



# BMC Advisors



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# ***WEEKLY UPDATES***

***FEBRUARY 13<sup>TH</sup>, 2017- FEBRUARY 19<sup>TH</sup>, 2017***



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## SEBI UPDATES

### CIRCULAR

IMD/FPIC/CIR/P/2017/12  
February 14, 2017

To  
All Custodians of Securities

Sir/ Madam,

**Subject - Submission of Monthly Reports by Custodians of Securities**

1. SEBI vide circular no. IMD/FII&C/30/2008 dated July 21, 2008 advised the custodians to submit the monthly reports by the 7th of the succeeding month.
2. In partial modification of Para 2 of the circular IMD/FII&C/30/2008 dated July 21, 2008, it has been decided that the custodians shall submit the monthly reports latest by either the end of the third working day of the succeeding month or the 5th of the succeeding month, whichever is later.
3. 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.
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).

Yours faithfully,

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



## RBI UPDATES

RBI/2016-17/226  
DCM (Plg) No.3217/10.27.00/2016-17

February 13, 2017

The Chairman / Managing Director/ Chief Executive Officer  
(All banks maintaining currency chests)

Dear Sir / Madam,

### **Deposit of Specified Bank Notes (SBNs) - Chest Balance Limit / Cash Holding Limit**

Please refer to Paragraph 2 (ii) of our circular DCM (Plg) No. 1459/10.27.00/2016-17 dated November 29, 2016 on the captioned subject. As indicated thereat, a review was undertaken and it has been decided that till further instructions SBNs deposited in the currency chests, since November 10, 2016, will be considered as part of the chest balance in the soiled note category but such deposits will not be reckoned for calculating Chest Balance Limit / Cash Holding Limit.

Yours faithfully,

(S Ray)  
General Manager

**RBI/2016-17/228**  
**DGBA.GAD.No.2128/44.02.001/2016-17**

**February 16, 2017**

All Agency Banks

Dear Sir,

**Reimbursement of Merchant Discount Rate**

The Government of India (GoI) has decided to absorb the Merchant Discount Rate (MDR) charges in respect of debit card transactions while making payments to GoI. The Office Memoranda issued by the Office of Controller General of Accounts dated December 14 and 15, 2016 and Central Board of Direct Taxes dated January 30, 2017 in this regard are enclosed. Agency banks may also be guided by the extant RBI Circulars regarding the applicable MDR rates.

2. In order to operationalise the above, RBI will reimburse banks the MDR on debit cards used for payment of tax and non-tax dues to the Government of India with effect from January 1, 2017. Agency banks are advised to forward their claim for reimbursement of MDR along with statutory auditor's certificate, as in the case of agency commission claims, to our CAS Nagpur on a quarterly basis. The claims may be signed by the Officer-in-Charge of the Government Banking Division of the bank. He should also certify that MDR charges for transaction amounts upto 1.00 lakh have not been collected from the payer. The first such claim may be made by April 30, 2017 for the quarter ending March 31, 2017.

Yours faithfully,

**(Partha Choudhuri)**  
**General Manager**

For office Memoranda dated December 14, please find below link:  
[https://rbidocs.rbi.org.in/rdocs/content/pdfs/OM14122016\\_1.pdf](https://rbidocs.rbi.org.in/rdocs/content/pdfs/OM14122016_1.pdf)

For office Memoranda dated December 15, please find below link:  
[https://rbidocs.rbi.org.in/rdocs/content/pdfs/OM15122016\\_2.pdf](https://rbidocs.rbi.org.in/rdocs/content/pdfs/OM15122016_2.pdf)

For office Memoranda dated January 30, 2017, please find below link:  
[https://rbidocs.rbi.org.in/rdocs/content/pdfs/OM30012017\\_3.pdf](https://rbidocs.rbi.org.in/rdocs/content/pdfs/OM30012017_3.pdf)



**RBI/2016-17/229**  
**DBR.RRB.BC.No. 53/31.01.001/2016-17**

**February 16, 2017**

All Regional Rural Banks  
Dear Sir / Madam,

**Repayment of Gold Loan**

Please refer to circular RPCD.CO.RRB.BC.No.22/03.05.34/2010-11 dated September 22, 2010 wherein Regional Rural Banks (RRBs) were permitted to grant gold loans up to Rs.1.00 lakh with bullet repayment option.

2. On a review, it has been decided to increase the quantum of loan that could be granted under the scheme, from Rs.1.00 lakh to Rs.2.00 lakh subject to the following conditions:

- (i) The period of the loan shall not exceed 12 months from the date of sanction.
- (ii) Interest will be charged to the account at monthly rests but will become due for payment along with principal only at the end of 12 months from the date of sanction.
- (iii) RRBs should maintain a Loan to Value (LTV) ratio of 75% on the outstanding amount of loan including the interest on an ongoing basis, failing which the loan will be treated as a Non Performing Asset (NPA).
- (iv) The valuation of gold would be as per instructions contained in para 3 of the circular RPCD.RRB.RCB.BC.No.08/03.05.33/2014-15 dated July 1, 2014.

3. It is clarified that crop loans sanctioned against the collateral security of gold/gold ornaments shall continue to be governed by the extant income recognition, asset classification and provisioning norms for such loans.

Yours faithfully,

**(Saurav Sinha)**  
**Chief General Manager**

RBI/2016-17/230  
DBR.No.Ret.BC.52/12.07.143A/2016-17

February 16, 2017

All Scheduled Commercial Banks  
Dear Sir,

**Inclusion of "Equitas Small Finance Bank Limited" in the Second Schedule to the Reserve Bank of India Act, 1934**

We advise that the "Equitas Small Finance Bank Limited" has been included in the Second Schedule to the Reserve Bank of India Act, 1934 vide Notification DBR.PSBD.No.7144/16.02.002/2016-17 dated December 23, 2016, and published in the Gazette of India (Part III - Section 4) dated February 4-February 10, 2017.

Yours faithfully

(M.G. Suprabhat)  
Deputy General Manager



**RBI/2016-17/231**  
**DBR.No.Ret.BC.51/12.07.145A/2016-17**

**February 16, 2017**

All Scheduled Commercial Banks  
Dear Sir,

**Inclusion of "Capital Small Finance Bank Limited" in the Second Schedule to the Reserve Bank of India Act, 1934**

We advise that the "Capital Small Finance Bank Limited" has been included in the Second Schedule to the Reserve Bank of India Act, 1934 vide Notification DBR.PSBD.No.5201/16.02.001/2016-17 dated November 8, 2016, and published in the Gazette of India (Part III - Section 4) dated February 4-February 10, 2017.

Yours faithfully

**(M.G. Suprabhat)**  
**Deputy General Manager**

RBI/2016-17/232  
FMRD.DIRD.13/14.01.019/2016-17

February 16, 2017

To,  
All Market Participants  
Madam/Sir,

**Forward Rate Agreement (FRA) and Interest Rate Swap (IRS) - Withdrawal of Fortnightly return**

Attention is invited to the RBI notification ref. no. MPD.BC.187/07.01.279/1999-2000 dated July 07, 1999. As per the notification, banks were advised to submit a fortnightly return on FRA/IRS to Monetary Policy Department with a copy to various RBI departments.

2. In a further step towards rationalization of returns it has been decided to withdraw the said return with immediate effect. The banks are hereby advised to stop sending the hardcopy of the said return to RBI.

3. The existing procedure for reporting OTC Foreign exchange and Interest Rate Derivative transactions to the trade repository hosted by CCIL as laid down in our circular no. FMD.MSRG.No.67/02.05.002/2011-12 dated March 09, 2012 (as amended from time to time) shall continue.

4. The directions contained in this circular have been issued by RBI in exercise of its powers conferred under section 45W of the Reserve Bank of India Act, 1934 and of all the powers enabling it in this behalf.

(T. Rabi Sankar)  
Chief General Manager



**RBI/2016-17/233**

**A. P. (DIR Series) Circular No.31**

**February 16, 2017**

To

All Authorised Dealer Category - I Banks

Madam/Sir

**Issuance of Rupee denominated bonds overseas - Multilateral and Regional Financial Institutions as Investors**

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to paragraph No. 4 of A. P. (DIR Series) Circular No. 60 dated April 13, 2016 and paragraph No. 3.3.3 of Master Direction No.5 dated January 1, 2016 on 'External Commercial Borrowings, Trade Credit, Borrowing and Lending in Foreign Currency by Authorised Dealers and Persons other than Authorised Dealers' as amended from time to time about the criteria of recognized investors in the Rupee denominated bonds issued overseas.

2. In order to provide more choices of investors to Indian entities issuing Rupee denominated bonds abroad, it has been decided to also permit Multilateral and Regional Financial Institutions where India is a member country, to invest in these Rupee denominated bonds.

3. All other provisions of the aforesaid circular dated April 13, 2016 and applicable provisions of A. P. (DIR Series) Circular No. 29 dated September 29, 2015 remain unchanged. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.

4. The changes/revised instructions in respect of issuance of Rupee denominated bonds will be applicable from the date of issuance of this circular.

5. Relevant paragraphs of the Master Direction No.5 dated January 1, 2016 issued by the Reserve Bank are being updated to reflect the changes.

6. The directions contained in this circular have been issued under section 10(4) and 11(2) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully

**(Deepak Kumar)**  
**Chief General Manager**

# INCOME TAX UPDATES

MINISTRY OF FINANCE

(Department of Revenue)

NOTIFICATION New Delhi, the 14th February, 2017

(INCOME TAX)

**S.O. 441(E).**—Whereas, a Protocol amending the Convention and the Protocol between the Republic of India and the State of Israel for the avoidance of double taxation and for the prevention of fiscal evasion with respect to taxes on income and on capital was signed at Jerusalem, Israel on the 14th day of October, 2015 (hereinafter referred to as the said Protocol);

And whereas, the said Protocol has entered into force on the 19th day of December, 2016, being the date of the last notification of the completion of the procedures as required by the respective laws for entry into force of the said Protocol, in accordance with Article 6 of the said Protocol;

And whereas, clause (a) of Article 6 of the said Protocol provides that the provisions of the Protocol shall have effect in India in respect of taxes on income, and taxes on capital, for fiscal year beginning on or after the first day of April next following the date on which the said Protocol enters into force;

Now, therefore, in exercise of the powers conferred by sub-section (1) of section 90 of the Income tax Act, 1961 (43 of 1961), the Central Government hereby notifies that all the provisions of the said Protocol between the Republic of India and the State of Israel for the avoidance of double taxation and for the prevention of fiscal evasion with respect to taxes of income and on capital, as set out in the Annexure hereto, shall be given effect to in the Union of India.

[Notification No.10/2017 F. No. 500/14/2004-FTD-II]

RAJAT BANSAL, Jt. Secy.

For annexure, please find below link:

[http://www.incometaxindia.gov.in/communications/notification/notification10\\_2017.pdf](http://www.incometaxindia.gov.in/communications/notification/notification10_2017.pdf)



(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)  
(Central Board of Direct Taxes)**

New Delhi, the 17<sup>th</sup> February, 2017

**Notification**

S.O. It is hereby notified for general information that the organization **M/s Jawaharlal Institute of Postgraduate Medical Education and Research (JIPMER), Puducherry (PAN:- AAAJJ0846M)** has been approved by the Central Government for the purpose of clause (ii) of sub-section (1) of section 35 of the Income-tax Act, 1961 (said Act), read with Rules 5C and 5E of the Income-tax Rules, 1962 (said Rules), **from Assessment year 2016-2017 onwards** in the category of '**University, College or other Institution**', engaged in research activities, subject to the following conditions, namely:-

- (i) The sums paid to the approved organization shall be used to undertake scientific research;
  - (ii) The approved organization shall carry out scientific research through its faculty members or enrolled students;
  - (iii) The approved organization shall maintain **separate books of accounts** in respect of the sums received by it for scientific research, reflect therein the amounts used for carrying out research, get such books audited by an accountant as defined in the explanation to sub-section (2) of section 288 of the said Act and furnish the report of such audit duly signed and verified by such accountant to the Commissioner of Income-tax or the Director of Income-tax having jurisdiction over the case, by the due date of furnishing the return of income under sub-section (1) of section 139 of the said Act;
  - (iv) The approved organization shall maintain a **separate statement of donations** received and amounts applied for scientific research, such donations shall be used exclusively for core scientific research and a copy of such statement duly certified by the auditor shall accompany the report of audit referred to above.
  - (v) **Donations being received by the organization under clause (ii) of sub-section (1) of section 35 of the Act, shall be used exclusively for core scientific research only and not for hospital activities, activities related to treatment of patients, general educational activities (other than research) or any other object of the organization.**
  - (vi) The approved organization shall, by the due date of furnishing the return of income under sub-section (1) of section 139, furnish a statement to the Commissioner of Income-tax or Director of Income-tax containing-
    - a detailed note on the research work undertaken by it during the previous year;
    - a summary of research articles published in national or international journals during the year;
    - any patent or other similar rights applied for or registered during the year;
    - programme of research projects to be undertaken during the forthcoming year and the financial allocation for such programme.
2. The Central Government shall withdraw the approval if the approved organization:-
- (a) fails to maintain **separate books of accounts** referred to in sub-paragraph (iii) of paragraph 1; or
  - (b) fails to furnish its audit report referred to in sub-paragraph (iii) of paragraph 1; or
  - (c) fails to furnish its statement of the donations received and sums applied for scientific research referred to in sub-paragraph (iv) of paragraph 1; or
  - (d) ceases to carry on its research activities or its research activities are not found to be genuine; or
  - (e) ceases to conform to and comply with the provisions of clause (ii) of sub-section (1) of section 35 of the said Act read with rules 5C and 5E of the said Rules.

  
(Ankita Pandey)

Under Secretary to Government of India

Notification No. 11 /2017  
(F. No. 203/06/2016/ITA-II)



## SERVICE TAX UPDATES

Circular No.204/2/2017-Service Tax

F.No.354/42/2016-TRU  
Government of India  
Ministry of Finance  
Department of Revenue  
(Tax Research Unit)

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Dated- 16th February, 2017

To,

Principal Chief Commissioners of Customs and Central Excise (All)  
Principal Chief Commissioners of Central Excise & Service Tax (All)  
Principal Director Generals of Goods and Service Tax/System/CEI  
Director General of Audit/Tax Payer Services,  
Principal Commissioners/ Commissioners of Customs and Central Excise (All)  
Principal Commissioners/Commissioners of Central Excise and Service Tax (All)  
Principal Commissioners/Commissioners of Service Tax (All)  
Principal Commissioners/Commissioners LTU/Central excise/Service Tax (Audit)

**Sub: - Applicability of service tax on the services by way of transportation of goods by a vessel from a place outside India to the customs station in India w.r.t. goods intended for transshipment to any country outside India - reg.**

Madam/Sir,

Representations seeking clarification on levy of service tax on the services by way of transportation of goods by a vessel from a place outside India to the customs station in India with respect to goods intended for transshipment to any country outside India.

2. In this regard, it is mentioned that the goods landing at Indian ports which are destined for any other country are allowed to be transhipped through Indian territory without payment of Customs duty in India. This is subject to the condition that such goods imported into a customs station are mentioned in the import manifest or the import report, as the case may be, as for transshipment to any place outside India. [Section 54(2) of the Customs Act, 1962]. Further, Goods Imported (Conditions of Transshipment) Regulations, 1995 have been prescribed for the procedure to be followed for transshipment of such goods.

3. It is pertinent to mention that as per the charging Section 66B of the Finance Act, 1994, service tax is leviable on services provided or agreed to be provided in the taxable territory. Whether a service is provided or agreed to be provided in the taxable territory or not, is determined as per Section 66C of the Finance Act, 1994 and the Place of Provision of Services Rules, 2012 made thereunder. In terms of the applicable rule 10 of the Place of Provision of Services Rules, 2012, the place of provision of services of transportation of goods by air/sea, other than by mail or courier, is the destination of the goods.



4. Thus, with respect to goods imported into a customs station in India intended for transshipment to any country outside India, the destination of goods is not a place in taxable territory in India but a country other than India if the same is mentioned in the import manifest or the import report as the case may be and the goods are transhipped in accordance with the provisions of the Customs Act, 1962 and rules made there under. Hence, with respect to such goods, services by way of transportation of goods by a vessel from a place outside India to the customs station in India are not taxable in India as the destination of such goods is a country other than India.

5. All concerned are requested to acknowledge the receipt of this circular.

6. Trade Notice/Public Notice to be issued. Difficulty if any, in the implementation of the circular should be brought to the notice of the Board. Hindi version would follow.

Yours faithfully,

**(Dr. Abhishek Chandra Gupta)**  
**Technical Officer (TRU)**

## EXCISE UPDATES

Instruction

F. NO. 206/01/2017-CX 6  
GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE  
CENTRAL BOARD OF EXCISE AND CUSTOMS

North Block, New Delhi  
Dated the 16th of February, 2017

To,  
Principal Chief Commissioners/ Chief Commissioners of Central Excise (All)  
Principal Chief Commissioners/ Chief Commissioners of Central Excise and Service Tax (All)  
Directors General, DGCEI

**Sub: Periodicity of CAS-4 certificates-reg.**

Madam/ Sir,

Kind attention is invited to Board's Circular No. 692/08/2003-CX dated 13th February, 2003 by which it was clarified that cost of production of captively consumed goods shall be done strictly in accordance with CAS-4.

2. Instances have been highlighted during C &AG audit that some assesseees are not preparing CAS-4 certificates even after substantial time lapse from ending of financial year and filing of Tax Audit reports and therefore these assesseees could not calculate the differential duty.

3. In this regard, it is directed that assesseees should be requested that CAS-4 certificate of the financial year ending on 31st March shall be issued by 31st December of the next financial year. For example, for the Financial Year 2016-17, CAS-4 certificate should be issued by 31.12.2017. The assessing officer shall thereafter finalize the provisional assessment expeditiously. Jurisdictional Commissioners shall suitably issue the trade facility in this regard.

4. Difficulty, if any, in the implementation of this instruction may be brought to the notice of the Board.

Yours faithfully,

**Shankar Prasad Sarma**  
Under Secretary to the Govt. of India



## CUSTOM UPDATES

[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. 11/2017-CUSTOMS (N.T.)**

**New Delhi, 15th February, 2017**  
**26 Magha, 1938 (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	814
2	1511 90 10	RBD Palm Oil	819
3	1511 90 90	Others - Palm Oil	817
4	1511 10 00	Crude Palmolein	820
5	1511 90 20	RBD Palmolein	823
6	1511 90 90	Others - Palmolein	822
7	1507 10 00	Crude Soya bean Oil	847
8	7404 00 22	Brass Scrap (all grades)	3247
9	1207 91 00	Poppy seeds	2625

**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	400 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. 12/2012-	583 per kilogram

		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	2594''

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

**(Kshitendra Verma)**  
**Under Secretary to the Govt. of India**

**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. 08/2017-Customs (N.T.), dated the 31st January, 2017, e-published in the Gazette of India, Extraordinary, Part-II, Section-3, Subsection (ii), vide number S. O. 309(E), dated 31st January, 2017.



**GOVERNMENT OF INDIA**  
**MINISTRY OF FINANCE**  
**(DEPARTMENT OF REVENUE)**  
**(CENTRAL BOARD OF EXCISE AND CUSTOMS)**  
**Notification No.12/2017 - Customs (N.T.)**

**New Delhi, dated the 16th February, 2017**  
**27 Magha, 1938 (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.09/2017-CUSTOMS (N.T.), dated 2nd February, 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 17th February, 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	52.60	50.80
2.	Bahrain Dinar	184.05	171.75
3.	Canadian Dollar	52.10	50.50
4.	Danish Kroner	9.75	9.40
5.	EURO	72.45	69.95
6.	Hong Kong Dollar	8.75	8.50
7.	Kuwait Dinar	226.90	212.30
8.	New Zealand Dollar	49.35	47.50
9.	Norwegian Kroner	8.20	7.90
10.	Pound Sterling	85.00	82.05
11.	Singapore Dollar	47.95	46.50
12.	South African Rand	5.35	5.00
13.	Saudi Arabian Riyal	18.45	17.30
14.	Swedish Kroner	7.65	7.40
15.	Swiss Franc	67.85	65.70
16.	UAE Dirham	18.85	17.65
17.	US Dollar	67.85	66.15
18.	Chinese Yuan	9.95	9.60
19.	Qatari Riyal	18.95	17.90

**SCHEDULE-II**

S.NO.	FOREIGN CURRENCY	Rate of exchange of 100 units of foreign currency equivalent to Indian rupees	
		(3)	
(1)	(2)	(a)	(b)
		(For Imported Goods)	(For Export Goods)

1.	Japanese Yen	59.85	57.90
2.	Kenya Shilling	66.90	62.55

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

(Kshitendra Verma)  
Under Secretary to the Govt. of India  
TELE: 011-2309 5541



Circular No. 04/2017-Customs

F.No.450/11/2003-CusIV  
Government of India  
Ministry of Finance  
Department of Revenue  
(Central Board of Excise & Customs)

Room No. 227B, North Block,  
New Delhi, the 16th February, 2017.

To

All Principal Chief Commissioners/Chief Commissioners of Customs /Customs (Preventive)  
All Principal Chief Commissioners / Chief Commissioners of Customs & Central Excise  
Principal Director General / Director General, DRI  
All Principal Commissioners / Commissioners of Customs / Customs (Preventive)  
All Principal Commissioners / Commissioners of Customs & Central Excise.

Sir/Madam,

**Subject: Expansion of 24x7 customs clearance and clarification of levy of MOT charges in CFSs attached to 24x7 ports-reg.**

CBEC had on a pilot basis introduced 24x7 customs clearance at 4 designated Air cargo complexes and 4 sea ports in respect of facilitated Bills of Entry and factory stuffed containers and goods shipped under free shipping bills [Circular No. 22/20 12-Cus refers].

Subsequently, vide instruction from F. No. 450/25/2009-CusIV dated 31.5.13, the facility of 24x7 clearance [on pilot basis] was simultaneously extended to another 13 Air cargo complexes and to include all shipping bills free or otherwise filed at the said Air cargo complexes.

Since the clearances were run on pilot basis, therefore, on 31.12.14 [Circular 19/2014- Customs], CBEC allowed the facility of 24x7 customs clearance for goods covered by facilitated Bills of Entry and specified exports i. e. factory stuffed containers and goods shipped under free shipping bills on permanent basis at the designated 18 Sea Ports (including the 4 sea ports designated earlier). Currently, this facility is available at 19 Sea ports with Krishnapatnam having been added later. On the airside also this facility was made available on permanent basis for facilitated Bills of Entry and all shipping bills at the designated 17 Air Cargo Complex.

2. Providing logistics support like machinery/ cranes for container movement, labour etc is the primary responsibility of Custodian or the Customs broker/ importer. CBEC initially restricted the 24x7 to facilitated bills of entry only, keeping in view the time needed to be given to all the stakeholders to gear up for 24x7 clearance. More than two years have passed since CBEC has introduced 24x7 clearance. This much lead time should be enough for the all the stakeholders to put necessary arrangements in place to enable round the clock clearance of all import cargo and not just facilitated one. Customs is anyways operating 24x7 at designated ports/ airports. Therefore, it has been decided to extend 24x7 customs clearance to all bills of entry and not just facilitated bills of entry.

3. Board has amended the Customs (Fees for Rendering Services by the Customs Officers) Regulations, 1998 to provide that at 24x7 customs ports and airports, no fee i.e. merchant overtime fee (MOT) shall be collected in lieu of the services rendered by the customs officers. **Thus, as on date no MOT charges are required to be collected in respect of the services provided by the customs officers at 24x7 customs ports and airports.** Reference has been received seeking clarification as to whether MOT charges are to be collected in respect of stuffing of export goods at CFSs.

(a) The issue has been examined in the Board. It is observed that a designated 24x7 sea port can have a number of CFSs attached to it. While Board has already exempted MOT charges at 24x7 ports, the reference in essence seeks clarification as to whether MOT exemption can be extended to attached CFSs as well.

(b) CFSs are an extension of the Port. In the overall ecosystem of Customs clearance, CFSs have played an important role in faster clearance of EXIM goods. As a result, bulk of regulatory activity other than appraising, has shifted to CFSs.

(c) Factory stuffed containers are already covered under 24x7 operations, therefore, MOT charges are not required to be paid in lieu of services (like verification of seals etc) rendered by customs officers at CFSs in respect of such containers.

(d) Other than at the manufacturing premises, stuffing can inter-alia also occur at CFSs for export against free shipping bills or otherwise. In the case of sea ports, free shipping bills are already covered under 24x 7 scheme while the goods exported against a claim to benefit are not. Considering that the customs work carried out in the CFSs is actually an extension of the clearance activity at the port, therefore, logically no MOT charges should be leviable in lieu of services rendered by customs officers within the CFS premises even in the case of export against a claim to benefit.

(e) Accordingly, it is clarified that no MOT charges would be collected at CFSs attached exclusively to 24x7 ports in lieu of services rendered within the CFS. This will bring the MOT collection norms at par with the situation on the air side which cover all shipping bills free or otherwise.

4. Difficulty faced, if any, may be brought to the notice of the Board.

Yours faithfully,

(Zubair Riaz)  
Director (Customs)



## DGFT UPDATES

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

**NOTIFICATION No. 38/2015-2020**  
**New Delhi, Dated: 17 February, 2017**

**Subject:- Amendment in the list of Military Stores requiring NOC for export purposes**

S.O.(E) In exercise of the powers conferred by Section 5 read with Section 3(2) of the Foreign Trade (Development & Regulation) Act, 1992, as amended, read with Para 1.02 and Para 2.01 of the Foreign Trade Policy, 2015-2020, as amended from time to time, the Central Government hereby makes the following amendment in the Export Licensing Note of Table A of Schedule 2 of ITC(HS) Classification of Export and Import Items with immediate effect:

1. Category MS 007 in the Export Licensing Note of Table A of Schedule 2 of ITC(HS) Classification of Export and Import Items stands substituted as follows:-

**“MS007: Military Ground vehicles and components specially designed or modified for military use including:**

- a) Tanks and other military armed vehicles and military vehicles fitted with mountings for arms or equipment for mine laying or the launching of munitions.
- b) Armoured vehicles.
- c) Amphibious and deep water fording vehicles.
- d) Recovery vehicles and vehicles for towing or transporting ammunition or weapon systems and associated load handling equipment.
- e) Mine-protected vehicles.

**Note: MS007 does not include soft skinned vehicles i.e. the vehicles which are neither armoured nor intended to be modified as an armoured vehicle in future”**

2. **Effect of this notification:**

This notification seeks to amend Category MS 007 in the Export Licensing Note of Table A of Schedule 2 of ITC(HS) Classification of Export and Import Items thereby excluding ‘Soft Skinned Vehicles’ from the purview of the list of Military Stores requiring NOC from Department of Defence Production for export purposes.

  
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