



# BMC Advisors

Corporate Laws and Intellectual Property Rights Consultants



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# ***WEEKLY UPDATES***

***JULY 10<sup>TH</sup>, 2017-JULY 16<sup>TH</sup>, 2017***

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# MCA UPDATES

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS  
CORRIGENDUM**

**New Delhi, the 13<sup>th</sup> July, 2017**

S.O..... (E). - In the notification of the Government of India, in the Ministry of Corporate Affairs, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) *vide* G.S.R. 583(E), dated the 13<sup>th</sup> June, 2017 at page 4, in paragraph number 5, in the Table, in the column (3), in item (ii), for the words "statement or" read "statement and"

**[F.No.7/7/2014-CL-V]**

**(Amardeep Singh Bhatia)  
Joint 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 CORPORATE AFFAIRS  
Notification**

New Delhi, the 13<sup>th</sup> July, 2017

G.S.R. - (E). - In exercise of the powers conferred under sections 173, 175, 177, 178, 179, 184, 185, 186, 187, 188, 189 and section 191 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 (Meetings of Board and its Powers) Rules, 2014, namely:-

1. (1) these rules may be called the Companies (Meetings of Board and its Powers) Second Amendment Rules, 2017.

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

2. In the Companies (Meetings of Board and its Powers) Rules, 2014 (hereinafter referred to as principal rules), in rule 3,-

(i) In sub-rule (3), for clause (e), the following shall be substituted, namely:- "

(e) Any director who intends to participate in the meeting through electronic mode may intimate about such participation at the beginning of the calendar year and such declaration shall be valid for one year:

Provided that such declaration shall not debar him from participation in the meeting in person in which case he shall intimate the company sufficiently in advance of his intention to participate in person."

(ii) In sub-rule (11), in clause (a), after the words "decision taken by majority" , the words "and the draft minutes so recorded shall be preserved by the company till the confirmation of the draft minutes in accordance with sub-rule (12)" shall be inserted.

3. In the principal rules, for rule 6, the following rule shall be substituted, namely:-

"6. Committees of the Board - The Board of directors of every listed company and a company covered under rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 shall constitute an 'Audit Committee' and a 'Nomination and Remuneration Committee of the Board'."

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

**Note.**- The principal rules were published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), aide number G.S.R. 240(E), dated the 31<sup>st</sup> March 2014 and was subsequently amended *vide* notifications as detailed below:-

S.I. No.	Notification Number	Date
1	G.S.R.398(E)	12 <sup>th</sup> June, 2014
2	G.S.R. 590(E)	14 <sup>th</sup> August, 2014
3	G.S.R.206(E)	18 <sup>th</sup> March, 2015
4	G.S.R.971[E]	14 <sup>th</sup> December, 2015
5	G.S.R.309(E)	30 <sup>th</sup> March,2017

# **SEBI UPDATES**

## **CIRCULAR**

**CIR/CDMRD/DEICE/CIR/P/2017/77**

**July 11, 2017**

**To,**

**The Managing Directors / Chief Executive Officers  
All National Commodity Derivatives Exchanges**

**Sir/Madam,**

**Subject: Amendment to Investor Grievance Redressal System and Arbitration Mechanism**

1. SEBI, vide its Circular No. CIR/CDMRD/DIECE/02/2015 dated November 16, 2015, mandated Investor Grievance Redressal System and Arbitration Mechanism to National Commodity Derivatives Exchanges (herein after referred to as Exchanges) and directed exchanges to comply with the provisions of circulars as issued by SEBI in this regard, with effect from April 01, 2016.

2. In order to further enhance the effectiveness of grievance redressal mechanism at Market Infrastructure Institutions (MIIs), based on the internal deliberations, discussions and feedback as received from MIIs, it has been decided to add/modify certain provisions in the aforesaid circular, which are as follows :

### **A. Investor Grievance Resolution Panel (IGRP)/ Arbitration Mechanism**

#### **i. Public dissemination of profiles of arbitrators**

In order to enhance transparency and also to provide choice to parties, Exchanges shall disseminate information w.r.t. brief profile, qualification, areas of experience/ expertise, number of arbitration matters handled, pre-arbitration experience, etc. of the arbitrators on their website.

#### **ii. Submission of documents in soft copies**

In order to assist the arbitrators in pronouncing comprehensive and speedy awards, Exchanges shall make necessary arrangements in terms of hardware viz., computer, scanner, printer, etc. and required software's at exchange offices/ Investor Service Centers (ISCs) to facilitate the clients to type/ convert their documents into electronic format/ soft copy. Such electronic format/ soft copies shall be provided to the arbitrators along with original submissions in physical copies.

#### **iii. Review and Training of arbitrators**

Investor Service Committee of the Exchanges shall review the performance of the arbitrators annually and submit the review report to the Board of the Exchange. Training need of the arbitrators will be catered by National Institute of Securities Markets (NISM). Cost of training of arbitrators may be incurred from ISF of the exchange.

#### **iv. Mechanism for implementation of award**

Exchanges shall create a common database of defaulting clients accessible to members across the Exchanges.

For this purpose, a client may be identified as defaulter if the client does not pay the award amount to the member as directed in the IGRP/ arbitration/ appellate arbitration order and also does not appeal at the next level of redressal mechanism within the timelines prescribed by SEBI or file an application to court to set aside such order in accordance with Section 34 of the Arbitration and Conciliation Act, 1996 (in case of aggrieved by arbitration/ appellate award).

**v. Empanelment of arbitrators and segregation of arbitration and appellate arbitration panel**

There shall be separate panels for arbitration and appellate arbitration. Further, for appellate arbitration, at least one member of the panel shall be a Retired Judge. Exchanges shall obtain prior approval of SEBI before empanelment of arbitrators/ appellate arbitrators.

**vi. Empanelment of IGRP members**

Exchanges shall empanel IGRP members; however, no arbitrator/ appellate arbitrator shall be empanelled as IGRP member.

**vii. Revision in professional fee of arbitrators**

The arbitrator fee shall be upwardly revised to Rs.18, 000/- (Rs. Eighteen thousand) per case. Consequent to this upward revision, the additional expenses attributable to a client over and above the fee structure as specified in point x, shall be borne by the client (wherever applicable) and Exchange equally. The total expense attributable to the member has to be borne by the concerned member.

**viii. Place of Arbitration/ Appellate Arbitration**

In case award amount is more than Rs. 50 lakh (Rs. Fifty lakh), the next level of proceedings (arbitration or appellate arbitration) may take place at the nearest metro city, if desired by any of the party involved. The additional cost for arbitration, if any, to be borne by the appealing party.

**ix. Arbitration/ Appellate Arbitration award**

In order to safeguard the interest of the parties involved in arbitration and to ensure speedy implementation of the arbitration award, the rate of interest on the award passed by arbitrators shall be in compliance with Arbitration and Conciliation (Amendment) Act, 2015.

**x. Speeding up grievance redressal mechanism**

- a. In order to have faster implementation of award and to discourage delayed filing of arbitrations by members, the fee structure (exclusive of statutory dues -stamp duty, service tax, etc.) for filing arbitration reference shall be as follows :-

b.

Amount of Claim / Counter Claim, whichever is higher (in Rs.)	If claim is filed within six months from the date of dispute	If claim is filed after six months from the date of dispute or after one month from the date of IGRP order, whichever is later	If the claim is filed beyond the timeline prescribed in column 3, (only for member)
≤ 10,00,000	1.3% subject to a minimum of Rs.10,000	3.9% subject to a minimum of Rs.30,000	Additional fee of Rs. 3,000/-per month over and above fee prescribed in column 3
> 10,00,000 - 25,00,000 ≤	Rs. 13,000 plus 0.3% amount above Rs. 10 lakh	Rs. 39,000 plus 0.9% amount above Rs. 10 lakh	Additional fee of Rs. 6,000/-per month over and above fee prescribed in column 3
> 25,00,000	Rs. 17,500 plus 0.2 % amount above Rs. 25 lakh subject to maximum of Rs.30,000	Rs. 52,500 plus 0.6 % amount above Rs. 25 lakh subject to maximum of Rs.90,000	Additional fee of Rs. 12,000/-per month over and above fee prescribed in column 3

c. The filing fee will be utilized to meet the fee payable to the arbitrators. Excess of filing fee over fee payable to the arbitrator, if any, to be deposited in the IPF of the respective exchange.

d. A client, who has a claim / counter claim upto Rs. 10 lakh and files arbitration reference, will be exempted from filing the deposit.

e. In all cases, on issue of the arbitral award the exchange shall refund the deposit to the party in whose favour the award has been passed.

**xi. Threshold limit for interim relief paid out of IPF in Exchanges**

SEBI vide its circular no CIR/CDMRD/DIECE dated November 16, 2015 has made applicable Circular No.CIR/MRD/ICC/30/2013 dated September 26, 2013 to Exchanges. In partial modification to Circular No. CIR/MRD/ICC/30/2013 dated September 26, 2013 on "Investor Grievance Redressal Mechanism" the following changes are prescribed:

(i)Exchanges, in consultation with the IPF Trust and SEBI, shall review and progressively increase the amount of interim relief available against a single claim for an investor, at least every three years.

(ii)The Exchanges shall disseminate the interim relief limit fixed by them and any change thereof, to the public through a Press Release and also through its website.

(iii)In case, award is in favour of client and the member opts for arbitration wherein the claim value admissible to the client is not more than Rs. 20 lakhs (Rs. Twenty lakhs), the following steps shall be undertaken by the Exchange:



a) In case the IGRP award is in favour of the client then 50% of the admissible claim value or Rs. 2.00 lakhs (Rs. Two lakhs), whichever is less, shall be released to the client from IPF of the Exchange.

b) In case the arbitration award is in favour of the client and the member opts for appellate arbitration then 50% of the amount mentioned in the arbitration award or Rs. 3.00 lakhs (Rs. Three lakhs), whichever is less, shall be released to the client from IPF of the Exchanges. The amount released shall exclude the amount already released to the client at clause (a) above.

c) In case the appellate arbitration award is in favour of the client and the member opts for making an application under Section 34 of the Arbitration and Conciliation Act, 1996 to set aside the appellate arbitration award, then 75% of the amount determined in the appellate arbitration award or Rs. 5.00 lakhs (Rs. Five Lakhs), whichever is less, shall be released to the client from IPF of the Exchanges. The amount released shall exclude the amount already released to the client at clause (a) and (b) above.

d) Total amount released to the client through the facility of interim relief from IPF in terms of this Circular shall not exceed Rs. 10.00 lakhs (Ten lakhs) in a financial year.

**B. Disciplinary Action Committee, Defaulters' Committee, Investors Service Committee, Arbitration Committee**

SEBI vide its circular no CIR/CDMRD/DEA/03/2015 dated November 26, 2015 has made applicable circular No. CIR/MRD/DSA/33/2012 dated December 13,2012 to Exchanges. In partial modification to circular no. CIR/MRD/DSA/33/2012 dated December 13,2012, the composition and functions of the Disciplinary Action Committee, Defaulter's Committee and Investors Service Committee will be as follows

Sr. No	Name of Committee	Functions handled	Composition
1.	Disciplinary Action Committee	<p>i. The Committee shall formulate the policy for regulatory actions including warning, monetary fine, suspension, withdrawal of trading terminal, expulsion, to be taken for various violations by the members of the exchange.</p> <p>ii. Based on the laid down policy, the Committee shall consider the cases of violations observed during inspection, etc. and impose appropriate regulatory action on the members of the exchange.</p> <p>iii. While imposing the regulatory measure, the Committee shall adopt a laid down process based on the 'Principles of natural justice'</p>	<p>(i) The Committee shall have a minimum of 3 members and a maximum of 5 members;</p> <p>(ii) The Public Interest Directors shall form a majority of the Committee;</p> <p>(iii) A maximum of two key management personnel of the exchange can be on the committee and one of which shall necessarily be the Managing Director of the exchange;</p> <p>(iv) The Committee may also include independent external</p>

			<p>persons such as retired judge, etc.</p> <p>(v) SEBI may nominate members in the Committee, if felt necessary in the interest of commodities market;</p>
2.	Defaulters' Committee	<p>i. To realize all the assets/deposits of the defaulter/expelled member and appropriate the same amongst various dues and claims against the defaulter/expelled member in accordance with the Rules, Byelaws and Regulations of the exchange.</p> <p>ii. In the event both the clearing member and his constituent trading member are declared defaulter, then the Defaulter's Committee of the exchange and the Defaulter's Committee of the clearing corporation shall work together to realise the assets of both the clearing member and the trading member.</p> <p>iii. Admission or rejection of claims of client/ trading members/ clearing members over the assets of the defaulter/ expelled member.</p> <p>iv. Advise in respect of the claims to the Trustees of the IPF on whether the claim is to be paid out of IPF or otherwise.</p>	<p>i. The Committee shall have a minimum of 3 members and a maximum of 5 members;</p> <p>ii. The Public Interest Directors shall form a majority of the Committee.</p> <p>iii. A maximum of two key management personnel of the exchange can be on the Committee.</p> <p>iv. The Committee may also include independent external persons such as retired judge, etc.</p> <p>v. SEBI may nominate members in the Committee, if felt necessary in the interest of commodities market;</p>
3.	Investor Services Committee	<p>i. Supervising the functioning of Investors' Services Cell of the Exchange which includes review of complaint resolution process, review of complaints remaining unresolved over long period of time, estimate the adequacy of resources dedicated to investor services, etc.;</p> <p>(i) Supervision of utilization of ISF;</p> <p>(ii) To have annual review of the arbitrators and arbitration/ awards (both quantum and quality of the awards)</p>	<p>i. The Committee shall have a minimum of 3 members and a maximum of 5 members.</p> <p>ii. The Public Interest Directors shall form a majority of the Committee.</p> <p>iii. A maximum of two key management personnel of the exchange can be on the Committee.</p>

			<p>iv. The Committee may also include independent external persons.</p> <p>v. SEBI may nominate members in the Committee, if felt necessary in the interest of commodities market;</p>
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3. The arbitration committee as mandated vide SEBI circular no.CIR/CDMRD/DEA/03/2015 dated November 26, 2015 read with CIR/MRD/DSA/33/2012 dated December 13, 2012 shall stand discontinued.

4. The Commodity Derivatives Exchanges are advised to:-

- Make necessary amendments to relevant bye-laws, rules and regulations for the implementation of this circular.
- bring the provisions of this circular to the notice of the members of the Commodity Derivatives Exchanges and also to disseminate the same through their website.
- communicate SEBI, the status of implementation of the provisions of this circular.

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, read with Section 10 of the Securities Contracts (Regulation) Act, 1956 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market and shall come into effect immediately. All other provisions of the relevant circulars will continue to be in force.

6. The circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in)

Yours faithfully,

**Prasad Jagadale**  
**Deputy General Manager**  
**Division of Exchange Inspection and Complaints against Exchanges**  
**Commodity Derivatives Market Regulation Department**  
**[prasadj@sebi.gov.in](mailto:prasadj@sebi.gov.in)**

**CIRCULAR**

**SEBI/HO/CIR/P/2017/79**

**July 11, 2017**

To,

1. All Stock Exchanges and Clearing Corporations in International Financial Services Centre (IFSC)
2. All Foreign Portfolio Investors ('FPIs') through their Designated Depository Participants ('DDPs') / Custodian of Securities ('Custodians')
3. All DDPs/ Custodians
4. All Depositories
5. All Trading Members

Sir / Madam

**Guidelines for participation/functioning of Eligible Foreign Investors (EFIs) and FPIs in IFSC-  
Amendment**

1. Kindly refer to the SEBI circular IMD/HO/FPIC/CIR/P/2017/003 dated January 04, 2017 on the captioned subject.
2. Based on the discussions with various market participants, it has been decided to replace Clause 2 c) of the aforesaid circular with the following:

"In case of participation of an EFI, not registered with SEBI as an FPI, but desirous of operating in IFSC, a trading member of the recognized stock exchange in IFSC may carry out the due diligence on its own or it may rely upon the due diligence carried out by a bank, which is permitted by RBI to operate in IFSC, during the account opening process of an EFI".

3. This circular 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

**Bithin Mahanta**  
**Deputy General Manager**  
**Market Regulation Department**  
**bithinm@sebi.gov.in**

# RBI UPDATES

RBI/2017-18/20

DBS.ARS.BC.01/08.91.020/2017-18

July 13, 2017

The Chief Executives  
All Indian Commercial Banks

Dear Sir/Madam,

## **Audit Committee of the Board of Directors - Nomination of Non-Executive Chairman**

Please refer to Para 3 (ii) of our circular dated September 26, 1995 on "Audit Committee of the Board of Directors - Reconstitution" and Para (ii) of our circular DOS.No.BC.3/08.91.020/96 dated January 20, 1997 on "Public Sector Banks - Audit Committee of the Board of Directors", wherein it has been advised that Audit Committee of the Board of Directors (ACB) should be chaired by any one of the non-executive/ non-official directors.

2. In view of the bifurcation of the post of Chairman and Managing Director of Public Sector Banks (PSBs) by Government of India into a non-executive Chairman to give an overall policy direction to the bank and a full time executive Managing Director and Chief Executive Officer (MD&CEO) to oversee the day to day functioning of the bank (GOI notification dated April 24, 2015), it is clarified that in banks where the Board of Directors is chaired by a non-executive Chairman, there will not be any restriction if he/she is also nominated to the Audit Committee of the Board of Directors.

3. The other instructions, as amended from time to time, shall remain unchanged.

4. Please acknowledge receipt.

Yours faithfully

**(Indrani Banerjee)**  
**Chief General Manager**

July 13, 2017

All Scheduled Commercial Banks  
(Excluding Regional Rural Banks)

Dear Sir / Madam,

**Investment in plant and machinery for the purpose of classification as Micro, Small and Medium Enterprises - documents to be relied upon**

Please refer to our Master Direction FIDD.MSME&NFS.3/06.02.31/2016-17 dated July 21, 2016 on 'Lending to Micro, Small & Medium Enterprises (MSME) Sector' together with notification No. S.O. 1722(E) dated October 5, 2006 issued by Ministry of MSME, GoI, New Delhi. In terms of para 2 of the said notification, while calculating the investment in plant and machinery, the original price thereof, shall be taken into account, irrespective of whether the plant and machinery are new or second hand.

2. In this regard, Ministry of MSME, GOI, vide their Office Memorandum (OM) F. No. 12(4)/2017-SME dated March 8, 2017, have clarified that for ascertaining the investment in plant and machinery for classification of an enterprises as Micro, Small and Medium, the following documents could be relied upon:

- i. A copy of the invoice of the purchase of plant and machinery; or
- ii. Gross block for investment in plant and machinery as shown in the audited accounts; or
- iii. A certificate issued by a Chartered Accountant regarding purchase price of plant and machinery

3. Further, the Ministry has clarified that for the investment in plant and machinery for the purpose of classification of an enterprise as Micro, Small or Medium, the purchase value of the plant and machinery is to be reckoned and not the book value (purchase value minus depreciation).

4. In terms of OM F. No. 12(4)/2017 - SME dated May 31, 2017, issued by the Ministry, the effective date for the above provision would be from the date MSMED Act, 2006 came into force and not prospectively. Further, the above provisions would be applicable to section 7 (1) (a) and section 7 (1) (b) of the MSMED Act, 2006 i.e. enterprises engaged in manufacturing of goods and rendering of services as well.

Yours faithfully

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

**RBI/2017-18/22**  
**DGBA.GBD. 69/15.02.005/2017-18**

**July 13, 2017**

The Chairman/Chief Executive Officer  
Agency Banks handling Public Provident Fund, Kisan Vikas Patra- 2014,  
Sukanya Samriddhi Account, Senior Citizen Savings Scheme-2004

Dear Sir

**Interest rates for Small Savings Schemes**

Please refer to our circular DGBA.GAD.2618/15.02.005/2016-17 dated April 6, 2017 on the above subject. The Government of India, had vide their Office Memorandum (OM) No.F.No.01/04/2016-NS dated June 30, 2017 advised the rate of interest on various small savings schemes for the second quarter of the financial year 2017-18 (copy enclosed).

2. The contents of this circular may be brought to the notice of the branches of your bank operating Government Small Saving Schemes for necessary action. These should also be displayed on the notice boards of your branches for information of the subscribers to these Schemes.

Yours faithfully

**(V. S. Prajish)**  
**Assistant General Manager**

July 13, 2017

To Chairman/MD & CEO  
Scheduled Commercial Banks  
(Including RRBs & Small Finance Banks)

Dear Sir/Madam,

**Financial Literacy by FLCs (Financial Literacy Centres) and rural branches - Revision in funding limits, Audio-visual content and provision of hand held projectors**

Please refer to our circular FIDD.FLC.BC.No.22/12.01.018/2016-17 dated March 2, 2017 on policy review of guidelines for FLCs and rural branches of banks. In terms of this circular, banks were advised that FLCs and rural branches are eligible for funding support from the Financial Inclusion Fund for the financial literacy camps to the extent of 60% of the expenditure of the camp subject to a maximum of ₹ 15,000/- per camp.

2. On a review, the FIF Advisory Board has revised the funding support available to banks to the extent of 60% of the expenditure of the camp subject to a maximum of ₹ 5,000/- per camp. For details on funding, banks may refer to circular No. 107/DFIBT-24/2017 dated May 4, 2017 issued by NABARD.

3. Audio visual content and provision of handheld projectors: In order to improve the effectiveness of the financial literacy camps, it has been decided to encourage FLCs and rural branches of banks to use hand held projectors to show Audio-visuals and posters on financial awareness messages. Funding for handheld projectors and speakers would be provided from FIF to the extent of 50% of the cost incurred on purchase of hand held projector and portable speaker (both put together) subject to a maximum of ₹ 5000 per rural branch / FLC on a reimbursement basis. For details on funding, banks may refer to circular No. 105/DFIBT-22/2017 dated May 4, 2017 issued by NABARD.

4. Further, the National Centre for Financial Education (NCFE) supported by the financial sector regulators has prepared audio visuals on the Financial Awareness Messages provided by RBI. The First Audio-visual covers the basic financial awareness messages such as address proof declaration under KYC norms, Use of Business correspondents, Electronic payment systems NEFT/RTGS and not falling prey to fictitious emails/calls and Ponzi schemes. The Second Audio-visual explains the process of using the Unified Payment Interface through BHIM and the third audio visual explains the various ways of going digital and cashless. FLCs and rural branches of banks are advised to use the audiovisuals while conducting financial literacy camps.

Yours faithfully,

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



July 13, 2017

The Chief Executive Officer  
All Primary (Urban) Co-operative Banks/  
All State Co-operative Banks/  
All District Central Co-operative Banks

Dear Sir/Madam,

**Recording of Details of Transactions in Passbook/Statement of Account by Co-operative Banks**

Please refer to our circular UBD.CO.BPD.(PCB).No.18/12.05.001/2010-11 dated October 26, 2010 and para 4.6.3 of Annex to our circular RPCD.CO.RCB.BC.No.36/07.51.010/2014-15 dated October 22, 2014, advising co-operative banks to avoid inscrutable entries in passbooks / statements of account and ensure that brief, intelligible particulars are invariably entered in passbooks / statements of account with a view to avoiding inconvenience to depositors.

2. It has come to our notice that many banks still do not provide adequate details of the transactions in the passbooks and / or statements of account to enable the account holders to cross-check them. In the interest of better customer service, it has been decided that banks shall at a minimum provide the relevant details in respect of entries in the accounts as indicated in the Annex. The list of the transactions mentioned in the Annex is indicative and not exhaustive.

3. Co-operative Banks shall also incorporate information about 'deposit insurance cover' along with the limit of coverage, subject to change from time to time, upfront in the passbooks.

Yours faithfully

**(Neeraj Nigam)**  
**Chief General Manager**

For annexure please find below link:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11053&Mode=0>

# INCOME TAX UPDATES

**MINISTRY OF FINANCE**  
**(Department of Revenue)**  
[CENTRAL BOARD OF DIRECT TAXES]

**NOTIFICATION**  
New Delhi, the 12th July, 2017

## **INCOME-TAX**

**G.S.R. 865(E).**— In exercise of the powers conferred by section 50CA and sub-section (2) of section 56 read with section 295 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 (20th Amendment), Rules, 2017.

(2) They shall come into force from the 1st day of April, 2018 and shall apply in relation to assessment year 2018-19 and subsequent years.

2. In the Income-tax Rules, 1962, —

**(A)** in rule 11UA, sub-rule (1), in clause (c), for sub-clause(b), the following sub-clause shall be substituted, namely:-

“(b) the fair market value of unquoted equity shares shall be the value, on the valuation date, of such unquoted equity shares as determined in the following manner, namely: —

the fair market value of unquoted equity shares =  $(A+B+C+D - L) \times (PV)/(PE)$ , where,

A= book value of all the assets (other than jewellery, artistic work, shares, securities and immovable property) in the balance-sheet as reduced by,-

(i) any amount of income-tax paid, if any, less the amount of income-tax refund claimed, if any; and

(ii) any amount shown as asset including the unamortised amount of deferred expenditure which does not represent the value of any asset;

B = the price which the jewellery and artistic work would fetch if sold in the open market on the basis of the valuation report obtained from a registered valuer;

C = fair market value of shares and securities as determined in the manner provided in this rule;

D = the value adopted or assessed or assessable by any authority of the Government for the purpose of payment of stamp duty in respect of the immovable property;

L= book value of liabilities shown in the balance sheet, but not including the following amounts, namely:—

(i) the paid-up capital in respect of equity shares;

(ii) the amount set apart for payment of dividends on preference shares and equity shares where such dividends have not been declared before the date of transfer at a general body meeting of the company;

(iii) reserves and surplus, by whatever name called, even if the resulting figure is negative, other than those set apart towards depreciation;

(iv) any amount representing provision for taxation, other than amount of income-tax paid, if any, less the amount of income-tax claimed as refund, if any, to the extent of the excess over the tax payable with reference to the book profits in accordance with the law applicable thereto;

(v) any amount representing provisions made for meeting liabilities, other than ascertained liabilities;

(vi) any amount representing contingent liabilities other than arrears of dividends payable in respect of cumulative preference shares;

PV= the paid up value of such equity shares;

PE = total amount of paid up equity share capital as shown in the balance-sheet;”

**(B)** after rule 11UA, the following rule shall be inserted, namely:-

**“Determination of Fair Market Value for share other than quoted share.**

**11UAA.** For the purposes of section 50CA, the fair market value of the share of a company other than a quoted share, shall be determined in the manner provided in sub-clause (b) or sub-clause(c), as the case may be, of clause (c) of sub-rule (1) of rule 11UA and for this purpose the reference to valuation date in the rule 11U and rule 11UA shall mean the date on which the capital asset, being share of a company other than a quoted share, referred to in section 50CA, is transferred.”

[Notification No. 61 /2017/F. No. 149/136/2014-TPL]  
PRAVIN RAWAL,  
Director  
(Tax Policy and Legislation)

**Note:** The principal rules were published in the Gazette of India Extraordinary, part III, section 3, sub-section (i), *vide* notification number S.O. 969(E), dated the, 26th March, 1962 and were last amended *vide* notification number G.S.R.No.826(E) dated the 4th July, 2017.

# **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)**

**Notification No. 66/2017-Customs**

**New Delhi, the 10th 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) and sub-section (12) of section 3 of Customs Tariff Act, 1975 (51 of 1975), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby makes the following amendments in the notification of the Government of India, in the Ministry of Finance (Department of Revenue), No. 50/2017- Customs, dated the 30th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 785(E), dated the 30th June, 2017, namely:-

In the said notification, in the Table,-

- (i) against S. No. 85, for the entry in column (4), the entry "50%" shall be substituted;
- (ii) against S. No. 86, for the entry in column (4), the entry "50%" shall be substituted;
- (iii) against S. No. 87, for the entry in column (4), the entry "50%" shall be substituted.

**[F.No.354/78/2009-TRU (Pt.)]**

**(Mohit Tewari)**

**Under Secretary to the Government of India**

**Note:** The principal notification No.50/2017-Customs, dated the 30th June, 2017 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 785(E), dated the 30th June, 2017 and last amended vide notification No. 65/2017-Customs, dated the 8th July, 2017, published vide number G.S.R. 850 (E), dated the 8th July, 2017.

[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. 67/2017 - Customs

New Delhi, the 14th 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 makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 25/2005-Customs, dated the 1st March, 2005, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 123(E), dated the 1st March, 2005, namely :-

In the said notification, in the Table, for serial number 4 and the entries relating thereto, the following serial number and entries shall be substituted, namely:-

(1)	(2)	(3)
"4.	8504 40	Static converters for automatic data processing machines and units thereof, and telecommunication apparatus, other than static converters for cellular mobile phones"

[F.No.354/20/2017-TRU]

(Gunjan Kumar Verma)  
Under Secretary to the Government of India

**Note:** The principal notification No. 25/2005-Customs, dated the 1st March, 2005 was published in the Gazette of India, Extraordinary, Part II, Section-3, Sub-section (i), vide number G.S.R.123(E), dated the 1st March, 2005 and was last amended by notification No. 15/2012-Customs, dated the 17th March, 2012 vide number G.S.R. 188 (E), dated the 17th March, 2012.

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

**Government of India**

**Ministry of Finance (Department of Revenue)**

**(Central Board of Excise and Customs)**

**Notification No. 71/2017-CUSTOMS (N.T.)**

**New Delhi, 14th July, 2017**

**23 Ashadha, 1939 (SAKA)**

S.O. ... (E).- In exercise of the powers conferred by sub-section (2) of section 14 of the Customs Act, 1962 (52 of 1962), the Central Board of Excise & Customs, being satisfied that it is necessary and expedient so to do, hereby makes the following amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 36/2001-Customs (N.T.), dated the 3rd August, 2001, published in the Gazette of India, Extraordinary, Part-II, Section-3, Sub-section (ii), vide number S. O. 748 (E), dated the 3rd August, 2001, namely:-

In the said notification, for TABLE-1, TABLE-2, and TABLE-3 the following Tables shall be substituted namely:-

**TABLE-1**

S. No.	Chapter/ heading/ sub-heading/ tariff item	Description of goods	Tariff value (US \$Per Metric Tonne)
(1)	(2)	(3)	(4)
1	1511 10 00	Crude Palm Oil	693
2	1511 90 10	RBD Palm Oil	709
3	1511 90 90	Others - Palm Oil	701
4	1511 10 00	Crude Palmolein	717
5	1511 90 20	RBD Palmolein	720
6	1511 90 90	Others - Palmolein	719
7	1507 10 00	Crude Soya bean Oil	812
8	7404 00 22	Brass Scrap (all grades)	3340
9	1207 91 00	Poppy seeds	2510

**TABLE-2**

S.No.	Chapter/ heading/ sub-heading/ tariff item	Description of goods	Tariff value (US \$)
(1)	(2)	(3)	(4)
1	71 or 98	Gold, in any form, in respect of which the benefit of entries at serial number 321 and 323 of the Notification No. 12/2012-Customs dated 17.03.2012 is availed	396 per 10 grams
2	71 or 98	Silver, in any form, in respect of which the benefit of entries at serial number 322 and 324 of the Notification No.	518 per kilogram

		12/2012-Customs dated 17.03.2012 is availed	
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**TABLE-3**

S.No.	Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value (US \$ Per Metric Tonne )
(1)	(2)	(3)	(4)
1	080280	Areca nuts	3320''

[F. No. 467/01/2017 -Cus-V]

**(Satyajit Mohanty)**  
**Director (ICD)**

**Note:** - The principal notification was published in the Gazette of India, Extraordinary, Part-II, Section-3, Sub-section (ii), vide Notification No. 36/2001-Customs (N.T.), dated the 3rd August, 2001, vide number S. O. 748 (E), dated the 3rd August, 2001 and was last amended vide Notification No. 69/2017-Customs (N.T.), dated the 1 st July, 2017, e-published in the Gazette of India, Extraordinary, Part-II, Section-3, Subsection (ii), vide number S. O. 2064(E), dated 1 st July, 2017.

# 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

**Notification No. 16/2015-2020  
New Delhi, Dated: 12July, 2017**

**Subject: Amendment in Chapter Notes and Import Policy and Policy Conditions of items under Chapter 98 of ITC (HS), 2017 - Schedule -1 (Import Policy)**

**S.O. (E):** In exercise of powers conferred by Section 3 of FT (D&R) Act, 1992, read with paragraph 1.02 and 2.01 of the Foreign Trade Policy, 2015-2020, as amended from time to time, the Central Government hereby amends Chapter Notes and Import Policy and Policy Conditions of items of Chapter 98 as under:

2. Amendment in chapter Notes under Chapter 98:

<b>NOTES:</b>		
<b>Sl no.</b>	<b>Existing Provision</b>	<b>Amended Provision</b>
4	Headings 9803 and 9804 are taken not to apply to: a) Motor vehicles; b) Alcoholic drinks; c) Goods imported through courier service.	Headings 9803 and 9804 are taken not to apply to: a) motor vehicles; b) alcoholic beverages; and c) tobacco and manufactured products thereof

3. Amendment in the Policy and policy conditions in Exim Codes under Chapter 98

<b>Exim Code</b>	<b>Item Description</b>	<b>Policy</b>	<b>Existing Policy Conditions</b>	<b>Amended Policy</b>	<b>Revised Policy Conditions</b>
9804 10 00	Drugs and medicines	Restricted	Subject to value limit of Rs 2000 (c.i.f) and other Conditions as specified in clause 3(1), (i) of Foreign Trade (Exemption from Application of Rules In Certain Cases) Order, 1993.	Free	Subject to conditions specified by DGHS.
98049000	Other	Restricted	Subject to value limit of Rs. 2000 (c.i.f) and other conditions as specified in	Free	Subject to such conditions as contained in the Foreign Trade policy



			clause 3(1), (i) of Foreign Trade (Exemption from Application of Rules In Certain Cases) Order, 1993.		
9805 10 00	Prepared or Preserved meat, fish and vegetables; dairy products; soup; lard; fresh fruits	Restricted	Subject to value limit. of Rs 2000 (c.i.f) and other conditions as specified In clause 3(1) (i) of Foreign Trade (Exemption from Application of Rules in Certain Cases) Order, 1993.	Free	Subject to such conditions as contained in the Foreign Trade Policy.
98059000	All other consumable stores excluding fuel, lubricating oil, alcoholic drinks and tobacco products	Restricted	Subject to value limit of Rs. 2000 (c.i.f) and other conditions as specified in clause 3(1) (i) of Foreign Trade (Exemption from Application of Rules in Certain Cases) Order, 1993	Free	Subject to such conditions as contained in the Foreign Trade Policy.

**4. Effect of this Notification:** Changes in Chapter Note, import policy and policy conditions of items against Exim codes 9804 and 9805 of ITC (HS), 2017 - Schedule - 1 (Import Policy) is notified.

**(Anup Wadhawan)**  
**Director General of Foreign Trade**



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