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RBI/FEMA

1) **NO CHANGE IN THE INTEREST RATES FOR SMALL SAVINGS SCHEMES FOR THE THIRD QUARTER OF FINANCIAL YEAR 2017-18**

The Government of India, had *vide* their Office Memorandum (OM) No.F.No.01/04/2016–NS dated September 29, 2017 has stated that the interest rates on small savings schemes for the third quarter of financial year 2017-18 starting 1st October, 2017 shall remain unchanged from those notified for the second quarter of FY 2017-18. - *[DGBA.GBD.954/15.02.005/2017-18, dated 12th October, 2017]*

2) **RBI REVISES CIRCULAR ON RISK MANAGEMENT AND INTER-BANK DEALINGS – FACILITIES FOR HEDGING TRADE EXPOSURES INVOICED IN INDIAN RUPEES**

RBI has revised the Circular on Risk Management and Inter-Bank Dealings – Facilities for Hedging Trade Exposures invoiced in Indian Rupees. *Vide* this Circular non-residents are permitted to hedge

the currency risk arising out of INR invoiced exports from and imports to India with AD Category I banks in India. The revised Circular permit the central treasury of such non-residents to undertake hedges for and behalf of such non-residents with AD Category I banks in India as per the existing Model I and Model II. - *[A.P. (DIR Series) Circular No. 08, dated 12th October, 2017]*

3) **RBI ORDERS BANKS TO IMMEDIATELY PAY INTEREST UNDER GOLD MONETISATION SCHEME**

RBI has decided that reimbursement of payments made by banks, relating to Medium and Long Term Government Deposit (MLTGD), will be made by Central Account Section (CAS), Nagpur, RBI. Accordingly, banks are advised to pay immediately the interest amount already due to the depositors. As per the Notification, after making payments, the banks can raise the claim to government through RBI. - *[DGBA.GBD.No.1007/15.04.001/2017-18, dated 17th October, 2017]*

4) **RBI REVISES GUIDELINES ON DEENDAYAL ANTYODAYA YOJANA – FOR NATIONAL RURAL LIVELIHOODS MISSION (DAY-NRLM) – AAJEEVIKA – INTEREST SUBVENTION SCHEME**

RBI has revised guidelines for the year 2017-18 on Interest Subvention Scheme under Deendayal Antyodaya Yojana – for National Rural Livelihoods Mission (DAY- NRLM). Interest subvention scheme on Credit to Women Self Help Group (SHG) during the year 2017-18:

- i. All women SHGs will be eligible for interest subvention on credit up to Rs. 3 lakhs at 7% per annum. SHG availing capital subsidy under SGSY in their existing credit

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outstanding will not be eligible for benefit under this scheme.

- ii. Banks will lend to all the women SHGs in rural areas at the rate of 7%.
- iii. Banks will be subvented to the extent of difference between the Weighted Average Interest Charged and 7% subject to the maximum limit of 5.5% for the year 2017-18. This subvention will be available to banks on the condition that they make SHG credit available at 7% p.a.
- iv. Further, the SHGs will be provided with an additional 3% subvention on the prompt repayment of loans. For the purpose of Interest Subvention of additional 3% on prompt repayment, an SHG account will be considered prompt payee if it satisfies the prescribed criterion as specified by the RBI. - **[FIDD.GSSD.CO.BC.No.17/09.01.03/2017-18, dated 18th October, 2017]**

FOREIGN TRADE

1) PROCEDURE FOR EXPORT OF SPICES TO EU

Conditions for export of spices to European Union (EU) countries have been notified. The Spices Board India is designated as the competent authority to issue Health Certificates to European Union countries in respect of export of spices and The Spices Board India shall issue such export certification within a period of 48 to 72 hours after receiving the sample from the exporter. - **[Notification No 32/2015-20, 4th October, 2017 (DGFT)]**

2) AMENDMENT IN PARA 5.25 HANDBOOK OF PROCEDURE OF FOREIGN TRADE POLICY 2015-20

Capital Goods imported under EPCG Scheme, may be re-exported for repairs abroad within three years from the date of clearance by Customs of such goods, with permission of RA/Customs Authority. The duty component on the expenditure incurred on the repairs as well as the insurance and the freight, both ways shall be taken into account for re-fixation of the EO. - **[Public Notice No. 29/2015-2020, 9th October, 2017 (DGFT)]**

3) AMENDMENT IN FOREIGN TRADE POLICY

Henceforth no Nominated Agency Certificate shall be issued/ renewed for Four Star Export House and Five Star Export House status holders. Import of gold by Four Star and Five Star Houses with existing Nominated Agency Certificate is subjected to Actual user condition and are permitted to import gold as input only for the purpose of manufacture and export by themselves during the remaining validity period of the Nominated Agency certificate. - **[Notification No. 34/2015-2020, 18th October, 2017 (DGFT)]**

4) ADDITION OF KRISHNAPATNAM PORT FOR IMPORT OF NEW VEHICLES

Krishnapatnam port is being added to the list of 14 existing ports/ICDs, thereby taking the total number of ports/ICDs to 15, for importing new vehicles. - **[Notification No. 36/2015-2020, 20th October, 2017, (DGFT)]**

5) ONE TIME RELAXATION FOR EXPORT OBLIGATION (EO) EXTENSION AND

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CLUBBING OF ADVANCE AUTHORIZATIONS

One time relaxation is provided for Clubbing of Advance Authorizations issued during Foreign Trade Policy 2002-07 and Foreign Trade Policy 2004-09. One time relaxation is provided for extension of export obligation period of Advance Authorizations issued under Foreign Trade Policy 2002-07, Foreign Trade Policy 2004-2009 and Advance Authorizations issued prior to 05.06.2012 under the Foreign Trade Policy 2009-14. –[**Public Notice No. 34/2015-2020, 24th October, 2017 (DGFT)**]

6) ONE TIME RELAXATION IN CONDONATION OF DELAY

One time relaxation in condonation of delay of submission for obtaining block-wise extension in Export Obligation under EPCG scheme and for submission of installation certificate under EPCG Scheme is provided. –[**Public Notice No. 35/2015-2020 & Public Notice No. 37/2015-2020, dated 25th October, 2017 (DGFT)**]

CORPORATE

1) AMENDMENTS TO THE INSOLVENCY AND BANKRUPTCY BOARD OF INDIA (INSOLVENCY RESOLUTION PROCESS FOR CORPORATE PERSONS) REGULATIONS, 2016 AND INSOLVENCY AND BANKRUPTCY BOARD OF INDIA (FAST TRACK INSOLVENCY RESOLUTION PROCESS FOR CORPORATE PERSONS) REGULATIONS, 2017

The Insolvency and Bankruptcy Board of India (IBBI) has amended the Insolvency and

Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 and Insolvency and Bankruptcy Board of India (Fast Track Insolvency Resolution Process for Corporate Persons) Regulations, 2017 yesterday. According to the Amended Regulations, a Resolution Plan shall include a statement as to how it has dealt with the interests of all stakeholders, including financial creditors and operational creditors of the Corporate Debtor. –[**IBBI/2017-18/GN/REG017 dated 5th October, 2017 and IBBI/2017-18/GN/REG018 dated 5th October, 2017, (IBBI)**]

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SECURITIES

1) INVESTMENT BY FPIs IN GOVERNMENT SECURITIES

The limit for FPIs in Central Government securities has been enhanced to INR 189,700 crore. Limit for Long Term FPIs (Sovereign Wealth Funds (SWFs), Multilateral Agencies, Endowment Funds, Insurance Funds, Pension Funds and Foreign Central Banks) in Central Government securities has been revised to INR 60,300 crore. Debt limit category of State Development Loans (SDL) shall be enhanced as follows: (i) SDL-General has been enhanced to INR 30,000 crore and (ii) SDL-Long Term shall be enhanced to INR 9,300 crore. Thus, total investment limits by FPIs in Government Securities has been enhanced from 2,75,100 crore to INR 2,89,300 crore. –[**IMD/FPIC/CIR/P/2017/113, 4th October, 2017, (SEBI)**]

2) CATEGORIZATION AND RATIONALIZATION OF MUTUAL FUNDS

In order to bring the desired uniformity in the different schemes launched by a Mutual Fund and to

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standardize the scheme categories and characteristics of each category, SEBI came out with following enabling structure:

The schemes would be broadly classified in the following groups: - (a) *Equity Schemes*; (b) *Debt Schemes*; (c) *Hybrid Schemes*; (d) *Solution Oriented Schemes*; and (e) *Other Schemes*.

The Annexure to the Circular further lays out the details for each of the aforesaid groups, along with their characteristics and uniform description. In case of Solution Oriented Schemes, there will be specified period of lock in. However, such lock in will not be applicable to any existing investment by the investor. The investment objective, investment strategy and benchmark of each scheme shall have to be suitably modified to bring it in line with the categories of scheme listed in this Circular.

To ensure uniformity in terms of the investment universe for equity schemes, SEBI has defined large cap, mid cap and small cap as follows:

- (a) large cap: 1st to 100th company in terms of full market capitalization;
- (b) mid cap: 101st to 250th company in terms of full market capitalization; and
- (c) small cap: 251st company onwards in terms of full market capitalization.

In this regard, Mutual Funds would be required to adopt the list of stocks prepared by AMFI and AMFI would have to adhere to following: (a) if the stock is listed on more than one recognized stock exchange, an average of full market capitalization of the stock on all stock exchanges, will be computed; (b) in case a stock is listed on only one of the recognized stock exchanges, the full market capitalization of that stock on such an exchange will be considered; and (c) this list would be uploaded on AMFI website and the same would be updated every six months (end of

June and December each year). The data shall be available on the AMFI website within 5 calendar days from the end of the 6 months period.

Subsequent to any update in the list, Mutual Funds would have to rebalance their portfolios (if required) in line with updated list, within a period of one month.

Process to be followed for categorization and rationalization of schemes:

Only one scheme per category would be permitted, except-(i) Exchange Traded Funds (ETFs); (ii) Funds of Funds having different underlying schemes; and sectoral/thematic funds.

Mutual funds are required to analyse each of their existing schemes in light of the list of categories stated in the Circular and submit their proposals to SEBI after obtaining due approvals from their trustees, not later than 2 months from the date of the Circular.

The aforesaid proposal shall also include proposed course of action (viz., winding up, merger, fundamental attribute change, etc.) in respect of existing similar schemes as well as those that are not in alignment with the structure spelled out in the Circular. If there is re-structuring of scheme, then the AMC would be required to comply with Regulation 18 (15A) of SEBI Mutual Funds Regulation, 1996.

Subsequent to the observations issued by SEBI, mutual funds would have to carry out the necessary changes, within a maximum of 3 months from the date of observation.

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Mutual funds shall ensure that the schemes so devised should not result in duplication/minor modifications of the schemes offered by them.

The Circular covers all existing open ended schemes of all Mutual Funds, schemes where SEBI has issued final observations but have not yet been launched, all schemes where draft scheme documents have been filed with SEBI, as well as all open ended schemes for which mutual fund would file draft scheme document.

—/ *SEBI/HO/IMD/DF3/CIR/P/2017/114, 6th October, 2017, (SEBI)*

3) NON-COMPLIANCE WITH MINIMUM PUBLIC SHAREHOLDING (MPS) REQUIREMENTS

Regulation 38 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) mandates a listed entity to comply with Minimum Public Shareholding (“MPS”) requirements. Through the present Circular, SEBI aims to establish a uniform approach in relation to non-compliant listed entities, their promoters and directors.

(a) The stock exchanges shall review compliance with MPS requirement based on shareholding pattern/other filings made by the listed entities to stock exchanges. Within 15 days from date of observation of non-compliance, the stock exchanges shall issue notices to such entities to ensure compliance.

On Observing non-compliance: (i) the recognized stock exchange shall impose a fine of INR 5000/- per day of non-compliance on the listed entity, till the date of compliance by the listed entity; (ii) the recognized stock exchange shall intimate the depositories to freeze the entire shareholding of the

promoter and promoter group in such listed entity till the date of compliance by such entity; (iii) the promoter, promoter group and directors of such non-compliant listed entity shall not hold any new position as director in any other listed entity till the date of compliance by such entity.

Where listed entity continues to be non-compliant for over one year: (i) the recognized stock exchange shall impose an increased fine of INR 10,000/- per day and such fine shall continue till the date of compliance; (ii) the recognized stock exchange shall intimate the depositories to freeze all the securities held in the Demat account of the promoter and promoter group till the date of compliance by such entity; (iii) the promoter, promoter group and directors of such non-compliant listed entity shall continue to be debarred from holding any new position as director in any other listed entity till the date of compliance by such entity.

The recognized stock exchange may also consider compulsory delisting of the non-compliant listed entity. The Circular also requires recognized stock exchanges to refer cases to the SEBI, where compliance with MPS requirement is not as per SEBI Circular on “Manner of achieving minimum public shareholding” dated November 30, 2015.

Upon compliance by the listed entity with MPS requirements, the recognized stock exchange shall intimate the depositories to unfreeze the shares and other securities of the promoter and promoter group of the listed entity; intimate the listed entity that its promoter, promoter group and the directors are free to take up positions of directorship in any other listed entity; disseminate information on its website compliance achieved by the listed entity.

The recognized stock exchanges are also required to disclose periodically on their websites – (i) names of

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non-compliant entities, amount of fine imposed, freezing of shares held by the promoters and promoter group and other actions taken against the entity; (ii) status of compliance including fines paid by the entity. -[*CFD/CMD/CIR/P/2017/115, 10th October, 2017, (SEBI)*]

4) SETTLEMENT MODE FOR COMMODITY DERIVATIVE CONTRACTS

The Circular prescribes that the first preference of settlement type shall always be by the way of physical delivery. An exemption from above is – cash settlement of commodity derivatives contract may be considered in scenarios only where physical delivery is difficult to implement, due to the fact that the commodity is intangible, difficult to store or difficult to handle and transport. -[*SEBI/HO/CDMRD/DMP/CIR/P/2017/116, 16th October, 2017 (SEBI)*]

5) REVIEW OF BLOCK DEAL WINDOW MECHANISM

SEBI *vide* Circular dated September 2, 2005 had prescribed guidelines for execution of large size trades through a single transaction. SEBI in turn had provided for a separate trading window for execution of such large trades, and such large trades executed on this separate trading window was termed as “block deal”.

The SEBI based on suggestion has decided to provide for revision of framework for block deals by providing two block deal windows namely *Morning Block Deal Window* and *Afternoon Block Deal Window*. The *Morning Block Deal Window* shall operate from 08:45 AM to 9:00 AM. The reference price for execution of block deals in this window shall be the previous day closing price of the stock. The stock exchanges shall set their trading hours between 08:45

AM to 5:00 PM with a stipulation that between 8:45AM to 09:00 AM, the stock exchanges shall operate only for executing trades in the block deal window. The *Afternoon Block Deal Window* shall operate between 02:05 PM to 2:20 PM. The reference price for block deals in this window shall be the volume weighted average market price (VWAP) of the trades executed in the stock in the cash segment between 01:45 PM to 02:00 PM. Between the period 02:00 pm to 02:05 pm, the stock exchanges shall calculate and disseminate necessary information regarding the VWAP applicable for the execution of block deals in the Afternoon block deal window.

The orders placed shall be within $\pm 1\%$ of the applicable reference price in the respective windows as stated above. The minimum order size for execution of trades in the block deal window shall be INR 10 crores. Every trade executed in the block deal windows must result in delivery and shall not be squared off or reversed.

The stock exchanges shall disseminate the information on block deals such as the name of the scrip, name of the client, quantity of shares bought/sold, traded price, etc., to the general public on the same day, after the market hours.

The Circular shall come into effect from January 1, 2018. The SEBI Circular dated September 2, 2005 shall stand withdrawn from January 1, 2018. Further, SEBI Circular dated October 23, 2009 shall stand modified to enable opening of morning block deal window. -[*CIR/MRD/DP/118/2017, October 26, 2017, (SEBI)*]

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COMPETITION

1) ADITYA BIRLA CHEMICALS, GRASIM INDUSTRIES LIMITED AND GUJARAT ALKALIES AND CHEMICALS LIMITED FOUND GUILTY OF BID RIGGING/COLLUSIVE BIDDING BY CCI

Delhi Jal Board (the “Informant”) had floated tender for procuring Poly Aluminium Chloride (PAC), and Liquid Chlorine (LC) (disinfectant), used for purification of water. The Informant alleged that in case of negotiations over the bid price of PAC/LC, the Opposite Parties used to negotiate/ decrease the prices, to an equal extent, decide as to how much amount is to be decreased or negotiated from bid/ quoted price and were bidding collusively by quoting similar prices with a difference of INR 200-400 for certain quantity of the said chemicals from the year 2006-07 till the year 2012.

The Director General (DG) in his investigation, concluded that the OPs did act in a collusive manner raising the bid prices and contravened the provisions of Section 3(1) read with Section 3(3) (d) of the Competition Act. The Competition Commission of India (CCI) concurred with the findings of DG, observed that the rates besides simultaneously increasing every year were converging on a narrow band. Further, it was noted that despite the fact that the plants are located in different geographical areas (and the subsequent reflection on the logistical costs), the rates quoted by all the bidders remained substantially similar.

CCI did not agree with the argument made by Aditya Birla Chemicals Limited (ABCL) and Grasim Industries Limited (GIL) that were subsidiaries of the same parent company and therefore being part of the same ‘group’, any agreement between them cannot be termed as an anti-competitive agreement under

Section 3 of the Act. CCI however noted that at every stage of the bidding process, suppliers including ABCIL and GIL were treated as opponents and their bids were assessed individually, and not collectively, and therefore they should be treated as competitors irrespective of the fact that they are related to each other.

The Commission also noted that the concept of ‘group’ is applicable only in the context of regulation of combinations under Sections 5 and 6 of the Act and has no application, whatsoever, to the proceedings under Section 3 of the Act. The Commission observed that despite all the OPs having huge variation in variable cost of production, fixed cost of production, transportation cost, taxes as well as policy on profit margin, there was a close margin in bid prices quoted for PAC by them in DJB’s tenders year after year. It was also noted that similar behavioural patterns are discernible in tenders of other municipal corporations (other than DJB) as well.

Accordingly, the CCI ordered a penalty on ABCIL and GIL at the rate of 8% on their average relevant turnover and at 6% on GACL for their first three financial years, being INR 2.09 Crore, INR 2.30 Crore and INR 1.88 Crore respectively. *–[Delhi Jal Board v. Grasim Industries Limited, 5th October, 2017, (CCI)]*

2) COMPLIANT AGAINST NTPC FOR ABUSE OF DOMINANCE DISMISSED

Tata Power Delhi Distribution Limited (the “Informant”), an electricity distribution company alleged abuse of dominance on part of NTPC Limited (the “Opposite Party” or “OP”), by imposing unfair conditions in the PPAs executed with the informant and did not provide for any exit clause qua the Informant in the PPAs. The

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Informant also alleged that OP had been delaying commercial operation date of its plants for which PPAs had already been signed, thereby forcing the Informant to procure power from existing plants at higher costs. Further, it was alleged that OP while using low grade of coal for generating electricity, had been calculating tariff based on higher grade of coal.

CCI was of the opinion that even if it is assumed that the OP was in a dominant position in the relevant market as identified by the Informant, a *prima facie* case of abuse of dominance in terms of the provisions of the Competition Act is not made out in the instant matter. It stated that firstly, the Informant has entered into the PPAs with the OP being fully aware of the terms of the PPAs including the long term obligation stipulated thereunder; secondly, there is a rational basis for binding the Informant and other procurers in the long term PPAs as the generating companies invest in establishing the generating stations based on allocation and the PPAs entered into with the parties (which are to be served through period agreed upon); and lastly, the Informant and other procurers have the option to approach the Central Government for reallocation of power allocated to them.

CCI further noted that in the electricity sector, the mandate for determination and regulation of tariff is within the domain of the sectoral regulator *i.e.* Central/ State Electricity Regulatory Commission. Thus, there is nothing left in the matter that needs to be looked into by the Commission. - [*Tata Power Delhi Distribution Limited v. NTPC Limited, 12th October, 2017, (CCI)*]

INDIRECT TAXES

a. CUSTOMS

1) EXEMPTION FROM WHOLE OF CUSTOMS DUTY AND INTEGRATED TAX ON CERTAIN GOODS

The CBEC has exempted the following products from the whole of Customs Duty and Integrated Tax when imported into India:

- i. Medicines/drugs/vaccines supplied free by UNICEF, Red Cross or an International Organisation subject to specified conditions;
- ii. Import of gold by specified banks and specified Public Sector Units (as per List 34);
- iii. Rigs and ancillary items imported for oil or gas exploration and production taken on lease by the importer for use after import;
- iv. Bonafide gifts imported by post or air upto CIF value limit of 5000 rupees and exempted from any prohibition in respect of the imports thereof under the Foreign Trade (Development and Regulation) Act, 1992 (22 of 1992). - [*Notification No. 77/2017-Customs, dated 13th October, 2017*]

2) GOODS IMPORTED BY EOUS EXEMPTED FROM INTEGRATED TAX AND COMPENSATION CESS

Notification No. 52/2003-Customs, dated March 31, 2003 has been amended so as to add that the goods imported by EOUs are now exempted from integrated tax and compensation cess also apart from the whole of the customs duty and additional duty, if any. - [*Notification No. 78/2017-Customs, dated 13th October, 2017*]

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3) EXEMPTION FROM INTEGRATED TAX/CESS ON IMPORT OF GOODS UNDER AA/EPCG SCHEMES

The CBEC has amended following Customs Exemption Notifications to exempt Integrated Tax/Cess on import of goods under Advance Authorization / Export Promotion Capital Goods (AA/EPCG) Schemes:

- Notification 16/2015-Customs, dated April 1, 2015;
- Notification 18/2015-Customs, dated April 1, 2015;
- Notification 20/2015-Customs, dated April 1, 2015;
- Notification 21/2015-Customs, dated April 1, 2015;
- Notification 22/2015-Customs, dated April 1, 2015;
- Notification 45/2016-Customs, dated August 13, 2016.

[Notification No. 79 /2017-Customs, dated 13th October, 2017]

4) NOTIFICATIONS REGARDING CUSTOMS DUTY ON TEXTILE PRODUCTS AND SPECIFIED FABRICS

The CBEC has issued following notifications regarding Customs Duty on Textile Products and Specified Fabrics:

- Notification No. 80/2017–Customs, dated 27th October, 2017:* to increase the tariff rate on textile products in chapters 50 to 63 in the First Schedule to the Customs tariff Act, 1975;
- Notification No. 81/2017–Customs, dated 27th October, 2017:* to amend Notification No. 14/2006-Customs dated 1st March 2006, to prescribe effective rate of duty on specified fabrics;

- Notification No. 82/2017–Customs, dated 27th October, 2017:* to prescribe effective rate of duty under chapters 50 to 63 on textile products.

5) EXTENSION OF EFFECTIVE DATE OF THE REORGANISED JURISDICTION OF CUSTOMS FORMATIONS

The effective date of the reorganised jurisdiction of Customs formations has been extended from 01.11.2017 to 01.01.2018, as per the amendments made to the following Customs Notifications:

- 82/2017-Cus (NT),dt. 24.08.2017;
- 85/2017-Cus (NT),dt. 07.09.2017;
- 92/2017-Cus (NT),dt. 28.09.2017

[Notification No. 99/2017–Customs (N.T.), dated 27th October, 2017]

6) ADD ON IMPORTS OF 'PARA NITRO ANILINE (PNA)'

Anti-dumping duty imposed on imports of PNA originating in or exported from China PR for a period of five years. - *[Notification No.46/2017-Customs (ADD), dated 4th October, 2017]*

7) CONTINUATION OF IMPOSITION OF ADD ON IMPORTS OF "MELAMINE"

Imposition of anti-dumping duty continued on imports of "Melamine" originating in or exported from European Union, Iran, Indonesia and Japan up to and inclusive of the 7th October 2018. - *[Notification No.47/2017-Customs (ADD), dated 6th October, 2017]*

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8) ADD ON IMPORTS OF " WIRE ROD OF ALLOY OR NON- ALLOY STEEL "

Definitive anti-dumping duty imposed on the imports of "Wire Rod of Alloy or Non- Alloy Steel" originating in or exported from China PR for a period of five years. - *[Notification No.48/2017-Customs (ADD), dated 9th October, 2017]*

9) ADD ON IMPORTS OF " COLOR COATED/ PRE-PAINTED FLAT PRODUCTS OF ALLOY OR NON-ALLOY STEEL "

Definitive anti-dumping duty imposed on the imports of "Color Coated/ Pre-Painted flat products of alloy or non-alloy steel" originating in or exported from China PR and European Union for a period of five years. - *[Notification No.49/2017-Customs (ADD), dated 17th October, 2017]*

10) PILOT IMPLEMENTATION OF PAPERLESS PROCESSING UNDER SWIFT

With the aim of facilitating trading across borders and slowly moving towards paperless processing and uploading of supporting documents, the CBEC has launched e-SANCHIT on a pilot basis. With the objective of reducing physical interface between Customs/regulatory agencies and to increase speed of clearance, it is proposed to introduce a facility to upload digitally signed supporting documents on a pilot basis to be launched shortly. The proposed 'Single Window Interface for Trade' (SWIFT) would reduce interface with Governmental agencies, reduce precious time and cost of doing business in India. Any registered ICEGATE user can upload the

documents. - *[Circular No.40/2017 - Customs, dated 13th October, 2017]*

b. CENTRAL EXCISE

1) REDUCTION OF EXCISE DUTY RATES ON PETROL AND DIESEL

Notification No. 11/2017-Central Excise amended so as to reduce the excise duty rates on Petrol and Diesel (both unbranded and branded). - *[Notification No. 22/2017-Central Excise, dated 3rd October, 2017]*

c. SERVICE TAX

1) PENDING APPEALS CASES WILL BE REDISTRIBUTED TO JURISDICTION COMMISSIONERS TO SPEED UP DISPOSAL

In order to clear the pendency of cases as on 30th June 2017 before the Commissioners of Central Excise and Service Tax (Appeals), the CBEC has decided to redistribute the cases pending in the jurisdiction of a Principal Chief Commissioner / Chief Commissioner of Central Excise and Service Tax, among other Commissioner rank officers posted in that jurisdiction. - *[Circular 208/6/2017 - Service Tax, dated 17th October, 2017 & Notification 26/2017-Central Excise (NT) dated 17th October 2017]*

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d. GST

1) EXTENSION OF FACILITY OF LUT TO ALL EXPORTERS

In view of the difficulties being faced by the exporters in submission of Bonds/Letter of Undertaking (LUT) for exporting goods or services or both without payment of integrated tax, the CBEC has decided to extend the facility of LUT to all exporters under Rule 96A of the Central Goods and Services Tax Rules, 2017 subject to the specified conditions and safeguards. - *[Notification No. 37 /2017 – Central Tax, dated 4th October, 2017]*

Accordingly, to ensure uniformity in the procedure in this regard, the CBEC has issued a Circular which clarifies the issues related to furnishing of Bond/LUT for exports - *[Circular No. 8/8/2017-GST, dated 4th October, 2017]*

2) METHOD FOR PAYMENT OF TAX ON ISSUANCE OF INVOICE BY REGISTERED PERSONS HAVING TURNOVER LESS THAN RS 1.5 CRORES

The CBEC has notified the method for making payment of tax on issuance of invoice by registered persons having aggregate turnover less than Rs. 1.5 crore under the new GST regime. To facilitate the ease of payment and return filing for small and medium businesses with annual aggregate turnover up to Rs. 1.5 crore, it has been decided that such taxpayers shall be required to file quarterly returns in FORM GSTR-1, 2 & 3 and pay taxes only on a quarterly basis, starting from the third quarter of this Financial Year, i.e., October-December, 2017. The registered buyers from such small taxpayers would be eligible to avail ITC on a monthly basis. The due dates for

filing the quarterly returns for such taxpayers shall be announced in due course. Meanwhile, all taxpayers will be required to file FORM GSTR-3B on a monthly basis till December, 2017. - *[Notification No. 40/2017 – Central Tax, dated 13th October, 2017]*

3) THRESHOLD LIMIT FOR COMPOSITION SCHEME HAS BEEN INCREASED FROM RS. 75 LAKHS TO RS. 1 CRORE

In order to facilitate small taxpayers, traders, etc., the threshold limit for Composition scheme has been increased from Rs. 75 lakhs to Rs. 1 crore and the turnover limit for special category States, except Jammu & Kashmir and Uttarakhand States has been increased from Rs.50 lakhs to Rs. 75 lakhs. - *[Notification No. 46/2017- Central Tax, dated 13th October, 2017]*

Similar corresponding Notifications have also been issued under the UTGST Act. - *[Notification No.16/2017- Union Territory Tax, dated 13th October, 2017]*

4) CERTAIN SUPPLIES NOTIFIED AS DEEMED EXPORTS UNDER SECTION 147 OF THE CGST ACT, 2017

The CBEC has notified the following supplies of goods as deemed exports:

- i. Supply of goods by a registered person against Advance Authorisation.
- ii. Supply of capital goods by a registered person against Export Promotion Capital Goods (“EPCG”) Authorisation.
- iii. Supply of goods by a registered person to Export Oriented Unit (“EOU”).
- iv. Supply of gold by a bank or Public Sector Undertaking specified in the Notification No. 50/2017-Customs, dated 30th June,

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2017 (as amended) against Advance Authorisation.

In terms of Explanation (1) to Section 54 of the CGST Act, 2017 (dealing with refunds in GST), 'refund' under GST, inter alia, includes refund of tax on the supply of goods regarded as deemed exports. - **[Notification No. 48/2017-Central Tax, dated 18th October, 2017]**

Vide separate notification, the CBEC also notified the following as evidences which are required to be produced by the supplier of deemed export supplies for claiming refund:

- i. Acknowledgment by the jurisdictional Tax officer of the Advance Authorisation holder or Export Promotion Capital Goods Authorisation holder, as the case may be, that the said deemed export supplies have been received by the said Advance Authorisation or Export Promotion Capital Goods Authorisation holder, or a copy of the tax invoice under which such supplies have been made by the supplier, duly signed by the recipient Export Oriented Unit that said deemed export supplies have been received by it.
- ii. An undertaking by the recipient of deemed export supplies that no input tax credit on such supplies has been availed by him.
- iii. An undertaking by the recipient of deemed export supplies that he shall not claim the refund in respect of such supplies and the supplier may claim the refund. - **[Notification No. 49/2017-Central Tax, dated 18th October, 2017]**

5) CENTRAL TAX RATE OF 0.05% & INTEGRATED TAX RATE OF 0.1% & UNION TERRITORY TAX RATE OF 0.05% PRESCRIBED ON INTRA-STATE SUPPLY OF TAXABLE GOODS BY A REGISTERED SUPPLIER TO A

REGISTERED RECIPIENT FOR EXPORT

The CBEC has prescribed Central Tax rate of 0.05% & Integrated Tax rate of 0.1% & Union Territory tax rate of 0.05% on intra-State supply of taxable goods by a registered supplier to a registered recipient for export subject to specified conditions. - **[Notification No. 40/2017-Central Tax (Rate), dated 23rd October, 2017 & Notification No. 41/2017--Integrated Tax (Rate), dated 23rd October, 2017 & Notification No. 40/2017-Union Territory Tax (Rate), dated 23rd October, 2017]**

6) EXEMPTION FROM REGISTRATION FOR ALL INTER-STATE SERVICE PROVIDERS HAVING TURNOVER BELOW THE THRESHOLD LIMIT

The GST Council, in its 22nd Meeting on 6 Oct. 2017 has decided and recommended that all inter-state service providers shall be exempted from Registration, if turnover remains below the threshold limit. Presently, anyone making inter-state taxable supplies, except inter-State job worker, is compulsorily required to register, irrespective of turnover. This measure is expected to significantly reduce the compliance cost of small service providers. Accordingly, the CBEC has notified exemption from obtaining registration for those service providers whose annual aggregate turnover is less than Rs. 20 lacs (Rs. 10 lacs in special category states except J & K), even if they are making inter-State taxable supplies of services. - **[Notification No. 10/2017 - Integrated Tax, dated 13th October, 2017]**

7) CLARIFICATIONS TO REMOVE DIFFICULTIES IN IMPLEMENTING

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PROVISIONS OF COMPOSITION SCHEME

Certain difficulties have arisen in giving effect to the provisions of Section 10 (Composition Scheme) of the Central Goods and Services Tax Act, therefore, the CBEC has made the following clarifications:

- i. if a person supplies goods and/or services referred to in clause (b) of paragraph 6 of Schedule II of the said Act and also supplies any exempt services including services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, the said person shall not be ineligible for the composition scheme under Section 10 subject to the fulfilment of all other conditions specified therein.
- ii. it is further clarified that in computing his aggregate turnover in order to determine his eligibility for composition scheme, value of supply of any exempt services including services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, shall not be taken into account. - **[Order-01/2017-Central Tax, dated 13th October, 2017]**

Similar corresponding Order has been issued under the UTGST Act. - **[Order No. 01/2017-Union Territory Tax, dated 13th October, 2017]**

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INTELLECTUAL PROPERTY RIGHTS

1) DUE TO LACK OF EVIDENCE DELHI HC REJECTS PLAINTIFF SUIT FOR INFRINGEMENT AND ALLOWS

DEFENDANT'S COUNTER CLAIM AGAINST THE PLAINTIFF

The Court observed that it is well settled that prior use of the goods will override the subsequent user, even though subsequent user has a registered trademark ("first in the market test"). The documents provided on record by the defendants prove that the defendants are prior user since 1971. Hence the Court dismissed the suit filed by the plaintiff with costs and allowed the Counter Claim filed by the first defendant with costs. - **[M/s R.J.Components and Shafts vs. M/s.Deepak Industries Limited & Ors., dated 17th October, 2017]**

CONSUMER

1) BANKS ARE BOUND TO INFORM ITS CUSTOMERS THROUGH PERSONAL NOTICE BEFORE DISCONTINUING ANY INSURANCE POLICY PROVIDED AS COVER FOR LOANS GRANTED

Complainant's husband had obtained two housing loans from SBI under two accounts for INR 8 lakh and INR 5.8 lakh. The loan agreement was covered by 'Free Personal Accident Insurance Policy' which, in case of the death the borrower, could adjust the insurance amount to the bank. The Complainant's husband died in an accident and the Bank refused to adjust the loan amount against the insurance policy.

The National Consumer Disputes Redressal Commission (NCDRC) asked the State Bank of India (SBI) to adjust the 'personal accident policy benefits' on the loans taken by a man, who died during the policy period, after noting that the bank had failed to

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inform him about discontinuing the policy. The Commission noted that bank having offered a personal accident cover as one of the conditions of the sanction letter, should not have discontinued the policy *suo motu* without informing the insured who had opted for and were covered under this insurance. Further, the bank was bound to inform the insured not only by publication in the newspaper but also mandatorily by personal notice that the benefit of insurance coverage of loan as given by the sanction letter was proposed to be withdrawn so that they could make alternate arrangement, if they, so desired.
-*[State Bank of India & 2 Ors., v. Surisetty Lakshmi Sai Mahalakshamma & 2 Ors., October 23, 2017, (NCDRC)]*

ENVIRONMENT

1. NGT RELIEF ON 10-YEAR-OLD DIESEL VEHICLES

The NGT has provided some relief to 10-year-old diesel vehicle owners by allowing them to ply in parts of NCR for transportation of petroleum, essential goods or those that are being used by public authorities. However, the tribunal categorically stated that these vehicles would not enter the capital. - *[The Times of India, dated 14th October, 2017]*

2. TAKE ACTION AGAINST THERMAL PLANTS WITH NO MONITORING SYSTEM: NGT

The NGT has directed the Central Pollution Control Board (CPCB) and state pollution control boards to take action against 35 thermal power plants across the country which have

failed to install online effluent and emission monitoring system, despite its direction. - *[The Times of India, dated 25th October, 2017]*

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