



# NEWSLETTER <sup>Weekly</sup>

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## MINISTRY OF FINANCE

### **1. CBDT notifies amendments in Income-tax Rules, 1962 to prescribe conditions for applicability of presumptive taxation regime for non-resident cruise ship operators.**

As a measure to promote investment and employment, Finance (No. 2) Act, 2024 inter alia provided a presumptive taxation regime for non-residents, engaged in the business of operation of cruise ships. Further, exemption has been provided for any income of a foreign company from lease rentals of cruise ships, received from a related company which operates such ship or ships in India. Applicability of this presumptive taxation regime is subject to the conditions, as prescribed.

The conditions which have been prescribed for non-resident, engaged in the business of operation of cruise ships provide that such non-resident shall: -

- a. Operate a passenger ship having a carrying capacity of more than 200 passengers or length of 75 meters or more, for leisure and recreational purposes and having appropriate dining and cabin facilities for passengers;
- b. Operate such ship on scheduled voyage or shore excursion touching at least two sea ports of India or same sea ports of India twice;
- c. Operate such ship primarily for carrying passengers and not for carrying cargo; and
- d. Operate such ship as per the procedure and guidelines if any, issued by the Ministry of Tourism or Ministry of Shipping.

For more information, you can access the GOI press release here:

<https://egazette.gov.in/>

### **2. Government of India and Republic of Korea conduct Signing of Exchange of Notes for NCERT's Technical Cooperation project titled "Strengthening Vocational Education and Training in Mechatronics in India" with KOICA.**

The Government of India and the Republic of Korea conducted signing of Exchange of Notes for the Technical Cooperation Project titled 'Strengthening Vocational Education and Training in Mechatronics in India', on 20<sup>th</sup> January 2025, in New Delhi. The project will be implemented in collaboration with Korea International Cooperation Agency (KOICA) of Government of Republic of Korea. This is the first project being implemented with assistance of KOICA in India. The Project, which spans over two years, aims to establish a basis of vocational education and training in mechatronics in India and will be implemented by NCERT at the Regional Institute of Education (RIE), Bhopal, where it will help build environment to pilot education in mechatronics by preparing curriculum, textbooks, teacher's manual and equipment. Republic of Korea was designated as India's Official Development Assistance (ODA) partner for development cooperation in October, 2016. The bilateral relationship between the two countries was upgraded to 'Special Strategic Partnership' in the year 2015. Signing of the exchange of notes for the NCERT project will further consolidate and strengthen the Special Strategic Partnership between India and the Republic of Korea.

For more information, you can access the GOI press release here:

<https://pib.gov.in/PressReleasePage.aspx?PRID=2095225>

### 3. CBIC cautions against fraudsters issuing fake and fraudulent Summons for GST violations.

In case of suspicion of bogus summons, taxpayers may immediately report to DGGI / CGST formations. It has been recently observed that some individuals with fraudulent intent are creating and sending fake summons to the taxpayers who may or may not be under investigation by the Directorate General of GST Intelligence (DGGI), Central Board of Indirect Taxes and Customs (CBIC). The fake summons resembles very closely with the original due to use of Department's logo and Document Identification Number (DIN). However, these DIN numbers are fake and are used by the fraudsters to make the document look and feel genuine. It is once again clarified that taxpayers can easily verify the genuineness of any communication (including Summons) issued by any officer of CBIC by using the 'VERIFY CBIC-DIN' window on the CBIC's website <https://esanchar.cbic.gov.in/DIN/DINSearch>. On verifying the DIN, if any individual or taxpayer finds that the Summon/letter/Notice is fake, it may immediately be reported to the office concerned. This will enable the competent DGGI / CGST formation to take law enforcement action against the fraudsters for using fake Summons/letter/Notice to dupe the public.

For more information, you can access the GOI press release here:

<https://pib.gov.in/PressReleasePage.aspx?PRID=2095881>

## RESERVE BANK OF INDIA

### 1. Guidelines on Settlement of Dues of borrowers by ARCs.

The Reserve Bank of India (RBI) has revised the guidelines for Asset Reconstruction Companies (ARCs) regarding the settlement of dues payable by borrowers, effective January 20, 2025. Under the updated provisions, each ARC is required to establish a Board-approved policy that outlines eligibility criteria for one-time settlements, permissible sacrifices on exposures, and methods for determining the realizable value of securities. Settlements must only occur after all recovery avenues have been exhausted, with a preference for lump-sum payments. For borrowers with dues exceeding ₹1 crore, an Independent Advisory Committee (IAC) must evaluate proposals before they are presented to the ARC's Board, which includes at least two independent directors. Additionally, settlements involving borrowers classified as frauds or wilful defaulters will still adhere to these guidelines, ensuring compliance with ongoing legal proceedings. These changes aim to enhance transparency and accountability in the asset recovery process while protecting borrower rights and promoting financial stability in the sector.

For more information, you can access the RBI notification here:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12771&Mode=0>

### 2. Premature redemption under Sovereign Gold Bond (SGB) Scheme - Redemption Price for premature redemption due on January 21, 2025 (Series VIII of SGB 2019-20).

In terms of GOI Notification F.No.4(7)-B(W&M)/2019 dated September 30, 2019 (SGB 2019-20 Series VIII -Issue date January 21, 2020) on Sovereign Gold Bond Scheme, premature redemption of Gold Bond may be permitted after fifth year from the date of issue of such Gold Bond on the date on which interest is payable. Accordingly, the due date of premature redemption of the above tranche shall be January 21, 2025. Further, the redemption price of SGB shall be based on the simple average of closing gold price of 999 purity of previous three business days from the date of redemption, as published by the India Bullion and Jewellers Association Ltd (IBJA). Accordingly, the redemption price for premature redemption due on January 21, 2025, shall be **₹7,926/- (Rupees Seven Thousand Nine Hundred and Twenty-Six only)** per unit of SGB based on the simple average of closing gold price for the three business days i.e., January 16, January 17, and January 20, 2025.

For more information, you can access the RBI press release here:

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=59559](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59559)

**3. Premature redemption under Sovereign Gold Bond (SGB) Scheme - Redemption Price for premature redemption due on January 22, 2025 (Series V of SGB 2018-19).**

In terms of [GOI Notification F.No.4\(22\)-B\(W&M\)/2018 dated October 08, 2018](#) (SGB 2018-19 Series V - Issue date January 22, 2019) on Sovereign Gold Bond Scheme, premature redemption of Gold Bond may be permitted after fifth year from the date of issue of such Gold Bond on the date on which interest is payable. Accordingly, the next due date of premature redemption of the above tranche shall be January 22, 2025. Further, the redemption price of SGB shall be based on the simple average of closing gold price of 999 purity of previous three business days from the date of redemption, as published by the India Bullion and Jewellers Association Ltd (IBJA). Accordingly, the redemption price for premature redemption due on January 22, 2025, shall be **₹7,935/- (Rupees Seven Thousand Nine Hundred and Thirty-five only)** per unit of SGB based on the simple average of closing gold price for the three business days i.e., January 17, January 20, and January 21, 2025.

For more information, you can access the RBI press release here:

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=59568](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59568)

**4. Reserve Bank of India imposes monetary penalty on Canara Bank.**

The Reserve Bank of India (RBI) has, by an order dated January 07, 2025, imposed a monetary penalty of ₹1,63,60,000 (Rupees One crore sixty-three lakh sixty thousand only) on Canara Bank (the bank) for non-compliance with certain directions issued by RBI on ‘Priority Sector Lending - Targets and Classification’, ‘Interest Rate on Deposits’ and ‘Financial Inclusion - Access to Banking Services - Basic Savings Bank Deposit Account (BSBDA)’. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of Section 47A(1)(c) read with Sections 46(4)(i) and 51(1) of the Banking Regulation Act, 1949. The Statutory Inspection for Supervisory Evaluation (ISE 2023) of the bank was conducted by RBI with reference to its financial position as on March 31, 2023. Based on supervisory findings of non-compliance with RBI directions and related correspondence in that regard, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for its failure to comply with the said RBI directions. After considering the bank’s reply to the notice, additional submissions made by it and oral submissions made during the personal hearing, RBI found that the following charges against the bank were sustained, warranting imposition of monetary penalty:

- i. The bank collected loan related charges in certain Priority Sector loans up to ₹25,000;
- ii. The bank did not pay any interest on certain Savings Bank Deposit accounts; and
- iii. The bank simultaneously maintained Savings Bank Deposit accounts and Basic Savings Bank Deposit (BSBD) accounts of same customers.

This action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers. Further, imposition of monetary penalty is without prejudice to any other action that may be initiated by RBI against the bank.

For more information, you can access the RBI press release here:

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=59600](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59600)

**5. Premature redemption under Sovereign Gold Bond (SGB) Scheme - Redemption Price for premature redemption due on January 28, 2025 (Series II of SGB 2017-18).**

In terms of GOI Notification F.No.4(20)-W&M/2017 dated July 06, 2017 (SGB 2017-18 Series II - Issue date July 28, 2017) on Sovereign Gold Bond Scheme, premature redemption of Gold Bond may be permitted after fifth year from the date of issue of such Gold Bond on the date on which interest is payable. Accordingly, the next due date of premature redemption of the above tranche shall be January 28, 2025. Further, the redemption price of SGB shall be based on simple average of closing gold price of 999 purity, of

the week (Monday-Friday), preceding the date of redemption, as published by the India Bullion and Jewellers Association Limited. Accordingly, the redemption price for premature redemption due on January 28, 2025, shall be ₹7,988/- (**Rupees Seven Thousand Nine Hundred and Eighty-Eight only**) per unit of SGB based on the simple average of closing gold price for the week i.e. January 20 – January 24, 2025.

For more information, you can access the RBI press release here:

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=59602](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59602)

#### **6. RBI announces rate of interest on GOI FRB 2035.**

The rate of interest on the Government of India Floating Rate Bonds, 2035 (GOI FRB 2035) applicable for the period January 25, 2025 to January 24, 2030 shall be 6.66 per cent per annum.

It may be recalled that the GOI FRB 2035 was issued on January 25, 2005 by the Government of India to the Reserve Bank of India on private placement basis against the transfer of subordinated debt of IDFC. The rate of interest of the bonds shall be reset by the Bank every five years at the prevailing 5-year yield on Government of India securities as on the last working day prior to commencement of each period of five years. Accordingly, the coupon of the GOI FRB 2035 has been fixed on the basis of secondary market transactions in Government of India securities as on January 24, 2025.

For more information, you can access the RBI press release here:

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=59603](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59603)

***You may send your suggestions at [niyati@asalegal.in](mailto:niyati@asalegal.in)***

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