



BMC Advisors



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WEEKLY UPDATES

April 24th, 2017 - April 30th, 2017

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MCA UPDATES

General Circular No. 23/2017

No. 11/06/2017-IEPF
Government of India
Ministry of Corporate Affairs

5th Floor, 'A' Wing
Shastri Bhawan, Dr. R. P. Road
New Delhi – 110001
Dated: 27.04.2017

To
All Stakeholders
Nodal Officer's (IEPF) of Concerned Companies
All Regional Director's & Registrar of Companies of Min. of Corp. Affairs

Subject: Transfer of Shares to IEPF Authority

Sir/Madam,

Pursuant to second proviso to Rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 notified on February 28, 2017, where the seven year period provided under sub-section (5) of section 124 is completed during September 7, 2016 to May 31, 2017, the due date for transfer of such shares by companies is May 31, 2017.

2. The IEPF Authority has decided to open a special demat account with National Securities Depository Limited (NSDL) through a Depository Participant of NSDL.
3. The special demat account will have features and functionality to support IEPF operations using paperless, digital processes and facilitate record keeping of shares transferred to the IEPF Authority to meet the requirements of the Rules. The details of the DEMAT account will be issued in due course.
4. All companies required to transfer shares to IEPF Authority under the aforesaid Rules shall transfer such shares, whether held in dematerialised form or physical form, to the demat account of IEPF Authority by way of corporate action. Information related to the shareholders whose shares are being transferred to IEPF's demat account shall be provided to NSDL in prescribed format.
5. NSDL will prescribe the file formats and operational procedures for transfer of shares to special demat account of the IEPF Authority by April 30th 2017 and May 15th 2017 respectively.

6. The charges to be levied by NSDL to the companies towards upload and maintenance of records pertaining to shares transferred to the special demat account of the IEPF Authority are as under:

- i. Transaction Fees at the time of effecting transfer of shares to Demat Account of IEPF Authority: Rs. 10/- per record subject to minimum of Rs. 500/-.
- ii. Annual Maintenance Fees: Rs. 11/- per record subject to minimum based on paid-up capital of the company as mentioned below:

Nominal Value of Admitted Securities (Rs.)	Annual Custody Fee payable by Company (Rs.)
Upto Rs.5 crore	2,700
Above Rs.5 crore and upto Rs.10 crore	6,750
Above Rs.10 crore and upto Rs.20 crore	13,500
Above Rs.20 crore	22,500

These charges are in addition to the fees that Depositories levy on the companies for corporate actions.

Yours faithfully,


(Monika Gupta)
Deputy Director

SEBI UPDATES

CIRCULAR

CIR/MRD/DRMNP/ 33 /2017

April 26, 2017

To
All recognized Clearing Corporations

Dear Sir / Madam,

Sub: Acceptance of Central Government Securities by Clearing Corporations towards Core Settlement Guarantee Fund (SGF) Contribution by Clearing Members

- 1) SEBI vide circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014, specified the guidelines for Core Settlement Guarantee Fund, Default Waterfall and Stress Test for Clearing Corporations.
- 2) Based on the feedback received from the market participants and the recommendation of the Risk Management Review Committee of SEBI, it has been decided that the clearing members shall be permitted to bring their contribution towards Core Settlement Guarantee Fund, in the form of Central Government Securities, in addition to Cash and Bank Fixed Deposits in terms of point 11 of the abovementioned SEBI circular dated August 27, 2014.
- 3) Clearing Corporations are directed to:
 - a) Take necessary steps to put in place systems for implementation of the circular, including necessary amendments to the relevant bye-laws, rules and regulations;
 - b) Bring the provisions of this circular to the notice of their members and also disseminate the same on its website; and
 - c) Communicate to SEBI, the status of implementation of the provisions of this circular in the Monthly Report.
- 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.
- 5) This circular is available on SEBI website at www.sebi.gov.in, under the category "Circulars".

Yours faithfully,

Sanjay Puroo
Deputy General Manager
Division of Risk Management and New Products
Market Regulation Department
sanjayp@sebi.gov.in

CIRCULAR

SEBI/HO/MRD/DSA/CIR/P/2017/ 34

April 27, 2017

1. All Stock Exchanges and Clearing Corporations in International Financial Services Centre (IFSC)
2. All IFSC Banking Units (IBUs) in International Financial Services Centre

Dear Sir / Madam

Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 - IFSC Banking Units (IBUs) acting as Trading Member or Professional Clearing Member on stock exchanges/clearing corporations in IFSC

Please refer to SEBI (International Financial Services Centres) Guidelines, 2015 which were notified by SEBI on March 27, 2015.

2. Clause 8 of SEBI (IFSC) Guidelines, 2015 provides that "Any recognised entity or entities desirous of operating in IFSC as an intermediary, may form a company to provide such financial services relating to securities market, as permitted by the Board".
3. Based on the representations received from the market participants and Reserve Bank of India (RBI) circular dated April 10, 2017, it is clarified that an IFSC Banking Unit (IBU) set up in IFSC shall be permitted to act as a Trading Member of an exchange or a Professional Clearing Member of a clearing corporation in IFSC, without forming a separate company, subject to the conditions mentioned in the aforesaid RBI 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,

Bithin Mahanta
Deputy General Manager
Email: bithinm@sebi.gov.in

CIRCULAR

SEBI/HO/IMD/DF2/CIR/P/2017/35

April 28, 2017

**All Mutual Funds/Asset Management Companies (AMCs)/
Trustee Companies/Boards of Trustees of Mutual Funds**

Sir/Madam,

Subject: Circular on Mutual Funds

1. Please refer to SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2016/42 dated 18 March 2016.
2. In partial modification of the above mentioned circular, para C of the circular pertaining to disclosure of executive remuneration shall read as under:

“With the underlying objective to promote transparency in remuneration policies so that executive remuneration is aligned with the interest of investors, MFs/AMCs shall make the following disclosures pertaining to a financial year on the MF/AMC website under a separate head – 'Remuneration':

1. Name, designation and remuneration of Chief Executive Officer (CEO), Chief Investment Officer (CIO) and Chief Operations Officer (COO) or their corresponding equivalent by whatever name called.
2. Name, designation and remuneration received by top ten employees in terms of remuneration drawn for that financial year.
3. Name, designation and remuneration of every employee of MF/AMC whose:
 - a. Annual remuneration was equal to or above one crore and two lakh rupees for that financial year.
 - b. Monthly remuneration in the aggregate was not less than eight lakh and fifty thousand rupees per month, if the employee is employed for a part of that financial year.
4. The ratio of CEO's remuneration to median remuneration of MF/AMC employees.
5. MF's total AAUM, debt AAUM and equity AAUM and rate of growth over last three years.

For this purpose, remuneration shall mean remuneration as defined in clause (78) of section 2 of the Companies Act, 2013. The AMCs/MFs shall disclose this information within one month from the end of the respective financial year (effective from FY 2016-17).”

3. 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 the provision of regulation 77 of SEBI (Mutual Funds) Regulations, 1996 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,
Harini Balaji
General Manager
Investment Management Department
Tel no.: 022-26449372
Email: harinib@sebi.gov.in

DGFT UPDATES

{To be published in the Gazette of India Extra Ordinary Part-II, Section-3, Sub section (ii)}

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

NOTIFICATION No.5/2015-2020
New Delhi, Dated: J. ~ April, 2017

Subject:- Amendment in Table A of Schedule 2 and Appendix 3 of ITC(HS) Classification of Export and Import Items

S.O.(E) In exercise of the powers conferred by Section 5 and Section 14A of the Foreign Trade (Development & Regulation) Act, 1992 (No.22 of 1992) read with Para 1.02 of the Foreign Trade Policy, 2015-2020, as amended, and in supersession of DGFT Notification NO.38 (RE-2010) /2009-2014 dated 31st March, 2011, Notification no. 93(RE-2012}/2009-14 dated s" January 2012, Notification no. 37(RE-2012}/2009-14 dated 14th March 2013, Notification no. 26(RE-2013}/2009-14 dated 3rd July 2013, Notification no. 56 (RE - 2013}/2009-2014 dated iz" December 2013, Notification no. 115 (RE-2013}/2009-2014 dated is" March 2015, Notification no. 116(RE-2013}/2009-14 dated 13th March 2015, Notification no. 05/(2015-2020) dated 29th April 2016 and Notification no. 38/(2015-2020} dated 17th February 2017, except as respects acts done before such supersession, the Central Government hereby makes the following amendments in Table A of Schedule 2 and Appendix 3 of ITC(HS) Classification of Export and Import Items. Annexure to this notification will replace the existing 'Appendix 3' to Schedule 2 of ITC (HS) Classification of Export and Import Items, 2012.

2. Serial No. (S.No.) 4 and 5 of the Table A of Schedule 2 of ITC (HS) Classification of Export and Import Items is substituted as under:

Goods falling in more than one Chapter of ITC (HS) Classification

"4	-	-	-	-
5	Any chapter	Special chemicals, Organisms, Materials, equipment & technologies (SCOMET) items as specified in Appendix-3 of this schedule.	Prohibited/Restrict ed	<p>a. Exports would be governed as per the conditions indicated in Appendix-3 of this Schedule.</p> <p>b. Export of items specified in Category 0 of the SCOMET list is governed by the extant provisions of the Atomic Energy Act 1962 as amended and rules, regulations, guidelines and resolutions issued under the said Act. Unless otherwise Prohibited, export may be permitted against an authorization granted by the Department of Atomic Energy.</p> <p>c. Export of items specified under the Note 2 of the 'Commodity Identification Note' of the SCOMET list would be permitted</p>

				<p>against an authorization granted by the Department of Atomic Energy.</p> <p>d. Export of items specified in Category 6 of SCOMET list (Munitions List), (except those covered under Note 2 and 3 of Commodity Identification Note of the SCOMET list) is governed by the extant Standard Operating Procedure issued by the Department of Defence Production in the Ministry of Defence. Unless prohibited, export may be permitted against an authorization issued by the Department of Defence Production.</p> <p>e. Export of items specified in Categories 1, 2, 3, 4, 5, 7 and 8 of the SCOMET list is governed by the notifications, public notices and circulars issued under the Foreign Trade (Development and Regulation) Act 1992 as amended. Unless otherwise prohibited (including the items covered under Note 4 of the Commodity Identification Note of the SCOMET list), export of such items may be permitted against an authorization issued by the DGFT."</p>
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3. 'Appendix 3' to Schedule- 2 of ITC (HS) Classification of Export and Import Items, 2012 contains the list of specified goods, services and technologies, i.e. Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET). Annexure to this notification contains the revised 'Appendix 3' and the same is also available in the DGFT's website www.dgft.gov.in.

SCOMET Categories in which amendments have been made are as follows:-

- a) SCOMET Category 6 titled 'Munitions List' that was hitherto 'Reserved' has been populated. The Military Stores list notified vide Notification No. 115(RE-2013/2009-2014 dated 13th March 2015 stands rescinded.
- b) A new SCOMET Category 8 titled 'Special Materials and Related Equipment, Material Processing, Electronics, Computers, Telecommunications, Information Security, Sensors and Lasers, Navigation and Avionics, Marine, Aerospace and Propulsion' has been added.
- c) In SCOMET Category 18 and 1C, amendments have been made. SCOMET Category 10 titled 'Other Chemicals' has been added.
- d) SCOMET Category 2 has been substituted with amended and new entries.
- e) SCOMET Categories 30001 to 30005 have been substituted by entries 30001 to 30015.
- f) Categories 3A201, 3A303, 3A309, 4A003, 4A007, 4A017, 48006, SA102, SA20S have been substituted with amended and new entries.

g) SCOMET Category 7C has been deleted.

4. This notification shall come into force on the 1st of May, 2017.

5. Effect of this notification: Annexure to this notification contains the revised 'Appendix 3' to Schedule- 2 of ITC (HS) Classification of Export and Import Items which will replace the existing Appendix 3. This notification has the effect of carrying out updates to the SCOMET list and defining the licensing jurisdiction for various categories of the SCOMET list.

Ajay Kumar Shalla
Director General of Foreign Trade
E-mail: dgft@nic.in

For appendix: Please find below link

<http://dgft.gov.in/Exim/2000/NOT/NOT17/Notification%205-%20English.pdf>

[THE FIFTH SCHEDULE

[See rules 19(2), 19A(1)(b), 19B(5), 19B(12), 19H, 19K(5)]

Sl. No.	On what payable (Relevant provision of Patents Rules, 2003, if any)	Relevant Rule of regulations under the Treaty	For Natural Person	Other than natural person either alone or jointly with natural person
(1)	(2)	(3)	(4)	(5)
			(in Rupees)	(in Rupees)
1.	Search fee	Rule 16.1(a)	2500	10000
2.	Additional fee under rule 19B(5)	Rule 40.2	2500	10000
3.	Protest fee under rules 19B(5) and 19J(5)	Rules 40.2(e) and 68.3(e)	1000	4000
4.	Preliminary examination fee	Rule 58.1	3000	12000
5.	Additional fee under rule 19J(5)	Rule 68.3	3000	12000
6.	Preliminary examination fee, if the International Search Report was prepared by the Indian International Searching Authority		2500	10000
7.	Additional fee under rule 19J(5), if the International Search Report was prepared by the Indian International Searching Authority		2500	10000
8.	Handling fee to be paid to be IB	Rule 57	As specified in the schedule of fee annexed to the regulations made under the Treaty	
9.	Late furnishing fee	Rule 13ter, 1(c), 13ter, 2, 12.3(e), 12.4(e)	1000	4000
10.	Late payment fee	Rule 58bis 2, 16bis 2	In accordance with the regulations made under the Treaty	
11.	Copy of Results of Earlier Search and of Earlier Application	12 bis 1(c)	1000	4000]

1. Ins. by S.O. 1029(E), dated 23rd April, 2013 (w.e.f. 15-10-2013, vide S.O. 3101(E), dated 14th October, 2013).

RBI UPDATES

Risk Management Systems - Role of the Chief Risk Officer (CRO)

RBI/2016-17/294

DBR.BP.BC.No.65/21.04.103/2016-17

April 27, 2017

The Chairman and Managing Director/Chief Executive Officer
All Scheduled Commercial Banks
(Excluding Local Area Banks and Regional Rural Banks)
And Small Finance Banks

Madam/Dear Sir,

Risk Management Systems - Role of the Chief Risk Officer (CRO)

Please refer to the guidelines on Risk Management Systems issued vide our circular DBOD.No.BP.(SC).BC.98/21.04.103/99 dated October 7, 1999 and the Guidance Notes on Management of Credit Risk and Market Risk issued in terms of our circular DBOD. No. BP. 520/21.04.103/2002-03 dated October 12, 2002.

2. As part of effective risk management, banks are required, inter-alia, to have a system of separation of credit risk management function from the credit sanction process. However, it is observed that the banks follow diverse practices in this regard. In order to bring uniformity in approach followed by banks, as also, to align the risk management system with the best practices, banks are advised as under:

- a. They shall lay down a Board-approved policy clearly defining the role and responsibilities of the CRO.
- b. Appointment of the CRO shall be for a fixed tenure with the approval of the Board of Directors of the banks. The CRO may be transferred/removed from his post before completion of the tenure only with the approval of the Board and such premature transfer/removal shall be reported to the Department of Banking Supervision, Reserve Bank of India, Mumbai. In case of listed banks, any change in incumbency of CRO shall be reported to the stock exchanges also.
- c. CRO shall be a senior official in the banks' hierarchy and shall have the necessary and adequate professional qualification/experience in the areas of risk management.
- d. The CRO shall have direct reporting lines to the MD & CEO / Risk Management Committee (RMC) of the Board. In case the CRO reports to the MD & CEO, the RMC shall meet the CRO on one-to-one basis, without the presence of the MD & CEO, at least on a quarterly basis.
- e. The CRO shall not have any reporting relationship with the business verticals of the bank and shall not be given any business targets.
- f. In case the CRO is associated with the credit sanction process, it shall be clearly enunciated whether the CRO's role would be that of an adviser or a decision maker. The policy shall include the necessary safeguards to ensure the independence of the CRO.

g. In banks that follow committee approach in credit sanction process for high value proposals, if the CRO is one of the decision makers in the credit sanction process, he shall have voting power and all members who are part of the credit sanction process, shall individually and severally be liable for all the aspects, including risk perspective related to the credit proposal. If the CRO is not a part of the credit sanction process, his role will be limited to that of an adviser.

h. In banks which do not follow committee approach for sanction of high value credits, the CRO can only be an adviser in the sanction process and shall not have any sanctioning power.

i. The CRO in his role as an adviser shall be an invitee to the credit sanction/approval committee without any voting rights in the proceedings of the committee.

j. There shall not be any 'dual hatting' i.e. the CRO shall not be given the responsibility of Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief of the internal audit function or any other function.

Yours faithfully,

(S. S. Barik)
Chief General Manager-in-Charge

Exim Bank's Government of India supported Line of Credit of USD 52.30 million to the Government of the Republic of Mauritius

RBI/2016-17/293

A.P. (DIR Series) Circular No. 45

April 27, 2017

To
All Category - I Authorised Dealer Banks

Madam / Sir,

Exim Bank's Government of India supported Line of Credit of USD 52.30 million to the Government of the Republic of Mauritius

Export-Import Bank of India (Exim Bank) has entered into an agreement dated November 17, 2016 with the Government of the Republic of Mauritius for making available to the latter, a Government of India supported Line of Credit (LoC) of USD 52.30 million (USD Fifty two million three hundred thousand only) for the purpose of financing Project Trident in the Republic of Mauritius. The credit under this LoC is available for financing export of eligible goods from India which means any goods and services including plant, machinery and equipment and services including consultancy services, for the purpose of Project Trident in terms of the agreement and those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this agreement. Out of the total credit by Exim Bank under this agreement, goods and services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 per cent of goods and services may be procured by the seller for the purpose of the eligible contract from outside India.

2. The Agreement under the LoC is effective from April 3, 2017. Under the LoC, the terminal utilization period is 60 months after the scheduled completion date of the project.

3. Shipments under the LoC will have to be declared on Export Declaration Form as per instructions issued by the Reserve Bank from time to time.

4. No agency commission is payable for export under the above LoC. However, if required, the exporter may use its own resources or utilize balances in its Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange. Authorised Dealer Category- I (AD Category- I) banks may allow such remittance after realization of full eligible value of export subject to compliance with the extant instructions for payment of agency commission.

5. AD Category- I banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the LOC from the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or from their website www.eximbankindia.in

6. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) 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

Formation of a new district in the State of Haryana - Assignment of Lead Bank Responsibility

RBI/2016-17/292

FIDD.CO.LBS.BC.No.28/02.08.001/2016-17

April 27, 2017

The Chairmen & Managing Directors
All Lead Banks

Dear Sir/Madam,

Formation of a new district in the State of Haryana -Assignment of Lead Bank Responsibility

The Haryana Government vide Gazette Notification dated December 1, 2016 had notified the creation of a new district to be called 'Charki Dadri' in the State of Haryana. It has been decided to assign the lead bank responsibility of this new district to Punjab National Bank as detailed below:-

Sr No	Newly carved district	Erstwhile District	Sub-division under the newly created district	Lead Bank Responsibility assigned to	District Working Code allotted to new district
1	Bhiwani	Bhiwani	Bhiwani, Loharu, Siwani and Tosham	Punjab National Bank	359
2	Charki Dadri	Bhiwani	Badhra and Charki Dadri	Punjab National Bank	395

2. Further, as mentioned above in the table, the District Working Code of the new district has been allotted for the purpose of BSR reporting by banks.

3. There is no change in the lead bank responsibilities of the other districts in the State of Haryana.

Yours faithfully

(Ajay Kumar Misra)
Chief General Manager

Guidelines on Merchant Acquisition for Card Transactions

RBI/2016-17/296

DCBR.RAD (PCB/RCB) Cir.No.4/7.12.001/2016-17

April 28, 2017

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

Dear Sir/Madam,

Guidelines on Merchant Acquisition for Card Transactions

Co-operative banks have been permitted to install both onsite/offsite ATM networks and can issue debit cards on their own or through sponsor banks based on certain eligibility conditions. Also, all co-operative banks have been allowed to enter into credit card business on their own or co-branding arrangement with other banks, subject to fulfilment of the guidelines prescribed in this regard. Keeping in view the need for encouraging digital channels for financial transactions in co-operative banks, it has been decided as under:

1. All co-operative banks not intending to act as Point of Sale (POS) acquiring bank are permitted to deploy third party POS terminals without prior approval of Reserve Bank of India (RBI) subject to the bank fulfilling the following criteria:
 - a. The co-operative bank should be licensed by RBI and CBS compliant;
 - b. The bank's CRAR should not be less than 9% in the preceding financial year;
 - c. The bank should have made a net profit in the preceding financial year;
 - d. The bank's board should consist of at least two professional directors;
 - e. A customer grievance redressal mechanism duly approved by the bank's board should be in place;
 - f. The bank should have a board approved policy on merchant acquisition for card transactions;
 - g. There should not be any restrictions imposed on the bank for accepting deposits/withdrawals by Reserve Bank of India.
 - h. The bank should obtain consent of their merchant customers before offering third party POS terminals and disclose the process of settlement.
 - i. The bank should report to respective Regional Offices of RBI within a month with necessary documents after the operationalization of third party POS terminals.
2. All co-operative banks intending to act as POS acquiring bank are permitted to deploy their own POS terminals with prior approval of RBI subject to the bank fulfilling the following criteria:
 - a. The co-operative bank should comply with criteria mentioned above at 1(a) to (g) of Para 1. The bank's IT systems & CBS should have been subjected to an IS Audit not earlier than six months from the date of application to confirm that the system is adequately secure.
 - b. Assessed net-worth should be more than ₹ 25 crore as per the last RBI inspection;
 - c. Gross NPAs should be less than 7% and net NPAs should be less than 3% in the preceding financial year;
 - d. No monetary penalty should have been imposed in last two financial years and during the year of submitting the application;
 - e. There should not be any default in the maintenance of CRR/SLR during the preceding financial year;
 - f. The bank should be a member of authorized card network, such as RuPay, Visa, MasterCard etc.
3. The banks shall comply with instructions and guidelines on Merchant Acquisition for card transactions and POS issued by Department of Payment and Settlement Systems, RBI from time to time.

4. The co-operative banks desirous to deploy their own POS terminals and act as POS acquiring bank may approach the respective Regional Offices of RBI for necessary permission in this regard, with requisite information/documents.

Yours faithfully,
(Neeraj Nigam)
Chief General Manager



Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002- Section 3 (1) (b) - Requirement of Net Owned Fund (NOF) for Asset Reconstruction Companies

RBI/2016-17/295

DNBR. PD (ARC) CC. No. 03/26.03.001/2016-17

April 28, 2017

The Chairman / Managing Director / Chief Executive Officer
All registered Asset Reconstruction Companies

Dear Sir,

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002- Section 3 (1) (b) - Requirement of Net Owned Fund (NOF) for Asset Reconstruction Companies.

A reference is invited to paragraph 9 of the Bank's Monetary Policy Statement on Developmental and Regulatory Policies dated April 06, 2017 (extract enclosed as annex).

2. Section 5 of the Enforcement of Security Interest and Recovery of Debts Laws & Misc. Provisions (Amendment) Act, 2016 (No.44 of 2016), substitutes clause (b) in sub-section (1) of Section 3 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (hereinafter referred to as "the SARFAESI Act, 2002").

3. Consequent to the above amendment, no Asset Reconstruction Company (hereinafter referred to as "the ARC") shall commence or carry on the business of securitisation or asset reconstruction without having Net Owned Fund (hereinafter referred to as NOF) of not less than Rupees two crore or such other higher amount as the Reserve Bank may, by notification, specify.

4. Accordingly, and keeping in view the greater role envisaged for ARCs in resolving stressed assets as also the recent regulatory changes governing sale of stressed assets by banks to ARCs, it has been decided to fix the minimum NOF requirement for ARCs at ₹ 100 crore on an ongoing basis with effect from the date of the enclosed Notification.

5. NOF shall be arrived at by reducing from Owned Fund (OF), as defined in the Notification DNBR (PD).CC.No.03/SCRC/26.03.001/2015-16 dated July 1, 2015, the amounts representing -

i. investments of the ARC in shares of -

- a. its subsidiaries;
- b. companies in the same group;
- c. all other ARCs; and

ii. the book value of debentures, bonds, outstanding loans and advances made to, and deposits with, -

- a. subsidiaries of the ARC; and
- b. companies in the same group,

to the extent such amount exceeds 10% of the OF.

6. All the ARCs which are already registered with Reserve Bank of India as on the date of the Notification and not having the revised minimum NOF as on date shall achieve a minimum NOF of ₹

100 crore latest by March 31, 2019. ARCs shall submit a certificate from their Statutory Auditors periodically as evidence of compliance thereof.

7. A copy of the Notification DNBR (PD-ARC) No. 05/ED(SS)-2017 dated April 28, 2017 is enclosed.

Yours faithfully,

(C. D. Srinivasan)
Chief General Manager

Encl : 1. Notification DNBR (PD-ARC) No. 05/ED(SS)-2017 dated April 28, 2017;

**Reserve Bank of India
Department of Non-Banking Regulation
Central Office, Centre No 1
World Trade Centre
Mumbai 400 005**

NOTIFICATION

Notification DNBR (PD-ARC) No. 05/ED(SS)-2017 dated April 28, 2017

In exercise of the powers conferred by clause (b) of sub-section (1) of section 3 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, Reserve Bank of India hereby specifies that the Net Owned Fund (NOF) for Asset Reconstruction Companies (ARCs) shall be minimum Rupees One Hundred Crore on an ongoing basis with effect from the date of this Notification.

2. All the ARCs which are already registered with Reserve Bank of India, having less than Rupees One Hundred Crore NOF shall achieve the prescribed minimum NOF level latest by March 31, 2019 and the same should be duly certified by the Statutory Auditors.

(Sudarshan Sen)
Executive Director

CUSTOM 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. 41/2017-CUSTOMS (N.T.)

New Delhi, the 26th April, 2017

G.S.R. (E). – In exercise of the powers conferred by sub-section (2) of section 75 of the customs Act, 1962 (52 of 1962), sub-section (2) of section 37 of the Central Excise Act, 1944 (1 of 1944), and section 93A and sub-section (2) of section 94 of the Finance Act, 1994 (32 of 1994), read with rules 3 and 4 of the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995, the Central Government hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 131/2016 - Customs (N.T.), dated the 31st October, 2016, published vide number G.S.R. 1018 (E), dated the 31st October, 2016, namely:-

In the said notification, in the Schedule,-

(i) in Chapter – 7, for tariff item 0713 and the entries relating thereto, the following tariff items and entries shall be substituted, namely :-

“713	Dried leguminous vegetables, shelled, whether or not skinned or split					
071301	Guar Gum Refined Split	MT	0.75%	1276	0.1%	170.1
071399	Others		1%		0.15%”;	

(ii) In Chapter – 11, for tariff item 1106 and the entries relating thereto, the following tariff items and entries shall be substituted, namely :-

“1106	Flour, meal and powder of the dried leguminous vegetables of heading 0713, of sago or of roots or tubers of heading 0714 or of the products of Chapter 8					
110601	Guar Meal	MT	0.75%	1276	0.1%	170.1
110699	Others		1%		0.15%”;	

(iii) In Chapter – 13, against tariff item 130201, for the entry in column (2), the entry “Of Guar Gum” shall be substituted.

[F. No. 609/28/2017-DBK]

(Dharmvir Sharma)
Under Secretary to the
Government of India

Note: The principal notification No. 131/2016-Customs (N.T.), dated the 31st October, 2016 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), dated the 31st October, 2016 vide number G.S.R. 1018 (E), dated the 31st October, 2016 and was last amended vide Notification No. 03/2017-Customs (N.T.), dated the 12th January, 2017 vide number G.S.R. 23(E), dated the 12th January, 2017.

[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 Excise and Customs)

Notification No. 42/2017-CUSTOMS (N.T.)

New Delhi, 28th April, 2017
8 Vaisakha, 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

Sr. 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	702
2	1511 90 10	RBD Palm Oil	722
3	1511 90 90	Others- Palm Oil	712
4	1511 10 00	Crude Palmolein	738
5	1511 90 20	RBD Palmolein	741
6	1511 90 90	Others- Palmolein	740
7	1507 10 00	Crude Soya Bean Oil	780
8	7404 00 22	Brass Scrap (all grades)	3199
9	1207 91 00	Poppy Seeds	2510

TABLE-2

Sr. 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	410 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-Customs dated 17.03.2012 is	568 per kilogram

	availed	
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TABLE-3

Sr. No.	Chapter/ heading/ sub-heading/ tariff item	Description of goods	Tariff value (US \$ Per Metric Tonne)
(1)	(2)	(3)	(4)
1	080280	Areca nuts	2682''

[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. 39/2017-Customs (N.T.), dated the 13th April, 2017, e-published in the Gazette of India, Extraordinary, Part-II, Section-3, Subsection (ii), vide number S. O. 1177(E), dated 13th April, 2017.

EXCISE 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. 11/2017- Central Excise (N.T.)

New Delhi, the 24th April, 2017

G.S.R. (E).- Whereas the Central Government is satisfied that according to a practice that was generally prevalent regarding levy of duty of excise (including non-levy thereof) under section 3 of the Central Excise Act, 1944 (1 of 1944), (hereinafter referred to as the said Act), on Heena Powder and Paste falling under Chapter 33 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) (hereinafter referred to as the said goods), was not being levied according to the said practice, during the period commencing on the 1st day of January, 2007 and ending with the 1st day of March, 2013;

2. Now, therefore, in exercise of the powers conferred by section 11C of the said Act, the Central Government hereby directs that the whole of the duty of excise payable under section 3 of the said Act on the said goods but for the said practice, shall not be required to be paid in respect of the said goods on which the said duty of excise was not levied during the period aforesaid in accordance with the said practice.

[F. No. 103/1/2016-CX.3]

(Rohan)
Under Secretary to the Government of India

SERVICE TAX UPDATES

F.No.137/99/2011-Service Tax
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise & Customs
Service Tax Wing

New Delhi, dated the 25th April, 2017

ORDER NO: 1 /2017-Service Tax

In exercise of the powers conferred by sub-rule(4) of rule 7 of the Service Tax Rules, 1994, the Central Board of Excise & Customs hereby extends the date of submission of the Form ST-3 for the period from 1st October 2016 to 31st March 2017, from 25th April, 2017 to 30th April, 2017.

The circumstances of a special nature, which have given rise to this extension of time, are as follows:

“ Intermittent difficulties have been faced by assesseees in accessing the ACES website on 25th April 2017”


Rajeev Yadav
Director (Service Tax)

Central Board of Excise and Customs

INCOME TAX UPDATES

Circular No. 16/2017

F.No. 279/Misc./140/2015/ITJ
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

New Delhi, 25th April, 2017

SUBJECT: Lease rent from letting out buildings/developed space along with other amenities in an Industrial Park/SEZ– to be treated as business income.

The issue whether income arising from letting out of premises /developed space along with other amenities in an Industrial Park/SEZ is to be charged under head 'Profits and Gains of Business' or under the head 'Income from House Property' has been subject matter of litigation in recent years. Assessee claim the letting out as business activity, the income arising from which to be charged to tax under the head 'Profits and Gains of Business', whereas the Assessing Officers hold it to be chargeable under the head 'Income from House Property'.

2. The matter has been considered by the Board. Income from the Industrial Parks/ SEZ established under various schemes framed and notified under section 80IA(4)(iii) of the Income-tax Act, 1961 ('Act') is liable to be treated as income from business provided the conditions prescribed under the schemes are met.

In the case of *Velankani Information Systems Pvt Ltd¹*, the Hon'ble Karnataka High Court observed that any other interpretation would defeat the object of section 80IA of the Act and government schemes for development of Industrial Parks in the country. SLPs filed in this case by the Department have been dismissed by the Hon'ble Supreme Court.

In a subsequent judgment dated 30.04.2014 in ITA No 76 & 78/2012 in the case of *CIT vs. Information Technology Park Ltd.²*, the Karnataka High Court has reaffirmed its earlier views. It has held that, since the assessee-company was engaged in the business of developing, operating and maintaining an Industrial Park and providing infrastructure facilities to different companies as its business, the lease rent received by the assessee from letting out buildings along with other amenities in a software technology park would be chargeable to tax under the head "Income from Business" and not under the head "Income from House Property". The judgement has been accepted by the Board.

3. In view of the above, it is now a settled position that in the case of an undertaking which develops, develops and operates or maintains and operates an industrial park/SEZ notified in accordance with the scheme framed and notified by the Government, the income from letting out of premises/ developed space along with other facilities in an industrial park/SEZ is to be charged to tax under the head 'Profits and Gains of Business'.

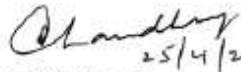
4. Accordingly, henceforth, appeals may not be filed by the Department on the above settled issue and those already filed may be withdrawn/ not pressed upon.

5. The above may be brought to the notice of all concerned.

sd.
(D.S. Chaudhry),
CIT (A&J), CBDT,
New Delhi.

Copy to:

1. The Chairman, Members and officers of the CBDT of the rank of Under Secretary and above.
2. OSD to Revenue Secretary.
3. All Pr. Chief Commissioners of Income-Tax & All Directors General of Income-Tax with a request to bring to the attention of all officers.
4. The Comptroller and Auditor General of India.
5. The Pr. Director General of Income-Tax, NADT, Nagpur.
6. The Pr. DGIT (Systems), ARA Centre, Jhandewalan Extension, New Delhi.
7. The Pr. DGIT (Vigilance), New Delhi.
8. The ADG (PR, PP & OL) for circulation as per usual mailing list.
9. The ADG-4 (Systems) for uploading on ITD website.
10. Data Base Cell for uploading on irsofficersonline.
11. Guard file.


25/4/2017
(D.S. Chaudhry),
CIT (A&J), CBDT,
New Delhi.

Circular No. 17/2017

F. No: 500/07/2017-FT & TR-V
 Government of India
 Ministry of Finance
 Department of Revenue
 Central Board of Direct Taxes
 Foreign Tax & Tax Research - II
 FT & TR-V Division

New Delhi, dated 26.04.2017

CORRIGENDUM

Subject: Corrigendum to Circular No. 13/2017 dated 11.04.2017 on the Clarification regarding liability to income-tax in India for a non-resident seafarer receiving salary in NRE (Non Resident External) account maintained with an Indian Bank.

In Line 4 of Paragraph No. 2 of the captioned circular, the word "foreign ship" may be read as "foreign going ship (with Indian flag or foreign flag)".

[Signature]

(Subhash Jangala)
Under Secretary (FT&TR-V)

To

- (a) Chairman, Members and all other Officers of the Central Board of Direct Taxes.
- (b) Pr. CCIT/Pr.DGIT/CCIT/DGIT with a request to circulate the same amongst all Officers in their Region / Charge.
- (c) Commissioner (Media & Technical Policy) and Official Spokesperson, CBDT.
- (d) Addl Director General of Income-tax (PR, PP & OL)
- (e) ITCC Section of CBDT (3 copies)
- (f) ADG (Systems)-IV for uploading on the Departmental website.
- (g) Database Cell for uploading on the IRS Officers website.
- (h) Hindi cell of Department of Revenue, for Hindi translation.
- (i) Guard File.

[Signature]

(Subhash Jangala)
Under Secretary (FT&TR-V)

Addl. DIT (S)-4 (1)
for use
[Signature]

1.5 pr. send copy to
DDIT (S)-4 (1) also
[Signature]

2
27/4/17



BMC ADVISORS

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