

*JULY 3<sup>RD</sup>, 2017-JULY 9<sup>TH</sup>, 2017*

# INDEX

<b>MCA UPDATE</b>	
Companies (Appointment and Qualification of Directors) Rules,2017	5
National Company Law Tribunal (Amendment) Rules,2017	6-7
Amendment in Sch. IV of the Companies Act 2013	8
<b>SEBI</b>	
Policy of Annual Inspection of Members by Stock Exchanges/ Clearing Corporations	9
Investments by FPIs in Government Securities	10-11
Online Filing System for Foreign Venture Capital Investors	12
Guidelines for issuance of ODIs, with derivative as underlying, by the ODI issuing FPIs	13
<b>RBI UPDATE</b>	
Investment by Foreign Portfolio Investors (FPI) in Government Securities Medium Term Framework - Review	14-15
Master Circular - Facility for Exchange of Notes and Coins	16
Master Circular - Deendayal Antyodaya Yojana - National Urban Livelihoods Mission (DAY-NULM)	17
Master Circular- Credit Facilities to Minority Communities (Corrected)	18
Master Circular - Credit facilities to Scheduled Castes (SCs) & Scheduled Tribes (STs)	19
Master Circular on SHG-Bank Linkage Programme	20
Master Circular - Lead Bank Scheme	21
Master Circular - Kisan Credit Card (KCC) Scheme	22
Master Circular - Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM)	23
Master Directions on Relief/Savings Bonds	24
Master Direction - Reserve Bank of India (Relief Measures by banks in areas affected by Natural Calamities) Directions 2017	25
Inclusion in the Second Schedule to the Reserve Bank of India Act, 1934 - Telangana State Co-operative Apex Bank Ltd., Hyderabad	26
Small Finance Banks - Compendium of Guidelines on Financial Inclusion and Development	27
Customer Protection - Limiting Liability of Customers in Unauthorised Electronic Banking Transactions	28-31
Point of Presence (PoP) Services under Pension Fund Regulatory and Development Authority (PFRDA) for National Pension System (NPS)	32
Sovereign Gold Bonds 2017-18 - Series II	33-35
Sovereign Gold Bonds, 2017-18 - Series II - Operational Guidelines	36-37
<b>INCOME TAX UPDATE</b>	
Clarifications in respect of section 269ST of the Income-tax Act, 1961	38
Notification No. 57 /2017, F.No.370142/10/2017-TPL]/ SO 2065(E)	39
Notification No. 58/2017 [F. No. 370142/10/2017-TPL] / GSR 821(E)	40-41
Notification 59/2017 [F. No. 370 142/8/2017-TPL] / GSR 826(E)	42
Notification No. 60/2017 [F. No. 370142/10/2017-TPL/GSR 841(E)	43

<b>IPR UPDATE</b>	
The CGPDTM implements automated process for generation and issuance of Patent Certificates	44
<b>EXCISE UPDATE</b>	
Seeks to amend notification no. 28/2002-central excise dated 13th may 2002	45-46
Classification of Printed Workbooks, Exercise books etc. under erstwhile CETA 1985-reg	47-48
<b>CUSTOM UPDATE</b>	
Amendment in Notification No. 12/2012-Cus dated 17.03.2012	49
IGST exemption to SEZs on import of Goods by a unit/developer in an SEZ	50
Rate of exchange of conversion of the foreign currency with effect from 7th July, 2017	51-52
Disposal of seized/confiscated cigarettes of foreign origin vis-à-vis provisions of the Cigarettes and other Tobacco products (Packaging and Labelling) Rules, 2008.	53-54
Revised rates of Rebate of State Levies on Export of Garments and textile made-up articles w.e.f. 01.07.2017- regarding	55
Clarification regarding import of goods for personal use through courier	56-57
GSTIN requirement for the purpose of import & export	58
<b>GST UPDATE</b>	
Rescinding Notification No. 15/2017-Integrated Tax (Rate) dated 30.06.2017	59
IGST exemption to SEZs on import of Services by a unit/developer in an SEZ	60
Notification No. 16/2017-CT (conditions and safeguards for furnishing a Letter of Undertaking in place of a bond for export without payment of integrated tax)	61
<b>DGFT UPDATE</b>	
Export Policy of Sandalwood	62

# MCA UPDATES

[To be published in the Gazette of India, Extraordinary, Part II, Section 3, Sub Section (i)]

## MINISTRY OF CORPORATE AFFAIRS NOTIFICATION

New Delhi, the 5<sup>th</sup> July, 2017

**G.S.R, -(E)-** In exercise of the powers conferred by the second proviso to sub-section (1), sub-section (4), clause (f) of sub-section (6) of section 149, subsections (3) and (4) of section 150, section 151, sub-section (5) of section 152, section 153, section 154, section 157, section 160, sub-section (1) of section 158 and section 170 read with section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Appointment and Qualification of Directors) Rules, 2014, namely: -

1. (1) these rules may be called the Companies (Appointment and Qualification of Directors) Amendment Rules, 2017.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Companies (Appointment and Qualification of Directors) Rules, 2014 (hereinafter referred to as the principal rules), rule 4 shall be numbered as sub rule (1) and after sub-rule (1) as so renumbered, the following sub-rule shall be inserted namely :- "

(2) The following classes of unlisted public company shall not be covered under sub-rule (1), namely:-

(a) A joint venture;

(b) A wholly owned subsidiary; and

(c) A dormant company as defined under section 455 of the Act."

3. In the principal rules, in the Annexure, for Form DIR-5, the following Form shall be substituted

Note:-The principal rules were published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (i) vide number G.S.R. 259(E) dated the 31<sup>st</sup> March, 2014 and were subsequently amended vide number G.S.R. 671(E) dated the 18<sup>th</sup> September, 2014 and G.S.R. 42(E) dated the 19<sup>th</sup> January, 2015

For annexure (DIR-5) please find below link:

[http://mca.gov.in/Ministry/pdf/CompaniesApptandQualificationofDirectorsAmdtRules\\_06072017.pdf](http://mca.gov.in/Ministry/pdf/CompaniesApptandQualificationofDirectorsAmdtRules_06072017.pdf)

[To be published section In the Gazette of India, Extra-ordinary, Part-II, Section 3, Sub-section (i)]

**MINISTRY OF CORPORATE AFFAIRS**

**Notification**

New Delhi, dated the 5<sup>th</sup> July, 2017

G.S.R. \_ (E).- In exercise of the powers conferred by sub-section (1) and sub-section (2) of section 469 of the Companies Act, 2013 ( 18 of 2013), the Central Government hereby makes the following rules further to amend the National Company Law Tribunal Rules, 2016, namely:-

1. (1) these rules may be called the National Company Law Tribunal (Amendment) Rules, 2017.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the National Company Law Tribunal Rules, 2016, after rule 87, the following rule shall be inserted, namely:-

**"87A. Appeal or application under sub-section (1) and sub-section (3) of section 252. -**

(1) An appeal under sub-section (1) or an application under subsection (3) of section 252, may be filed before the Tribunal in Form No. NCLT. 9, with such modifications as may be necessary.

(2) A copy of appeal or application, shall be served on the Registrar and on direct, not less than fourteen days before or application, as the case may be.

(3) Upon hearing the appeal or the application or any adjourned hearing thereof, the Tribunal may pass appropriate order, as it deems fit.

(4) Where the Tribunal makes an order restoring the name of a company in the register of companies, the order shall direct that-

(a) The appellant or applicant shall deliver a certified copy to the Registrar of Companies within thirty days from the date of the order;

(b) On such delivery, the Registrar of Companies do, in his official name and seal, publish the order in the Official Gazette;

(c) The appellant or applicant do pay to the Registrar of Companies his costs of, and occasioned by, the appeal or application, unless the Tribunal directs otherwise; and

(d) The company shall file pending financial statements and annual returns with the Registrar and comply with the requirements of the Companies Act, 2013 and rules made thereunder within such time as may be directed by the Tribunal.

(5) An application filed by the Registrar of Companies for restoration of name of a company in the register of companies under second proviso to sub-section (1) of section 252 shall be in Form No. NCLT 9 and upon hearing the application or any adjourned hearing thereof, the Tribunal may pass an appropriate order, as it deems fit."

[F. No. 1 /30/2013-CL-v]

(Amardeep Singh Bhatia)  
Joint Secretary

Note:- The principal rules were published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (i) vide number G.S.R. 716(E), dated 21<sup>st</sup> July, 2016 and amend vide notification number G.S.R. 1159(E) dated the 20<sup>th</sup> December, 2016.

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II SECTION 3,  
SUB-SECTION (ii)]

**Government of India**  
**Ministry of Corporate Affairs**  
**Notification**

New Delhi, dated, the 5<sup>th</sup> July, 2017

S.O. \_ (E) - In exercise of the powers conferred by sub-section (1) of section 467 of the companies Act, 2013 (18 of 2013), the central Government hereby makes the following amendments to Schedule IV of the said Act, namely:-

2. In the Companies Act, 2013, in Schedule IV, -

(i) In paragraph III, in sub-para (12), for the words "acting within his authority", the words "act within their authority" shall be substituted;

(ii) In paragraph VI, sub-para (2), for the words "a period of not more than one hundred and eighty days", the words "three months" shall be substituted;

(iii) In paragraph VII, in sub-para (1), for the words "in a year", the words "in a financial year" shall be substituted; and

(iv) After paragraph VIII, the following note shall be inserted, namely:-

'Note: The provisions of sub-paragraph (2) and (7) of paragraph II' paragraph IV, paragraph V, clauses (a) and (b) of sub-paragraph (3) of paragraph VII and paragraph VIII shall not apply in the case of a Government company as defined under clause(45)of section 2 of the Companies Act,2013 (18 of 2013), if the requirements in respect of matters specified in these paragraphs are specified by the concerned Ministries or Departments of the Central Government or as the case may be, the State Governments and such requirements are complied with by the Government companies.'

3. This notification shall come into force on the date of its publication in the Official Gazette.

[File Number 1/22/2013-CL-V-part]

(Amardeep Singh Bhatia)  
Joint Secretary to the Government of India



# SEBI UPDATES

## CIRCULAR

CIR/HO/MIRSD/MIRSD2/CIR/P/2017/73

June 30, 2017

To

The Managing Directors / Chief Executive Officers  
All Recognized Stock Exchanges  
All Clearing Corporations

Dear Sir / Madam,

**Sub: Policy of Annual Inspection of Members by Stock Exchanges/Clearing Corporations**

1. As per SEBI circulars MIRSD/Master Cir-04/2010 dated March 17, 2010, CIR/MIRSD/13/2012 dated December 07, 2012 and SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/92 dated September 23, 2016, stock exchanges are required to formulate a policy for annual inspection of their members in consultation with SEBI.
2. In terms of aforementioned circulars, the policy for annual inspection of members, as decided in consultations with Stock Exchanges/Clearing Corporations, is enclosed herewith at Annexure - I for necessary action.
3. The Stock Exchanges/Clearing Corporations are directed to:
  - a. Make amendments to the relevant bye-laws, rules and regulations for the implementation of the above directions.
  - b. Communicate the implementation thereof to SEBI within 15 days from the date of the circular.
4. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

**Debashis Bandyopadhyay**  
General Manager

For annexure please find below link:  
<file:///C:/Users/BMC/Downloads/1499064086533.pdf>

**CIRCULAR**

**IMD/FPIC/CIR/P/2017/74**  
**July 04, 2017**

**To**

**All Foreign Portfolio Investors**  
through their designated Custodians of Securities

**The Depositories (NSDL and CDSL)**

**Sir / Madam,**

**Sub: Investments by FPIs in Government Securities**

1. RBI in its Fourth Bi-monthly Policy Statement for the year 2015-16, dated September 29, 2015 had announced a Medium Term Framework (MTF) for FPI limits in Government securities in consultation with the Government of India. Accordingly, SEBI had issued circulars CIR/IMD/FPIC/8/2015 dated October 06, 2015, IMD/FPIC/CIR/P/2016/45 dated March 29, 2016 and IMD/FPIC/CIR/P/2016/107 dated October 03, 2016 and IMD/FPIC/CIR/P/2017/30 dated April 03, 2017 regarding the allocation and monitoring of FPI debt investment limits in Government securities.

2. It has been decided to revise the limit for investment by FPIs in Government Securities, for the July - September 2017 quarter, as follows:

a. Limit for FPIs in Central Government securities shall be enhanced to INR 187,700 cr.

b. Limit for Long Term FPIs (Sovereign Wealth Funds (SWFs), Multilateral Agencies, Endowment Funds, Insurance Funds, Pension Funds and Foreign Central Banks) in Central Government securities shall be revised to INR 54,300 cr.

c. The debt limit category of State Development Loans (SDL) shall henceforth have two sub-categories, namely, SDL-General and SDL-Long Term. SDL-General shall be available for investment on tap for all categories of FPIs while SDL-Long Term shall be available for investment on tap for only Long Term FPIs. The limit for investment by all FPIs in SDL-General shall be INR 28,500 cr while that for SDL-Long Term shall be INR 4,600 cr.

3. Accordingly, the revised FPI debt limits would be as follows:

<b>Type of Instrument</b>	<b>Upper Cap as on July 03, 2017 (INR cr)</b>	<b>Revised Upper Cap with effect from July 04, 2017 (INR cr)</b>
Government Debt - General	184,901	187,700
Government Debt - Long Term	46,099	54,300
SDL - General	27,000	28,500
SDL - Long Term	--	4,600
<b>Total</b>	<b>258,000</b>	<b>275,100</b>

4. Future increases in the limit for FPI investment in Central Government securities will be allocated in the following ratio - 75% for the Long-Term category of FPIs and 25% for the General category of FPIs.
5. The practice of transferring unutilized limits of the Long-Term category to the General category of FPIs shall be done away with.
6. To harmonize the approach to FPI investments in SDLs with that for Central Government securities, future increases in SDLs would be in the ratio of 75% for SDL-Long Term and 25% for SDL-General category of FPIs.
7. All other existing terms and conditions, including the security-wise limits, investment of coupons being permitted outside the limits and investments being restricted to securities with a minimum residual maturity of three years, shall continue to apply.

This circular shall come into effect immediately. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992.

A copy of this circular is available at the web page "Circulars" on our website [www.sebi.gov.in](http://www.sebi.gov.in). Custodians are requested to bring the contents of this circular to the notice of their FPI clients.

Yours faithfully,

**ACHAL SINGH**  
**Deputy General Manager**  
**Tel No.: 022-26449619**  
**Email: [achals@sebi.gov.in](mailto:achals@sebi.gov.in)**

**CIRCULAR**

**SEBI/HO/IMD/DF1/CIR/P/2017/75**

**July 06, 2017**

All Registered Foreign Venture Capital Investors  
All Custodian(s) of Securities

**Dear Sir/Madam,**

**Sub: Online Filing System for Foreign Venture Capital Investors.**

1. In order to facilitate ease of operations in terms of applying for registration, reporting and various compliances under SEBI (Foreign Venture Capital Investors) Regulations, 2000 (hereinafter referred to as 'FVCI Regulations'), SEBI has introduced an online system for filings related to Foreign Venture Capital Investors (FVCI). The online system can be used for application for registration, reporting and filing under the provisions of FVCI Regulations.

2. All applicants desirous of seeking registration as a FVCI are now required to submit their applications online only, through SEBI Intermediary Portal at <https://siportal.sebi.gov.in>. Furthermore, all SEBI registered FVCIs are now required to file their compliance reports and submit applications for any request under the provisions of FVCI Regulations, through the online system only. The aforesaid online filing system for FVCI has been made operational from July 1, 2017.

3. Link for SEBI Intermediary Portal is also available on SEBI website - <http://www.sebi.gov.in>. In case of any queries and clarifications, users may refer to the manual provided in the portal or contact the Portal Helpline as specified in the manual.

4. Existing SEBI registered FVCIs are advised to activate their online accounts, for which activation e-mail has been sent separately.

5. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of and to regulate the securities market.

Yours faithfully,

**Naveen Sharma**  
**Deputy General Manager**  
**022-26449709**  
**Email: naveens@sebi.gov.in**

**CIRCULAR**

**CIR/IMD/FPI&C/76/2017**  
**July 7, 2017**

**To,**  
**All Foreign Portfolio Investors (FPIs)**  
(Through their Designated Depository Participants/Custodians of Securities)

Dear Sir/Madam,

**Subject: Guidelines for issuance of ODIs, with derivative as underlying, by the ODI issuing FPIs.**

1. In terms of the SEBI (Foreign Portfolio Investors) Regulation, 2014 (FPI Regulations) and circulars issued from time to time regarding ODI, the Foreign Portfolio Investors (FPIs) issuing ODIs (hereinafter referred to as ODI Issuers) are required to comply with the conditions for issuance of ODIs.

2. With the date of this circular, the ODI issuing FPIs are advised as follows:

2.1. The ODI issuing FPIs shall not be allowed to issue ODIs with derivative as underlying, with the exception of those derivative positions that are taken by the ODI issuing FPI for hedging the equity shares held by it, on a one to one basis.

2.2. In the case of the existing ODIs which have been issued by the ODI issuing FPIs with derivatives as underlying, where the said underlying derivatives position are not for purpose of hedging the equity shares held by it, the ODI issuing FPI has to liquidate such ODIs latest by the date of maturity of the ODI instrument or by December 31, 2020, whichever is earlier. However, ODI issuing FPIs should endeavour to liquidate such ODI instruments prior to said timeline.

2.3. In the case of issuance of fresh ODIs with derivatives as underlying, a certificate has to be issued by the compliance officer (or equivalent) of the ODI issuing FPI, certifying that the derivatives position, on which the ODI is being issued, is only for hedging the equity shares held by it, on a one to one basis. The said certificate shall be submitted along with the monthly ODI reports.

2.4. It is clarified that the term "hedging of equity shares" means taking a one-to-one position in only those derivatives which have the same underlying as the equity share.

3. This circular is issued in exercise of powers conferred under SEBI Section 11 (1) of the Securities and Exchange Board of India Act, 1992 and shall come into effect on immediate Basis.

4. A copy of this circular is available at the web page "Circulars" on our website [www.sebi.gov.in](http://www.sebi.gov.in). The Designated Depository Participants (DDPs)/Custodian of securities are requested to bring the contents of this circular to the notice of their FPI clients for necessary compliance.

Yours faithfully,

**Achal Singh**  
**Deputy General Manager**  
**+91-22-26449619**  
**achals@sebi.gov.in**

## RBI UPDATES

RBI/2017-18/12  
A.P.(DIR Series) Circular No. 48

July 3, 2017

To,  
All Authorized Persons

Madam / Sir

### **Investment by Foreign Portfolio Investors (FPI) in Government Securities Medium Term Framework - Review**

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to Schedule 5 to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide Notification No. FEMA.20/2000-RB dated May 3, 2000, as amended from time to time.

#### **Review of the Medium term Framework**

2. The current Medium Term Framework (MTF) for FPI investment in Central Government Securities (G-secs) and State Government Securities (SDLs) was introduced in October 2015 with the following major features:

- a. Limits to be specified as a percentage of outstanding Stock – 5% for G-secs; 2% for SDLs, to be achieved by 31 March 2018, through half yearly reviews and quarterly increases.
- b. Minimum tenor of investments at 3 years.
- c. 20% cap on FPI investment in any particular security.
- d. Preference for long-term investors – Allocation of 60% for 'long term' category and 40% for 'General' category.
- e. Transfer of unutilized limits in 'Long Term' category to 'General' category.

3. Currently 'long term' category of FPI investors accounts for about 20% of the total investment by FPIs in Central Government securities. In order to recalibrate the Framework to meet the objective of a preference for long-term investors and also with a view to manage the macro-prudential implications of evolving capital flows, the MTF has been reviewed. Based on the review, the following modifications are made to the Framework.

- a. The overall cap of 5% for Central Government securities (G-Secs) and 2% for State Development Loans (SDLs) remain unchanged.
- b. Future increases in the limit for FPI investment in Central Government securities will be allocated in the following ratio - 75% for 'Long-Term' category of FPIs and 25% for 'General' category.
- c. The practice of transferring unutilized limits of 'Long-Term' category to 'General' category of FPIs is done away with.
- d. To harmonize the approach to FPI investments in SDLs with that for Central Government securities, future increases in SDLs would be in the ratio of 75% for 'Long Term' category and 25% for 'General' category of FPIs.

4. RBI may, in future, continue to calibrate some features of the MTF depending on the evolving macro-economic conditions.

**Revision of Limits for the Jul-Sep 2017 Quarter**

5. The limits for investment by FPIs in Central Government Securities and State Development Loans (SDLs) for the quarter July-September 2017 are increased by INR 110 billion and INR 61 billion, respectively, and allocated as under:-

<b>Limits for FPI investment in Government Securities</b>							(INR Billion)
	<b>Central Government Securities</b>			<b>State Development loans</b>			<b>Aggregate</b>
	<b>General</b>	<b>Long Term</b>	<b>Total</b>	<b>General</b>	<b>Long Term</b>	<b>Total</b>	
Existing Limits	1,849	461	2,310	270	--	270	2,580
Revised Limits	1,877	543	2,420	285	46	331	2,751

6. The revised limits will be effective from July 4, 2017.

7. All other existing conditions, including the security-wise limits, investment of coupons being permitted outside the limits and investments being restricted to securities with a minimum residual maturity of three years, will continue to apply.

8. The operational guidelines relating to allocation and monitoring of limits will be issued by the Securities and Exchange Board of India (SEBI).

9. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

10. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/approval, if any, required under any other law.

Yours faithfully

**(T. Rabi Sankar)**  
**Chief General Manager**

**RBI/2017-18/3**  
**DCM (NE) No.G - 1/08.07.18/2017-18**

**July 03, 2017**

The Chairman and Managing Director /  
The Managing Director/  
The Chief Executive Officer  
All Banks

Madam / Dear Sir

**Master Circular - Facility for Exchange of Notes and Coins**

Please refer to the Master Circular DCM (NE) No. G-1/08.07.18/2016-17 dated July 18, 2016 containing instructions on the facility for exchange of notes and coins. A revised version of Master Circular on the subject is annexed for your information and necessary action. This Master Circular is placed in our website [www.rbi.org.in](http://www.rbi.org.in).

Yours faithfully

**(P. Vijaya Kumar)**  
**Chief General Manager**

For master circular please find below link:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11028&Mode=0>



**RBI/2017-18/5**  
**FIDD.GSSD.CO.BC.No.03/09.16.03/2017-18**

**July 1, 2017**

The Chairman/ Managing Director & CEO  
All Scheduled Commercial Banks

Dear Sir/Madam,

**Master Circular - Deendayal Antyodaya Yojana - National Urban Livelihoods Mission (DAY-NULM)**

Reserve Bank of India has periodically issued instructions to banks with regard to operationalisation of the Government of India's National Urban Livelihoods Mission (DAY-NULM). The Ministry of Housing & Urban Poverty Alleviation (UPA Division), Government of India has amended the operational guidelines of Self-Employment Programme (SEP) under DAY-NULM. The revised Master Circular (<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11029&Mode=0#MC1>) is being issued by incorporating amendments as effected by the Ministry of Housing and Urban Poverty Alleviation and has been placed on the RBI website [www.rbi.org.in](http://www.rbi.org.in)

Yours faithfully,

**(Ajay Kumar Misra)**  
**Chief General Manager**

RBI/2017-2018/6  
FIDD.GSSD.BC.No.05/09.10.01/2017-18

July 01, 2017

The Chairman/ Managing Director  
All Scheduled Commercial Banks  
(Excluding RRBs and Foreign banks with less than 20 branches)

Dear Sir,

**Master Circular- Credit Facilities to Minority Communities (Corrected)**

Please refer to our Master Circular FIDD.GSSD.BC.No.01/09.10.01/2016-17 dated July 01, 2016 (Updated as on September 29, 2016), consolidating the instructions / guidelines / directives issued to banks till that date relating to Credit Facilities to Minority Communities. The Master Circular (<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11030&Mode=0#MC>) has been suitably updated by incorporating the instructions issued up to June 30, 2017 and has been placed on the RBI website (<https://www.rbi.org.in>).

Yours faithfully,

**(Ajay Kumar Misra)**  
**Chief General Manager**

**RBI/2017-18/7**  
**FIDD.CO.GSSD.BC.No.06/09.09.001/2017-18**

**July 01, 2017**

The Chairman / Managing Director & CEO  
All Scheduled Commercial Banks

Dear Sir,

**Master Circular - Credit facilities to Scheduled Castes (SCs) & Scheduled Tribes (STs)**

Please refer to the Master Circular FIDD.CO.GSSD.BC.No.03/09.09.001/2016-17 dated July 01, 2016 consolidating guidelines / Instructions / directions issued to banks with regard to providing credit facilities to Scheduled Castes (SCs) and Scheduled Tribes (STs). The Master Circular (<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11031&Mode=0>) has been suitably updated by incorporating the instructions issued up to June 30, 2017 and has also been placed on website <https://www.rbi.org.in>.

Yours faithfully,

**(Ajay Kumar Misra)**  
**Chief General Manager**

RBI/2017-18/11  
FIDD.FID.BC.No.02/12.01.033/2017-18

July 03, 2017

The Chairman/ Managing Director/  
Chief Executive Officer  
All Scheduled Commercial Banks

Madam/ Dear Sir

**Master Circular on SHG-Bank Linkage Programme**

The Reserve Bank of India has, from time to time, issued a number of guidelines/instructions to banks on SHG-Bank Linkage Programme. In order to enable the banks to have instructions at one place, the Master Circular incorporating the existing guidelines/instructions on the subject has been updated and enclosed. This Master Circular (<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11032&Mode=0>) consolidates the circulars issued by Reserve Bank on the subject up to June 30, 2017, as indicated in the Appendix.

Yours faithfully

**(Uma Shankar)**  
**Chief General Manager-in-Charge**

**RBI/2017-2018/8**  
**FIDD.CO.LBS.BC.No.1/02.01.001/2017-18**

**July 3, 2017**

The Chairman and Managing Director/Chief Executive Officer  
SLBC Convenor Banks/Lead Banks

Dear Sir/Madam

**MASTER CIRCULAR - Lead Bank Scheme**

The Reserve Bank of India has issued guidelines on Lead Bank Scheme from time to time. This Master Circular consolidates the relevant guidelines issued by Reserve Bank of India on Lead Bank Scheme up to June 30, 2017 as listed in the Appendix.

2. This Master Circular has been placed on the RBI website <http://www.rbi.org.in>

Yours faithfully,

**(Ajay Kumar Misra)**  
**Chief General Manager**

For Appendix, please find below link:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11033&Mode=0>

**RBI/2017-18/4**  
**FIDD.CO.FSD.BC.No.7/05.05.010/2017-18**

**July 3, 2017**

The Chairman / Managing Director / Chief Executive Officer  
All Scheduled Commercial Banks (including Small Finance Banks and excluding RRBs)

Madam/Sir,

**Master Circular - Kisan Credit Card (KCC) Scheme**

The Reserve Bank of India has issued guidelines on Kisan Credit Card (KCC) scheme from time to time. This Master Circular consolidates the relevant guidelines issued by the Bank on Kisan Credit Card scheme upto June 30, 2017 as listed in the Appendix.

2. The Master Circular has been placed on the RBI website <http://www.rbi.org.in>.

Yours faithfully

**(Ajay Kumar Misra)**  
**Chief General Manager**

For master circular please find below link:  
<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11034&Mode=0>

**RBI/2017-18/10**  
**FIDD.GSSD.CO.BC.No.04/09.01.01/2017-18**

**July 01, 2017**

The Chairman/ Managing Director & CEO  
All Scheduled Commercial Banks

Dear Sir/Madam,

**Master Circular - Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM)**

Please refer to the Master Circular FIDD.GSSD.CO.BC.No.07/09.01.01/2016-17 dated July 01, 2016 consolidating guidelines / instructions / directions issued to banks with regards to Deendayal Antyodaya Yojana - National Rural Livelihoods Mission. The Master Circular has been suitably updated by incorporating the instructions on DAY-NRLM issued up to June 30, 2017, which are listed in the Appendix and also been placed on website (<https://www.rbi.org.in>).

Yours faithfully

**(Ajay Kumar Misra)**  
**Chief General Manager**

For master circular please find below link:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11035&Mode=0>

RBI/2017-18/54  
IDMD.CDD No.8/13.01.299/2017-18

July 1, 2017

The Chairman / Managing Director  
Head Office (Government Accounts Department)  
State Bank of India  
All Nationalized banks  
(Excluding Punjab and Sind Bank & Andhra Bank)  
Axis Bank Ltd./ICICI Bank Ltd./HDFC Bank Ltd./  
Stock Holding Corporation of India Ltd. (SHCIL)

Dear Sir/Madam,

**Master Directions on Relief/Savings Bonds**

The rules and regulations applicable to Relief/Savings Bonds have been updated with instructions issued up to June 30, 2017 in the Master Directions on Relief/Savings Bonds. The directions facilitate availability of all the current operative instructions on the above subject at one place and will be updated suitably and simultaneously whenever there is a change in the rules/regulations or there is a change in the policy. These Directions have been placed on RBI website <https://rbi.org.in>

Yours faithfully,

**(A. Mangalagiri)**  
**Chief General Manager**

For master circular please find below link:  
<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11036&Mode=0>



**RBI/FIDD/2017-2018/55**  
**Master Direction FIDD.CO.FSD.BC No.8/05.10.001/2017-18**

**July 03, 2017**

The Chairman/Managing Director/Chief Executive Officer  
All scheduled commercial Banks  
(including Small Finance Banks and excluding Regional Rural Banks)

Madam / Sir,

**Master Direction – Reserve Bank of India (Relief Measures by banks in areas affected by  
Natural Calamities) Directions 2017**

Please refer to our 'Master Direction FIDD.No.FSD.BC.2/05.10.001/2016-17 dated July 1, 2016' incorporating guidelines issued to banks in regard to matters relating to relief measures to be provided in areas affected by natural calamity.

This Master Direction consolidates all the guidelines issued on the subject till date. The list of circulars compiled into this Master Direction is given in the Appendix.

Please acknowledge receipt.

Yours faithfully,

**(Ajay Kumar Misra)**  
**Chief General Manager**

For master direction please find below link:  
<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11037&Mode=0>

**RBI/2017-18/13**  
**DCBR.RCB.BC.No.01/19.51.025/2017-18**

**Ashadha 15, 1939**  
**July 06, 2017**

**All State Co-operative Banks/  
Central Cooperative Banks**

Dear Sir / Madam,

**Inclusion in the Second Schedule to the Reserve Bank of India Act, 1934 - Telangana State Co-operative Apex Bank Ltd., Hyderabad**

We advise that the name of "Telangana State Co-operative Apex Bank Ltd., Hyderabad" has been included in the Second Schedule to the Reserve Bank of India Act, 1934 by Notification DCBR.CO.RCBD.No.02/19.51.025/2016-17 dated March 29, 2017 published in the Gazette of India (Weekly No. 21 - Part III - Section 4) dated May 27-June 02, 2017.

Yours faithfully,

**(N.Sridhar)**  
**General Manager**

RBI/2017-18/14  
FIDD.CO.SFB.No.9/04.09.001/2017-18

July 6, 2017

The Chairman/ Managing Director/  
Chief Executive Officer  
Small Finance Banks

Dear Sir/Madam,

**Small Finance Banks - Compendium of Guidelines on Financial Inclusion and Development**

In view of the announcement made in the budget 2014-15 regarding creation of a framework for licensing small banks, and to give a thrust to the supply of credit to micro and small enterprises, agriculture and banking services in unbanked and under-banked regions in the country, Reserve Bank decided to licence new "Small Finance Banks (SFBs)" in the private sector. Following a due process, in-principle approvals were given to ten applicants to set up SFBs vide press release dated September 16, 2015.

2. Subsequently, Operating Guidelines for Small Finance Banks were issued vide Circular DBR.NBD.No.26/16.13.218/2016-17 dated October 6, 2016, which prescribed, inter alia, broad indicative guidelines in areas related to Financial Inclusion and Development. In continuation with the same, comprehensive set of guidelines in the form of a compendium is Annexed. The guidelines are operational with effect from the date of this compendium.

Yours faithfully,

**(Uma Shankar)**  
**Chief General Manager-In-Charge**

RBI/2017-18/15  
DBR.No.Leg.BC.78/09.07.005/2017-18

July 6, 2017

All Scheduled Commercial Banks (including RRBs)  
All Small Finance Banks and Payments Banks

Dear Sir/ Madam,

**Customer Protection - Limiting Liability of Customers in Unauthorised Electronic Banking Transactions**

Please refer to our circular DBOD.Leg.BC.86/09.07.007/2001-02 dated April 8, 2002 regarding reversal of erroneous debits arising from fraudulent or other transactions.

2. With the increased thrust on financial inclusion and customer protection and considering the recent surge in customer grievances relating to unauthorised transactions resulting in debits to their accounts/ cards, the criteria for determining the customer liability in these circumstances have been reviewed. The revised directions in this regard are set out below.

**Strengthening of systems and procedures**

3. Broadly, the electronic banking transactions can be divided into two categories:

- i. Remote/ online payment transactions (transactions that do not require physical payment instruments to be presented at the point of transactions e.g. internet banking, mobile banking, card not present (CNP) transactions), Pre-paid Payment Instruments (PPI), and
- ii. Face-to-face/ proximity payment transactions (transactions which require the physical payment instrument such as a card or mobile phone to be present at the point of transaction e.g. ATM, POS, etc.)

4. The systems and procedures in banks must be designed to make customers feel safe about carrying out electronic banking transactions. To achieve this, banks must put in place:

- i. appropriate systems and procedures to ensure safety and security of electronic banking transactions carried out by customers;
- ii. robust and dynamic fraud detection and prevention mechanism;
- iii. mechanism to assess the risks (for example, gaps in the bank's existing systems) resulting from unauthorised transactions and measure the liabilities arising out of such events;
- iv. appropriate measures to mitigate the risks and protect themselves against the liabilities arising therefrom; and
- v. a system of continually and repeatedly advising customers on how to protect themselves from electronic banking and payments related fraud.

**Reporting of unauthorised transactions by customers to banks**

5. Banks must ask their customers to mandatorily register for SMS alerts and wherever available register for e-mail alerts, for electronic banking transactions. The SMS alerts shall mandatorily be sent to the customers, while email alerts may be sent, wherever registered. The customers must be advised to notify their bank of any unauthorised electronic banking transaction at the earliest after the occurrence of such transaction, and informed that the longer the time taken to notify the bank, the higher will be the risk of loss to the bank/ customer. To facilitate this, banks must provide customers with 24x7 access through multiple channels (at a minimum, via website, phone banking, SMS, e-mail, IVR, a dedicated toll-free helpline, reporting to home branch, etc.) for reporting

unauthorised transactions that have taken place and/ or loss or theft of payment instrument such as card, etc. Banks shall also enable customers to instantly respond by "Reply" to the SMS and e-mail alerts and the customers should not be required to search for a web page or an e-mail address to notify the objection, if any. Further, a direct link for lodging the complaints, with specific option to report unauthorised electronic transactions shall be provided by banks on home page of their website. The loss/ fraud reporting system shall also ensure that immediate response (including auto response) is sent to the customers acknowledging the complaint along with the registered complaint number. The communication systems used by banks to send alerts and receive their responses thereto must record the time and date of delivery of the message and receipt of customer's response, if any, to them. This shall be important in determining the extent of a customer's liability. The banks may not offer facility of electronic transactions, other than ATM cash withdrawals, to customers who do not provide mobile numbers to the bank. On receipt of report of an unauthorised transaction from the customer, banks must take immediate steps to prevent further unauthorised transactions in the account.

### **Limited Liability of a Customer**

#### **(a) Zero Liability of a Customer**

6. A customer's entitlement to zero liability shall arise where the unauthorised transaction occurs in the following events:

- i. Contributory fraud/ negligence/ deficiency on the part of the bank (irrespective of whether or not the transaction is reported by the customer)
- ii. Third party breach where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, and the customer notifies the bank within three working days of receiving the communication from the bank regarding the unauthorised transaction.

#### **(b) Limited Liability of a Customer**

7. A customer shall be liable for the loss occurring due to unauthorised transactions in the following cases:

- i. In cases where the loss is due to negligence by a customer, such as where he has shared the payment credentials, the customer will bear the entire loss until he reports the unauthorised transaction to the bank. Any loss occurring after the reporting of the unauthorised transaction shall be borne by the bank.
- ii. In cases where the responsibility for the unauthorised electronic banking transaction lies neither with the bank nor with the customer, but lies elsewhere in the system and when there is a delay (of four to seven working days after receiving the communication from the bank) on the part of the customer in notifying the bank of such a transaction, the per transaction liability of the customer shall be limited to the transaction value or the amount mentioned in Table 1, whichever is lower.

<b>Table 1</b>	
<b>Maximum Liability of a Customer under paragraph 7 (ii)</b>	
<b>Type of Account</b>	<b>Maximum liability (₹)</b>
• BSBD Accounts	5,000
• All other SB accounts • Pre-paid Payment Instruments and Gift Cards • Current/ Cash Credit/ Overdraft Accounts of MSMEs • Current Accounts/ Cash Credit/ Overdraft Accounts of Individuals with annual average balance (during 365 days preceding the incidence of fraud)/ limit up to Rs.25 lakh • Credit cards with limit up to Rs.5 lakh	10,000

<ul style="list-style-type: none"> <li>• All other Current/ Cash Credit/ Overdraft Accounts</li> <li>• Credit cards with limit above Rs.5 lakh</li> </ul>	25,000
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Further, if the delay in reporting is beyond seven working days, the customer liability shall be determined as per the bank's Board approved policy. Banks shall provide the details of their policy in regard to customers' liability formulated in pursuance of these directions at the time of opening the accounts. Banks shall also display their approved policy in public domain for wider dissemination. The existing customers must also be individually informed about the bank's policy.

8. Overall liability of the customer in third party breaches, as detailed in paragraph 6 (ii) and paragraph 7 (ii) above, where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, is summarised in the Table 2:

<b>Table 2</b>	
<b>Summary of Customer's Liability</b>	
<b>Time taken to report the fraudulent transaction from the date of receiving the communication</b>	<b>Customer's liability (₹)</b>
Within 3 working days	Zero liability
Within 4 to 7 working days	The transaction value or the amount mentioned in Table 1, whichever is lower
Beyond 7 working days	As per bank's Board approved policy

The number of working days mentioned in Table 2 shall be counted as per the working schedule of the home branch of the customer excluding the date of receiving the communication.

#### **Reversal Timeline for Zero Liability/ Limited Liability of customer**

9. On being notified by the customer, the bank shall credit (shadow reversal) the amount involved in the unauthorised electronic transaction to the customer's account within 10 working days from the date of such notification by the customer (without waiting for settlement of insurance claim, if any). Banks may also at their discretion decide to waive off any customer liability in case of unauthorised electronic banking transactions even in cases of customer negligence. The credit shall be value dated to be as of the date of the unauthorised transaction.

10. Further, banks shall ensure that:

- a complaint is resolved and liability of the customer, if any, established within such time, as may be specified in the bank's Board approved policy, but not exceeding 90 days from the date of receipt of the complaint, and the customer is compensated as per provisions of paragraphs 6 to 9 above;
- where it is unable to resolve the complaint or determine the customer liability, if any, within 90 days, the compensation as prescribed in paragraphs 6 to 9 is paid to the customer; and
- in case of debit card/ bank account, the customer does not suffer loss of interest, and in case of credit card, the customer does not bear any additional burden of interest.

#### **Board Approved Policy for Customer Protection**

11. Taking into account the risks arising out of unauthorised debits to customer accounts owing to customer negligence/ bank negligence/ banking system frauds/ third party breaches, banks need to clearly define the rights and obligations of customers in case of unauthorised transactions in specified scenarios. Banks shall formulate/ revise their customer relations policy, with approval of their Boards, to cover aspects of customer protection, including the mechanism of creating customer awareness on the risks and responsibilities involved in electronic banking transactions and customer liability in such cases of unauthorised electronic banking transactions. The policy must be transparent, non-discriminatory and should stipulate the mechanism of compensating the customers for the unauthorised electronic banking transactions and also prescribe the timelines for effecting such compensation keeping in view the instructions contained in paragraph 10 above. The policy

shall be displayed on the bank's website along with the details of grievance handling/ escalation procedure. The instructions contained in this circular shall be incorporated in the policy.

#### **Burden of Proof**

12. The burden of proving customer liability in case of unauthorised electronic banking transactions shall lie on the bank.

#### **Reporting and Monitoring Requirements**

13. The banks shall put in place a suitable mechanism and structure for the reporting of the customer liability cases to the Board or one of its Committees. The reporting shall, inter alia, include volume/ number of cases and the aggregate value involved and distribution across various categories of cases viz., card present transactions, card not present transactions, internet banking, mobile banking, ATM transactions, etc. The Standing Committee on Customer Service in each bank shall periodically review the unauthorised electronic banking transactions reported by customers or otherwise, as also the action taken thereon, the functioning of the grievance redress mechanism and take appropriate measures to improve the systems and procedures. All such transactions shall be reviewed by the bank's internal auditors.

14. The instructions contained in this circular supersede some of the instructions contained in our Master Circular DBR.No.FSD.BC.18/24.01.009/2015-16 dated July 1, 2015 on Credit Card, Debit Card and Rupee Denominated Co-branded Pre-paid Card Operations of Banks and Credit card issuing NBFCs as detailed in the Annex.

Yours faithfully,

**(Prakash Baliarsingh)**  
**Chief General Manager**

For annexure, please find below link:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11040&Mode=0>

RBI/2017-18/16  
DNBR (PD)CC.No.087/03.10.001/2017-18

July 06, 2017

All NBFCs

Madam/ Sir,

**Point of Presence (PoP) Services under Pension Fund Regulatory and Development Authority (PFRDA) for National Pension System (NPS)**

Please refer to Para 111 of Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 prohibiting NBFCs from undertaking PoP Services under the PFRDA for NPS.

2. On a review, it has been decided that NBFCs with asset size of ₹ 500 crore and above which comply with the prescribed CRAR and made net profit in the preceding financial year be permitted to undertake PoP services under PFRDA for NPS after registration with PFRDA. Eligible NBFCs extending such services shall ensure that the NPS subscription collected by them from the public is deposited on the day of collection itself (T+0 basis; T is the date of receipt of clear funds, either by cash or any other mode) with the Trustee Bank. The deposits shall be made in the Trustee Bank account opened for this purpose under the regulations framed by PFRDA for NPS. NBFCs conducting PoP services shall strictly adhere to the guidelines framed by PFRDA. Any violation of the instructions above would invite supervisory action, including but not limited to cancellation of permission to undertake PoP services.

Yours faithfully

**(C.D. Srinivasan)**  
**Chief General Manager**

For Para 111, please find below link:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11041&Mode=0>



RBI/2017-18/17  
IDMD.CDD.No.28/14.04.050/2017-18

July 06, 2017

The Chairman & Managing Director  
All Scheduled Commercial Banks,  
(Excluding RRBs)  
Designated Post Offices  
Stock Holding Corporation of India Ltd. (SHCIL)  
National Stock Exchange of India Ltd. & Bombay Stock Exchange Ltd

Dear Sir/Madam,

### **Sovereign Gold Bonds 2017-18 - Series II**

Government of India has vide its Notification F.No. 4(20)-B/(W&M)/2017 dated July 06, 2017 announced that the Sovereign Gold Bonds 2017 -18- Series II ("the Bonds") will be open for subscription from July 10, 2017 to July 14, 2017. The Government of India may, with prior notice, close the Scheme before the specified period. The terms and conditions of the issuance of the Bonds shall be as follows:

#### **1. Eligibility for Investment:**

The Bonds under this Scheme may be held by a person resident in India, being an individual, in his capacity as such individual, or on behalf of minor child, or jointly with any other individual. The bond may also be held by a Trust, Charitable Institution and University. "Person resident in India" is defined under section 2(v) read with section 2(u) of the Foreign Exchange Management Act, 1999

#### **2. Form of Security**

The Bonds shall be issued in the form of Government of India Stock in accordance with section 3 of the Government Securities Act, 2006. The investors will be issued a Holding Certificate (Form C). The Bonds shall be eligible for conversion into demat form.

#### **3. Date of Issue**

Date of issuance shall be July 28, 2017.

#### **4. Denomination**

The Bonds shall be denominated in units of one gram of gold and multiples thereof. Minimum investment in the Bonds shall be one gram with a maximum limit of subscription of five hundred grams per person per fiscal year (April - March).

#### **5. Issue Price**

Price of the Bonds shall be fixed in Indian Rupees on the basis of simple average of closing price of gold of 999 purity published by the India Bullion and Jewelers Association Limited for the week (Monday to Friday) preceding the subscription period. The issue price shall be ₹ 50 per gram less than the nominal value.

#### **6. Interest**

The Bonds shall bear interest at the rate of 2.50 percent (fixed rate) per annum on the amount of initial investment. Interest shall be paid in half-yearly rests and the last interest shall be payable on maturity along with the principal.

## **7. Receiving Offices**

Scheduled Commercial Banks (excluding RRBs), designated Post Offices (as may be notified), Stock Holding Corporation of India Ltd (SHCIL) and recognized stock exchanges viz., National Stock Exchange of India Limited and Bombay Stock Exchange Ltd. are authorized to receive applications for the Bonds either directly or through agents.

## **8. Payment Options**

Payment shall be accepted in Indian Rupees through cash up to a maximum of ₹ 20,000/- or Demand Drafts or Cheque or Electronic banking. Where payment is made through cheque or demand draft, the same shall be drawn in favour of receiving office.

## **9. Redemption**

- i) The Bonds shall be repayable on the expiration of eight years from July 28, 2017, the date of issue of Gold bonds. Pre-mature redemption of the Bond is permitted from fifth year of the date of issue on the interest payment dates.
- ii) The redemption price shall be fixed in Indian Rupees on the basis of the previous week's (Monday - Friday) simple average closing price for gold of 999 purity, published by IBJA.
- iii) The receiving office shall inform the investor of the date of maturity of the Gold Bond one month before its maturity.

## **10. Repayment**

The receiving office shall inform the investor of the date of maturity of the Bond one month before its maturity.

## **11. Eligibility for Statutory Liquidity Ratio (SLR)**

Investment in the Bonds shall be eligible for SLR.

## **12. Loan against Bonds**

The Bonds may be used as collateral for loans. The Loan to Value ratio will be as applicable to ordinary gold loan mandated by the RBI from time to time. The lien on the Bonds shall be marked in the depository by the authorized banks.

## **13. Tax Treatment**

Interest on the Bonds shall be taxable as per the provisions of the Income-tax Act, 1961. The capital gains tax arising on redemption of SGB to an individual has been exempted. The indexation benefits will be provided to long term capital gains arising to any person on transfer of bond.

## **14. Applications**

Subscription for the Bonds may be made in the prescribed application form (Form 'A') or in any other form as near as thereto stating clearly the grams of gold and the full name and address of the applicant. The receiving office shall issue an acknowledgment receipt in Form 'B' to the applicant.

## **15. Nomination**

Nomination and its cancellation shall be made in Form 'D' and Form 'E', respectively, in accordance with the provisions of the Government Securities Act, 2006 (38 of 2006) and the Government Securities Regulations, 2007, published in part III, Section 4 of the Gazette of India dated December 1, 2007.

#### **16. Transferability**

The Bonds shall be transferable by execution of an Instrument of transfer as in Form 'F', in accordance with the provisions of the Government Securities Act, 2006 (38 of 2006) and the Government Securities Regulations, 2007, published in part III, Section 4 of the Gazette of India dated December 1, 2007.

#### **17. Tradability of bonds**

The Bonds shall be eligible for trading from such date as may be notified by the Reserve Bank of India.

#### **18. Commission for distribution**

Commission for distribution shall be paid at the rate of rupee one per hundred of the total subscription received by the receiving offices on the applications received and receiving offices shall share at least 50% of the commission so received with the agents or sub-agents for the business procured through them.

19. All other terms and conditions specified in the notification of Government of India in the Ministry of Finance (Department of Economic Affairs) vide number F. No.4(13) W&M/2008, dated 8th October 2008 shall apply to the Bonds.

20. Operational guidelines relating to Sovereign Gold Bonds 2016-17 - Series I are issued vide circular IDMD.CDD.No.29/14.04.050/2017-18 dated July 06, 2017.

Yours faithfully,

**(Shyni Sunil)**  
**Deputy General Manager**

RBI/2017-18/18  
IDMD.CDD.No.29/14.04.050/2017-18

July 06, 2017

The Chairman & Managing Director  
All Scheduled Commercial Banks  
(Excluding RRBs)  
Designated Post Offices  
Stock Holding Corporation of India Ltd. (SHCIL)  
National Stock Exchange of India Ltd. & Bombay Stock Exchange Ltd.

Dear Sir/Madam,

### **Sovereign Gold Bonds, 2017-18 – Series II - Operational Guidelines**

This has reference to the GOI notification F.No.4(20)-B/(W&M)/2017 and RBI circular IDMD.CDD.No.28/14.04.050/2017-18 dated July 06, 2017 on the Sovereign Gold Bonds, 2017-18-Series II. FAQs in this regard have been placed on our website ([www.rbi.org.in](http://www.rbi.org.in)). Operational guidelines with regard to this scheme are given below:

#### **1. Application**

Application forms from investors will be received at branches during normal banking hours from July 10, 2017 to July 14, 2017. Receiving Offices need to ensure that the application is complete in all respects as incomplete applications are liable to be rejected. Relevant additional details may be obtained from the applicants, where necessary. The Receiving Offices may make arrangements to enable the investors to apply online, in the interest of better customer service.

#### **2. Joint holding and nomination**

Multiple joint holders and nominees (of first holder) are permitted. Necessary details may be obtained from the applicants as per practice.

#### **3. Know-Your-Customer (KYC) requirements**

Know-Your-Customer (KYC) norms shall be the same as that for purchase of physical form of gold. Identification documents such as passport, Permanent Account Number (PAN) Card, Voter's Identity Card, Aadhaar card shall be required. In case of minors only, the bank account number may also be considered as valid for KYC verification. KYC will be done by the issuing banks/SHCIL offices/Post Offices/agents.

#### **4. Interest on application money**

Applicants will be paid interest at prevailing savings bank rate from the date of realization of payment to the settlement date, ie. the period for which they are out of funds. In case the applicant's bank account is not with the receiving bank, the interest has to be credited by electronic fund transfer to the account details provided by the applicant.

#### **5. Cancellation**

Cancellation of application is permitted till the closure of the issue, i.e., July 14, 2017. Part cancellation of submitted request for purchase of gold bonds is not permitted. No interest on application money needs to be paid if the application is cancelled.

#### **6. Lien marking**

As the bonds are government securities, lien marking, etc. will be as per the extant legal provisions of Government Securities Act, 2006 and rules framed there under.

## **7. Agency arrangement**

Scheduled Commercial Banks may engage NBFCs, NSC agents and others to collect application forms on their behalf. Banks may enter into arrangements or tie-ups with such entities. Commission for distribution shall be paid at the rate of rupee one per hundred of the total subscription received by the receiving offices on the applications received and receiving offices shall share at least 50% of the commission so received with the agents or sub-agents for the business procured through them.

## **8. Processing through RBI's e-Kuber system**

Sovereign Gold Bonds will be available for subscription at the branches of scheduled commercial banks and designated post offices through RBI's e- Kuber system. The e-Kuber system can be accessed either through Inffinet or Internet. The Receiving Offices need to enter the data or carry out bulk upload for the subscriptions received by them. They may ensure accuracy of entry of data to prevent occurrence of any inadvertent errors. An immediate confirmation will be provided to them for receipt of application. In addition, a confirmation scroll will be provided for file uploads to enable the Receiving Offices to update their database. On the date of allotment, i.e., July 28, 2017. Certificates of Holding will be generated for all the subscriptions in the name of the sole/principal holder. The Receiving Offices can download the same and take printouts. The Certificates of Holding will also be sent through e-mail to the investors who have provided their email address. The securities will be credited in their de-mat accounts by the depositories, in due course, subject to matching of particulars furnished in the application with the depositories' records.

## **9. Printing Certificates of Holding**

Holding Certificate needs to be printed in colour on A4 size 100 GSM paper.

## **10. Servicing and follow up**

Receiving Offices, i.e., branches of the Scheduled Commercial Banks, designated post offices, SCHIL and stock exchanges (NSE Ltd and BSE) will "own" the customer and provide necessary services with regards to this bond e.g. update contact details, receive requests for premature encashment, etc. Receiving Offices will be required to preserve applications till the bonds are matured and are repaid.

## **11. Tradability**

The Bonds shall be eligible for trading on a date notified by the Reserve Bank of India. (It may be noted that only bonds held in demat form with depositories can be traded in stock exchanges)

## **12. Contact details**

Any queries/clarifications may be e-mailed to the following:

- (a) Sovereign Gold Bond related: Please click here to send email.
- (b) IT related: Please click here to send email.

Yours faithfully,

**(Shyni Sunil)**  
**Deputy General Manager**

# INCOME TAX UPDATE

Circular No. 22 of 2017

F.No.370142/10/2017-TPL  
Government of India  
Ministry of Finance  
Department of Revenue  
(Central Board of Direct Taxes)  
(TPL Division)

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Dated 03rd July, 2017

## Clarifications in respect of section 269ST of the Income-tax Act, 1961

With a view to promote digital economy and create a disincentive against cash economy, a new section 269ST has been inserted in the Income-tax Act, 1961 (the Act) vide Finance Act, 2017. The said section *inter-alia* prohibits receipt of an amount of two lakh rupees or more by a person, in the circumstances specified therein, through modes other than by way of an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account. Penal provisions have also been introduced by way of a new section 271DA, which provides that if a person receives any amount in contravention to the provisions of section 269ST, it shall be liable to pay penalty of a sum equal to the amount of such receipt.

2. Subsequently, representations have been received from non-banking financial companies (NBFCs) and housing finance companies (HFCs) as to whether the provisions of section 269ST of the Act shall apply to one instalment of loan repayment or the whole amount of such repayment.

3. In this context, it is clarified that in respect of receipt in the nature of repayment of loan by NBFCs or HFCs, the receipt of one installment of loan repayment in respect of a loan shall constitute a '*single transaction*' as specified in clause (b) of section 269ST of the Act and all the installments paid for a loan shall not be aggregated for the purposes of determining applicability of the provisions section 269ST.

(Salil Mishra)  
Director (Tax Policy & Legislation)

**TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3,  
SUB-SECTION (ii)**

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
(DEPARTMENT OF REVENUE)**

**Notification**

**New Delhi, dated the 03rd July, 2017**

**S.O. 2065(E)** .- In exercise of the powers conferred by clause (iii) of the proviso to section 269ST of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby specifies that the provision of section 269ST shall not apply to the following, namely:-

(a) receipt by a business correspondent on behalf of a banking company or co-operative bank, in accordance with the guidelines issued by the Reserve Bank of India;

(b) receipt by a white label automated teller machine operator from retail outlet sources on behalf of a banking company or co-operative bank, in accordance with the authorization issued by the Reserve Bank of India under the Payment and Settlement Systems Act, 2007 (51 of 2007);

(c) receipt from an agent by an issuer of pre-paid payment instruments, in accordance with the authorization issued by the Reserve Bank of India under the Payment and Settlement Systems Act, 2007 (51 of 2007);

(d) receipt by a company or institution issuing credit cards against bills raised in respect of one or more credit cards;

(e) receipt which is not includible in the total income under clause (17A) of section 10 of the Income-tax Act, 1961.

2. The notification shall be deemed to have come into force with effect from the 1st day of April, 2017.

[Notification No. 57 /2017, F.No.370142/10/2017-TPL]

**(Salil Mishra)**  
**Director (Tax Policy & Legislation)**

MINISTRY OF FINANCE  
(Department of Revenue)

(CENTRAL BOARD OF DIRECT TAXES)

NOTIFICATION

New Delhi, the 3rd July, 2017

**G.S.R. 821(E).**— In exercise of the powers conferred by section 44AB read with section 295 of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the Income-tax Act), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules, 1962, namely:—

1. (1) These rules may be called the Income -tax (18th Amendment) Rules, 2017.

(2) They shall come into force from the 19th day of July 2017.

2. In the Income-tax Rules, 1962, in Appendix II, in Form No. 3CD, for serial number 31 and the entries relating thereto the following shall be substituted, namely:—

“31. (a) Particulars of each loan or deposit in an amount exceeding the limit specified in section 269SS taken or accepted during the previous year :—

(i) name, address and Permanent Account Number (if available with the assessee) of the lender or depositor;

(ii) amount of loan or deposit taken or accepted;

(iii) whether the loan or deposit was squared up during the previous year;

(iv) maximum amount outstanding in the account at any time during the previous year;

(v) whether the loan or deposit was taken or accepted by cheque or bank draft or use of electronic clearing system through a bank account;

(vi) in case the loan or deposit was taken or accepted by cheque or bank draft, whether the same was taken or accepted by an account payee cheque or an account payee bank draft.

(b) Particulars of each specified sum in an amount exceeding the limit specified in section 269SS taken or accepted during the previous year:—

(i) name, address and Permanent Account Number (if available with the assessee) of the person from whom specified sum is received;

(ii) amount of specified sum taken or accepted;

(iii) whether the specified sum was taken or accepted by cheque or bank draft or use of electronic clearing system through a bank account;

(iv) in case the specified sum was taken or accepted by cheque or bank draft, whether the same was taken or accepted by an account payee cheque or an account payee bank draft.



(Particulars at (a) and (b) need not be given in the case of a Government company, a banking company or a corporation established by the Central, State or Provincial Act.)

(c) Particulars of each repayment of loan or deposit or any specified advance in an amount exceeding the limit specified in section 269T made during the previous year: –

- (i) name, address and Permanent Account Number (if available with the assessee) of the payee;
- (ii) amount of the repayment;
- (iii) maximum amount outstanding in the account at any time during the previous year;
- (iv) whether the repayment was made by cheque or bank draft or use of electronic clearing system through a bank account;
- (v) in case the repayment was made by cheque or bank draft, whether the same was taken or accepted by an account payee cheque or an account payee bank draft.

(d) Particulars of repayment of loan or deposit or any specified advance in an amount exceeding the limit specified in section 269T received otherwise than by a cheque or bank draft or use of electronic clearing system through a bank account during the previous year: –

- (i) name, address and Permanent Account Number (if available with the assessee) of the lender, or depositor or person from whom specified advance is received;
- (ii) amount of loan or deposit or any specified advance received otherwise than by a cheque or bank draft or use of electronic clearing system through a bank account during the previous year.

(e) Particulars of repayment of loan or deposit or any specified advance in an amount exceeding the limit specified in section 269T received by a cheque or bank draft which is not an account payee cheque or account payee bank draft during the previous year: –

- (i) name, address and Permanent Account Number (if available with the assessee) of the lender, or depositor or person from whom specified advance is received;
- (ii) amount of loan or deposit or any specified advance received by a cheque or a bank draft which is not an account payee cheque or account payee bank draft during the previous year.

(Particulars at (c), (d) and (e) need not be given in the case of a repayment of any loan or deposit or any specified advance taken or accepted from the Government, Government company, banking company or a corporation established by the Central, State or Provincial Act”).

[Notification No. 58/2017/F. No. 370142/10/2017-TPL]

**SALIL MISHRA,**  
**Director (Tax Policy & Legislation)**

**Note :** The principal rules were published vide notification number S.O. 969(E), dated the 26th March, 1962 and last amended by Income-tax (17th Amendment) Rules, 2017 vide notification number G.S.R. 642(E), dated the 27th June, 2017.

**MINISTRY OF FINANCE**  
**(Department of Revenue)**  
(CENTRAL BOARD OF DIRECT TAXES)  
**NOTIFICATION**  
New Delhi, the 4th July, 2017  
**INCOME-TAX**

**G.S.R. 826(E).**— In exercise of the powers conferred by section 295 read with section 195 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes, hereby, makes the following rules further to amend the Income-tax Rules, 1962, namely:—

1. (1) These rules may be called the Income-tax (19th Amendment) Rules, 2017.  
(2) They shall come into force from the date of their publication in the Official Gazette.
2. In the Income-tax Rules, 1962 (hereafter referred to as the Principal rules), in rule 29B, in sub-rule (1), clause (i), for the words “interest on securities” the words and brackets and figures “interest on securities (other than interest payable on securities referred to in proviso to section 193)” shall be substituted.
3. In the principal rules, in Form No. 15C, for the words “interest on securities” the words, brackets and figures “interest on securities (other than interest payable on securities referred to in the proviso to section 193)” shall be substituted.

[Notification No. 59/2017/F. No. 370 142/8/2017-TPL]  
**LAKSHMI NARAYANAN,**  
**Under Secy. (Tax Policy and Legislation)**

**Note:** The principal rules were published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (ii) vide notification number S.O. 969(E), dated the 26th March, 1962 and last amended vide notification number G.S.R. 821(E), dated the 03.07.2017.

**MINISTRY OF FINANCE  
(Department of Revenue)**

**(CENTRAL BOARD OF DIRECT TAXES)  
CORRIGENDUM**

**New Delhi, the 6th July, 2017**

**INCOME-TAX**

**G.S.R. 841(E).**—In the notification of the Government of India, Ministry of Finance, Department of Revenue (Central Board of Direct Taxes), number 58/2017, dated the 3rd July, 2017, published *vide* number G.S.R. 821(E) dated the 3rd July, 2017, in the Gazette of India, Extraordinary, Part II, Section 3, Subsection(i), at page 4,—

(i) in clause (d), in sub-clause (i),—

for “name, address and Permanent Account Number (if available with the assessee) of the lender, or depositor or person from whom specified advance is received;” read as “name, address and Permanent Account Number (if available with the assessee) of the payer;”

(ii) in clause (e), in sub-clause (i),—

for “name, address and Permanent Account Number (if available with the assessee) of the lender, or depositor or person from whom specified advance is received;” read as “name, address and Permanent Account Number (if available with the assessee) of the payer;”

[Notification No. 60/2017/F. No. 370142/10/2017-TPL]

**SALIL MISHRA,  
Director (Tax Policy & Legislation)**

## IPR UPDATES

No. CG/Public Notice-/2017-18/Patent/6

Dated 3<sup>rd</sup> July 2017

### **Public Notice**

The process relating to generation & issuance of Patent certificates for applications made for grant of Patent has now been fully automated. Accordingly, from 3<sup>rd</sup> July 2017 the patent certificates will be generated through an automated system after the patent is granted by the Controller and shall be made available to the applicants concerned or their authorised patent agents on record.

The patent certificate so generated will be transmitted to the applicant concerned or his authorized patent agent on record on his email address recorded with this office and shall also be made available on the official website ([www.ipindia.gov.in](http://www.ipindia.gov.in)) along with status of the application concerned .The Patent certificate made available on the website may be downloaded and printed as desired by the applicant.

Application or their authorized patent agents are advised to update (in e-filing portal)/provide their valid email id to the office so as to facilitate quick transmission of patent certificates to them.

(Dr K S Kardam)  
Sr. Joint Controller of Patents, and Designs

## EXCISE UPDATES

**TO BE PUBLISHED IN PART II, SECTION 3, SUB-SECTION (i) OF THE GAZETTE OF INDIA,  
EXTRAORDINARY]**

**GOVERNMENT OF INDIA**

**MINISTRY OF FINANCE**

**(Department of Revenue)**

**Notification No. 20/2017-Central Excise**

**New Delhi, the 3rd July, 2017**

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 5A of the Central Excise Act, 1944 (1 of 1944), read with sub-section (3) of section 147 of the Finance Act, 2002 (20 of 2002), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No.28/2002-Central Excise, dated the 13th May, 2002, published in the Gazette of India, Extraordinary, Part II, Section 3, Subsection (i), vide number G.S.R. 361(E), dated the 13th May, 2002, namely:-

2. In the said notification, in the entry in column (2) against S. No. 3,-

(i) for the words "ethanol on which appropriate duties of excise have been paid" the words "ethanol on which appropriate central tax, State tax, Union territory tax or integrated tax, as the case maybe, have been paid" shall be substituted;

(ii) the Explanation shall be numbered as Explanation 1 thereof , and after Explanation 1, as so numbered, the following Explanation shall be added, namely:-

"Explanation 2.- "appropriate central tax, State tax, Union territory tax and integrated tax" shall mean the central tax, State tax, Union territory tax and integrated tax as leviable under the Central Goods and Services Tax Act, 2017 (12 of 2017), State Goods and Services Tax Act of the State concerned, the Union Territory Goods and Services Tax Act , 2017(14 of 2017) and the Integrated Goods and Services Tax Act, 2017(13 of 2017)."

3. In the said notification, in the entry in column (2) against S. No. 4,-

(i) for the words "ethanol on which appropriate duties of excise have been paid" the words "ethanol on which appropriate central tax, State tax, Union territory tax or integrated tax, as the case maybe, have been paid" shall be substituted;

(ii) the Explanation shall be numbered as Explanation 1 thereof , and after Explanation 1, as so numbered, the following Explanation shall be added, namely:-

"Explanation 2.- "appropriate central tax, State tax, Union territory tax and integrated tax" shall mean the central tax, State tax, Union territory tax and integrated tax as leviable under the Central Goods and Services Tax Act, 2017 (12 of 2017), State Goods and Services Tax Act of the State concerned, the Union Territory Goods and Services Tax Act , 2017(14 of 2017) and the Integrated Goods and Services Tax Act, 2017(13 of 2017)."

4. In the said notification, in the entry in column (2) against S. No. 5,-

(i) for the words “bio-diesel on which appropriate duties of excise have been paid” the words “bio-diesel on which appropriate central tax, State tax, Union territory tax or integrated tax, as the case maybe, have been paid” shall be substituted;

(ii) the Explanation shall be numbered as Explanation 1 thereof , and after Explanation 1, as so numbered, the following Explanation shall be added, namely:-

“Explanation 2.- “appropriate central tax, State tax, Union territory tax and integrated tax" shall mean the central tax, State tax, Union territory tax and integrated tax as leviable under the Central Goods and Services Tax Act, 2017 (12 of 2017), State Goods and Services Tax Act of the State concerned, the Union Territory Goods and Services Tax Act , 2017(14 of 2017) and the Integrated Goods and Services Tax Act, 2017(13 of 2017).”

(F. No. 354/119/2017-TRU)

**(Ruchi Bisht)**

**Under Secretary to the Government of India**

**Circular No. 1057/06/2017-CX**

**F. No. 116/23/2015-CX.3  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Excise and Customs**

**New Delhi, dated the 7<sup>th</sup> July, 2017**

To  
The Principal Chief Commissioners/ Chief Commissioners/Principal Commissioners of Central Tax & Central Excise (All)

Madam/ Sir,

Sub: Classification of Printed Workbooks, Exercise books etc. under erstwhile CETA 1985-reg

Representations have been received from the members of the trade requesting clarification regarding classification of printed workbooks, exercise books, children's drawing book etc. The issue raised in these representations is whether the aforesaid goods are classifiable under Chapter 48 or Chapter 49 of the erstwhile Central Excise Tariff Act (CETA), 1985. Issue was also litigated before the Hon'ble High Court of Delhi. The Hon'ble High Court directed Board to examine the matter and pass appropriate order at its earliest convenience.

2. The issue has been examined. Exercise Books have been explained in HSN under explanatory note (2) to Heading 48.20 as, "These may simply contain sheets of lined paper but may also include printed examples of handwriting for copying in manuscript". Such exercise Books are specifically classified under heading 4820 of the erstwhile CETA, 1985. These are nothing but stationary items having blank pages with lines for writing and may also include printed texts for copying manually. In common parlance they are more akin to handwriting "note books" for practicing rather than "work books" containing printed exercise. This definition of Exercise Books is in harmony with other items specified under Chapter Heading 4820 of erstwhile CETA, 1985 such as registers, note books, diaries, letter pads etc. where printing is incidental to their primary use i.e. writing. The fact that printing is incidental to their primary use is the guiding principle for classification of Exercise Books under heading 4820 of erstwhile CETA, 1985.

3. Printed work books on the other hand are books where printing is not merely incidental to the primary use. HSN Explanatory notes (A) to the heading 49.01 reads as, "Books and booklets consisting essentially of textual matter of any kind, and printed in any language or characters...include...textbooks (including educational workbooks sometimes called writing books), with or without narrative texts, which contains questions or exercises (usually with spaces for completion in manuscript)...." Thus, printed work books containing questions followed by spaces for writing or other exercises would fall within the scope of Chapter 49. The said goods are different from Exercise Books falling under Chapter 48 which are stationary items with blank pages with lines for writing and some time may also include printed texts for copying manually, as explained in the preceding para. Further, since printing in case of printed

workbooks is not merely incidental to the primary use of the goods, such goods are classifiable under Chapter 49, in terms of chapter note 12 to chapter 48 of erstwhile CETA, 1985.

4. Similarly, HSN Chapter note (6) to Chapter 49 read with HSN explanatory note under heading 49.03 covers children's workbooks consisting essentially of pictures with complementary texts, for writing or other exercises, and children's drawing or colouring books, provided the pictures form the principal interest and are not subsidiary to the text. Thus, children's drawing books which are in harmony with said HSN Chapter note (6) and HSN Explanatory note to heading 4903 would fall under Chapter 49.

5. Past cases may be decided in terms of instructions issued as above. Difficulty faced, if any, in implementing the circular should be brought to the notice of the Board. Hindi version will follow.

**(ROHAN)**

**Under Secretary to the Government of India**



## CUSTOM UPDATES

[TO BE PUBLISHED IN PART II, SECTION 3, SUB-SECTION (i) OF THE GAZETTE OF INDIA,  
EXTRAORDINARY]  
GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
(DEPARTMENT OF REVENUE)  
(CENTRAL BOARD OF EXCISE AND CUSTOMS)

**NOTIFICATION No. 63 /2017-Customs**

New Delhi, the 05th July, 2017

G.S.R. (E). - In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 12/2012-Customs, dated the 17th March, 2012, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 185(E), dated the 17th March, 2012, namely:-

In the said notification, in the table,-

- (i) Against serial number 146C (i), in column (3) in the entry, for the figures, letters and word " 27th February, 2009", the words, figures and letters " the 19th July, 2012" shall be substituted;
- (ii) Against serial number 146C (ii), in column (3), in the entry, for the figures, letters and word " 27th February, 2009", the words, figures and letters " the 19th July, 2012", shall be substituted

[F.No. DGEP/SEZ/3/2016]

**(Dharmvir Sharma)**  
**Under Secretary to the Government of India**

Note:- The principal notification No. 12/2012-Customs, dated the 17th March, 2012 was published in the Gazette of India Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 185(E), dated the 17th March, 2012 and last amended by notification No 20/2017-Customs dated the 16th May, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 474(E), dated 16th May, 2017.

**[TO BE PUBLISHED IN PART II, SECTION 3, SUB-SECTION (i) OF THE GAZETTE OF INDIA,  
EXTRAORDINARY]**

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
(DEPARTMENT OF REVENUE)**

**Notification No. 64/2017- Customs**

**New Delhi, the 5th July, 2017**

G.S.R.---- (E).- In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts all goods imported by a unit or a developer in the Special Economic Zone for authorised operations, from the whole of the integrated tax leviable thereon under sub-section (7) of section 3 of the Customs Tariff Act, 1975 (51 of 1975) read with section 5 of the Integrated Goods and Service Tax Act, 2017 (13 of 2017).

F. No. DGEP/SEZ/09/2017

**(Dharmvir Sharma)**  
**Under Secretary to the Government of India**

**GOVERNMENT OF INDIA**  
**MINISTRY OF FINANCE**  
**(DEPARTMENT OF REVENUE)**  
**(CENTRAL BOARD OF EXCISE AND CUSTOMS)**  
**Notification No.70/2017 - Customs (N.T.)**

New Delhi, dated the 6th July, 2017  
15 Ashadha, 1939 (SAKA)

In exercise of the powers conferred by section 14 of the Customs Act, 1962 (52 of 1962), and in supersession of the notification of the Central Board of Excise and Customs No.53/2017-CUSTOMS (N.T.), dated 15th June, 2017, except as respects things done or omitted to be done before such supersession, the Central Board of Excise and Customs hereby determines that the rate of exchange of conversion of each of the foreign currencies specified in column (2) of each of Schedule I and Schedule II annexed hereto, into Indian currency or vice versa, shall, with effect from 7th July, 2017, be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said section, relating to imported and export goods.

**SCHEDULE-I**

S.No.	Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
		(3)	
(1)	(2)	(a)	(b)
		(For Imported Goods)	(For Export Goods)
1.	Australian Dollar	50.20	48.30
2.	Bahrain Dinar	177.70	166.05
3.	Canadian Dollar	50.80	49.10
4.	Chinese Yuan	9.70	9.35
5.	Danish Kroner	10.05	9.70
6.	EURO	74.65	72.25
7.	Hong Kong Dollar	8.40	8.20
8.	Kuwait Dinar	221.10	206.55
9.	New Zealand Dollar	48.10	46.20
10.	Norwegian Kroner	7.85	7.55
11.	Pound Sterling	85.35	82.50
12.	Qatari Riyal	18.10	17.00
13.	Saudi Arabian Riyal	17.85	16.70
14.	Singapore Dollar	47.65	46.20
15.	South African Rand	5.00	4.65
16.	Swedish Kroner	7.75	7.50
17.	Swiss Franc	68.40	65.95
18.	UAE Dirham	18.25	17.05
19.	US Dollar	65.65	63.95

**SCHEDULE-II**

S.No.	Foreign Currency	Rate of exchange of 100 units of foreign currency equivalent to Indian rupees	
		(a)	(b)
(1)	(2)	(3)	
		<b>(For Imported Goods)</b>	<b>(For Export Goods)</b>
1.	Japanese Yen	58.30	56.35
2.	Kenya Shilling	64.65	60.40

[F.No. 468/01/2017-Cus.V]

(Satyajit Mohanty)  
Director  
(ICD) TELE: 011-2309 3380

Circular No. 27/2017- Customs

F.No. 711/07/2003-Cus (AS)  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Excise & Customs  
(Anti-Smuggling Unit)

New Delhi, dated the 05<sup>th</sup> July, 2017

All Principal Chief Commissioners / Chief Commissioners of Customs/Customs (Preventive),  
All Principal Chief Commissioners/ Chief Commissioners of Customs & Central Excise.  
All Principal Directors General / Directors General of CBEC.  
All Principal Commissioners/ Commissioners of Customs / Customs (Prev).  
All Principal Commissioners / Commissioners of Customs (Appeals),  
All Principal Commissioners/Commissioners of Customs & Central Excise.  
All Principal Commissioners/Commissioners of Customs & Central Excise. (Appeals). Webmaster,  
CBEC.

Subject: Disposal of seized/confiscated cigarettes of foreign origin vis-à-vis provisions of the Cigarettes and other Tobacco products (Packaging and Labelling) Rules, 2008

Madam/Sir,

I am directed to refer to Board's Circular NO. 09/2017- Customs dated 29.03.2017 on the above mentioned subject, Guidelines for disposal of seized/confiscated cigarettes were prescribed by the said Circular, which inter alia, emphasised the need to ensure compliance of health warnings (pictorial as well as textual) mandated by the Cigarettes and other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution Act, 2003 (COTPA 2003)) and the Rules made thereunder.

2. Attention is also invited to this office letter of even no. dated 05.04.2017 vide which concerted action against illicitly imported cigarettes (specified under Section 123 of the Customs Act, 1962 vide Notification No. 103/2016- Customs (N.T.) dated 25.07.2016) was called for and vide which it was requested to strictly adhere to the guidelines contained in the aforesaid Board's Circular No. 09/2017- Customs dated 29.03.2017 and to ensure compliance of the statutory conditions by the disposal sections before releasing such seized/confiscated cigarettes.

3. The Ministry of Health and Family Welfare (MoH&FW) vide Notification GSR 727(E) dated 15.10.2014 notified the Cigarettes and other Tobacco Products (Packaging and Labelling) Amendment Rules, 2014, which came into effect from 01.04.2016 [GSR. 739 (E) dated 24.09.2015]. The said Rules, inter alia, amended the existing health warning specifications and prescribed mandatory display of stringent health warnings in the specified format, colours, resolution, font, language, etc. on both sides of the tobacco product packages covering 85% of the principal display area. Further, as per the said Rules,

during the rotation period of twenty-four months, two images of specified health warnings as notified in the Schedule, shall be displayed on all tobacco product packages and each of the images shall appear consecutively on the package with an interregnum period of twelve months.

4. Therefore, on completion of a period of twelve months from the 01.04.2016, the MoH & FW vide Notification GSR 292 (E) dated 24.03.2017 has notified the Cigarettes and other Tobacco Products (Packaging and Labelling) Amendment Rules, 2017 (effective from 01.04.2017) which prescribes that "the date of coming into effect of the second image (image2) of specified health warning shall be for all tobacco products manufactured after the completion of twelve months from the 1st day of April, 2016". Thus, in terms of the said Rules, all tobacco products manufactured/imported on or after 1st April 2017 shall display the second image of specified health warnings. In this regard, the MoH & FW has also issued a Public Notice for information to the stakeholders (copy enclosed).

5. Since seized/confiscated cigarettes, after their disposal, shall also be available for sale in the market, it is mandatory that the changes in the health warnings specified by the aforesaid COTP Amendment Rules, 2017, effective from 01 .04.2017, shall also be applicable to them.

6. In view of the above, it is requested that in addition to the existing statutory requirements, Compliance of the amendments in health warning specifications prescribed by the COTP Rules, 2017 may also be ensured before disposal of seized/confiscated cigarettes.

7. The Chief Commissioners/Directors General are requested to circulate the amended guidelines to all the formations under their charge. Difficulties, if any, in implementation of the aforesaid guidelines may be brought to the notice of the Board.

Encl: As above

(A.C Mallick)  
Under Secretary to the Government of India

**Circular No. 28/2017-Customs**  
**F.No.609/56/2017-DBK**  
**Government of India**  
**Ministry of Finance, Department of Revenue**  
**Central Board of Excise & Customs**  
**Drawback Division**

**Dated 6<sup>th</sup> July, 2017**

To,

Principal Chief Commissioners/Principal Directors General,  
Chief Commissioners/Directors General,  
Principal Commissioners/Commissioners,  
All under CBEC

Madam/Sir,

**Subject: - Revised rates of Rebate of State Levies on Export of Garments and textile made-up articles w.e.f. 01.07.2017 - regarding.**

Attention is drawn to Ministry's Circular Nos. 43/2016-Customs dated 31.08.2016 and 08/2017-Customs dated 20.03.2017 regarding implementation of Ministry of Textiles' (MoT) Scheme for Rebate of State Levies (RoSL) on export of garments and textile made-up articles respectively.

2. It is to bring to your notice that MoT has issued Notification No.14/26/2016-IT dated 27.06.2017 revising the rates of rebate in Schedules I, II and III for the ROSL Scheme effective from 1.7.2017. The revised rates are 0.39% for RoSL and 0.23% for RoSL under Advance Authorization-All Industry Rates (AA-AIR) combination respectively. This notification may be downloaded from website [egazette.nic.in](http://egazette.nic.in) and perused.

3. These revised rates on garment and textile made-up exports under ROSL Scheme are applicable to exports with Let Export Order dates from 1.7.2017 onwards. The EDI implementation of the revised ROSL Scheme rates has been completed by the Systems Directorate.

4. Suitable Public Notice and Standing Order should be issued for guidance of the trade and officers. Any difficulty faced should be intimated to the Board.

Yours faithfully,  
**(Dinesh Kumar Gupta)**  
**Director**  
**Tel. 2336 0581**

Copy to Principal Chief Controller of Accounts, CBEC.

INSTRUCTION No. - 09/2017-Customs

F.No. 528/41/2017-STO (TU)  
Government of India  
Ministry of Finance  
Department of Revenue  
(Central Board of Excise & Custom)  
(Tariff Unit)  
\*\*\*\*\*

North Block, New Delhi

Dated: 5<sup>th</sup> July, 2017

To

All Pr. Chief Commissioners/Chief Commissioners of Customs/Customs (Preventive)  
All Pr. Chief Commissioners /Chief Commissioners of Customs and Central Excise  
All Pr. Commissioners/Commissioners of Customs/Customs (Preventive)

Madam/Sir,

**Subject: Import of gifts and other goods for personal use through Courier -regarding**

Kind attention is drawn to Notification No. 50/2017-Customs dated 30.06.2017 wherein under SI No. 608, a concessional rate of 10% BCD has been provided on all goods classified under heading 9804 subject to the conditions prescribed in the notification. Attention is also invited to ITC (HS) Classification of Export & Import Items, of DGFT, wherein, under sub-heading 98049000, it is prescribed that all dutiable articles intended for personal use are restricted with condition that their import is subject to value limit of Rs. 2000/- (CIF) and other conditions as specified in clause 3(1) (i) of Foreign Trade (Exemption from Application of Rules in Certain Cases) Order, 1993.

2. Reference has been received in the Board that seeking clarification as to whether the above concessional duty @ 10% is applicable to goods imported through courier (heading 9804) where the value of the said goods is above Rs. 2000/-. It has been further mentioned that there is no uniformity of practice in the field formations on this issue as different airports are following different practices.

3. Board has examined the issue in detail. It is observed that:

a) ITC (HS) and First Schedule of the Customs Tariff Act are generally harmonized. However, due to recent changes in the First Schedule of the Customs Tariff Act vide Finance Act, 2017, the scope of the heading 9804 in the Tariff has been changed. As a result, heading 9804 of ITC (HS) and Customs Tariff are not fully aligned.

b) Note 4 of Chapter 98 of the ITC (HS) provides that heading 9804 is taken not to apply to goods imported through courier, however such Note does not exist in Customs Tariff Act for the Chapter 98.



c) In such situations in the light of Hon'ble Apex Court Judgment in the case of Commissioner v. M.K. Shipping & Allied Industries Pvt. Ltd. - 2015 (322) E.L.T. A326 (S.C.), for the policy condition classification under ITC (HS) should prevail and for the duty purpose classification under Customs Tariff Act should be taken into account.

d) In view of the principle enunciated at c) above and keeping in mind the Note 4 of Chapter 98 of the ITC (HS), the policy restrictions against heading 9804 in ITC (HS) therefore become otiose as far as imports through courier are concerned. In other words, import policy for imports through courier have to be examined in conjunction with the policy conditions prescribed against individual headings where the said goods are likely to be classified.

4. Therefore, in view of the above discussion and to have uniformity, it is clarified that:

a) Policy conditions in heading 9804 ITC (HS) will not be applicable to imports through courier; and

b) imports through courier will be eligible to concessional rate of 10% Basic Customs Duty [Sl. No. 608 notification No. 50/2017-Customs] provided that the goods are intended for personal use, and are exempted from any prohibition in respect of the imports thereof under the Foreign Trade (Development and Regulation) Act, 1992 (22 of 1992).

Yours faithfully,

(Piyush Bhardwaj)  
STO (TU)

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Instruction No. - 10/2017- Customs

F. No. 450/119/2017- Cus. IV  
Government of India  
Ministry of Finance  
Department of Revenue  
(Central Board of Excise & Custom)

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New Delhi dated the 6<sup>th</sup> July, 2017

To

All Pr. Chief Commissioner/Chief Commissioners of Customs/Customs (Preventive)  
All Pr. Chief Commissioner/Chief Commissioners of Customs and Central Excise  
All Pr. Chief Commissioner/Chief Commissioners of Customs/Customs (Preventive)

Madam/Sir,

Subject: GSTIN requirement for the purpose of import & export-reg.

Instances have been brought to the notice of the Board that there is some confusion regarding requirement of GSTIN for importers and exporters at the time of import and export of the goods. This is resulting in avoidable delay in the clearance of the goods.

The provisions of the registration are contained in Chapter VI of the Central Goods and Services Tax, Act, 2017. The provisions related to registration under the said Act are applicable to Integrated Goods and Services Tax Act, 2017 (IGST) by virtue of Section 20 of the IGST Act.

In this regard, it may be seen that Section 23 of the CGST Act specifically deals with the persons not liable to registration under the said Act. Persons engaged exclusively in the supply of goods (import and export) that is either not liable to tax or is wholly exempt from tax under the CGST or IGST Acts are not required to obtain registration. Further, Government may on the recommendation of the Council specify the class of person who need not obtain GSTIN [sub-section (2) of the section 23 refers]. In such cases PAN (which is authorized as IEC by DGFT) of the importer and exporter would suffice.

Jurisdictional Commissioners of Customs may ensure that there is no hold up of import and export consignments, wherever GSTIN is legally not required Importers, Exporters and Customs Brokers may be guided to quote authorized PAN in the bills of entry or shipping bills for such clearances.

Yours faithfully

**(Zubair Riaz)**  
Director (Customs)

## GST UPDATES

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3,  
SUB-SECTION (i)]

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
(DEPARTMENT OF REVENUE)

**Notification No. 17/2017 -Integrated Tax (Rate)**

**New Delhi, the 5th July, 2017**

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 6 of the Integrated Goods and Service Tax Act, 2017 (13 of 2017), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby rescinds, except as respects things done or omitted to be done before such rescission, the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 15/2017- Integrated Tax (Rate), dated the 30th June, 2017, published in the Gazette of India, Extraordinary, vide number G.S.R. 740 (E), dated the 30th June, 2017.

F.No. DGEP/SEZ/09/2017

**(Dharmvir Sharma)**  
**Under Secretary to the Government of India**

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3,  
SUB-SECTION (i)]

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
(DEPARTMENT OF REVENUE)

**Notification No. 18/2017 -Integrated Tax (Rate)**

**New Delhi, the 5th July, 2017**

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 6 of the Integrated Goods and Service Tax Act, 2017 (13 of 2017), the Central Government, on being satisfied that it is necessary in the public interest so to do and on the recommendations of the Council, hereby exempts services imported by a unit or a developer in the Special Economic Zone for authorised operations, from the whole of the integrated tax leviable thereon under section 5 of the Integrated Goods and Service Tax Act, 2017 (13 of 2017).

F.No. DGEP/SEZ/09/2017

**(Dharmvir Sharma)**  
**Under Secretary to the Government of India**

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUBSECTION (i)]

**Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Excise and Customs  
Notification No. 16/2017 - Central Tax**

**New Delhi, the 7th July, 2017**

G.S.R... ( )E.- In exercise of the powers conferred by sub-rule (5) of rule 96A of the Central Goods and Services Tax Rules, 2017, the Central Board of Excise and Customs hereby specifies the conditions and safeguards for the registered person who intends to supply goods or services for export without payment of integrated tax, for furnishing a Letter of Undertaking in place of a Bond.

i. The following registered person shall be eligible for submission of Letter of Undertaking in place of a bond:-

(a) a status holder as specified in paragraph 5 of the Foreign Trade Policy 2015-2020; or

(b) who has received the due foreign inward remittances amounting to a minimum of 10% of the export turnover, which should not be less than one crore rupees, in the preceding financial year,

and he has not been prosecuted for any offence under the Central Goods and Services Tax Act, 2017 (12 of 2017) or under any of the existing laws in case where the amount of tax evaded exceeds two hundred and fifty lakh rupees.

ii. The Letter of Undertaking shall be furnished in duplicate for a financial year in the annexure to FORM GST RFD - 11 referred to in sub-rule (1) of rule 96A of the Central Goods and Services Tax Rules, 2017 and it shall be executed by the working partner, the Managing Director or the Company Secretary or the proprietor or by a person duly authorised by such working partner or Board of Directors of such company or proprietor on the letter head of the registered person.

[F. No. 349/74/2017 - GST]

**(Dr. Sreeparvathy S. L.)  
Under Secretary to the Government of India**

## DGFT UPDATES

[To be published in the Gazette of India Extraordinary Part II Section 3, sub section (ii)]

Government of India  
Ministry of Commerce & Industry  
Department of Commerce  
Directorate General of Foreign Trade  
Udyog Bhawan

**Notification No. 15/2015-2020**  
New Delhi, dated the 5<sup>th</sup> July, 2017

**Subject: Export Policy of Sandalwood**

S.O. (E) In exercise of the powers conferred by section 3 of the Foreign Trade (Development & Regulation) Act, 1992 (No. 22 of 1992), as amended read with paragraph 1.02 and 2.01 of the Foreign Trade Policy (FTP), 2015-2020, the Central Government hereby makes the following amendments in Notification No. 37/2015-2020 dated 27.01.2017 on export policy of sandalwood oil at Sl. No. 185, Chapter 44 of ITC(HS) Classification- Schedule 2 (Export Policy), with immediate effect:

Sl. No.	Tariff Item HS code	Unit	Item Description	Existing Export Policy	Revised Export Policy	Policy Condition
185	3301 29 37	Kg	Sandalwood oil	Free	Restricted	Export permitted under license

**2. Effect of this notification:**

Export of Sandalwood oil has been moved from 'Free' to 'Restricted' category.

(Alok Vardhan Chaturvedi)  
Director General of Foreign Trade  
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# BMC ADVISORS

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