



NEWSLETTER ^{Weekly}

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RESERVE BANK OF INDIA

MASTER DIRECTION - EXTERNAL COMMERCIAL BORROWINGS, TRADE CREDIT, BORROWING AND LENDING IN FOREIGN CURRENCY BY AUTHORISED DEALERS AND PERSONS OTHER THAN AUTHORISED DEALERS

Transactions on account of External Commercial Borrowings (ECB) and Trade Credit are governed by clause (d) of sub-section 3 of section 6 of the Foreign Exchange Management Act, 1999 (FEMA). Various provisions in respect of these 2 types of borrowings from overseas are included in the following 3 Regulations framed under FEMA:

- i. Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000, notified vide Notification No. FEMA 3/2000-RB dated May 3, 2000;
- ii. Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004, notified vide Notification No. FEMA 120/2004-RB dated July 07, 2004; and
- iii. Foreign Exchange Management (Guarantees) Regulations, 2000, notified vide Notification No. FEMA 8/2000-RB dated May 03, 2000.

These directions lay down the modalities as to how the foreign exchange business has to be conducted by the Authorised Persons with their customers/constituents with a view to implementing the regulations framed. Instructions issued in respect of aforesaid borrowing transactions have been compiled in the said Master Direction containing the terms and conditions related to borrowing and lending in foreign currency by authorised dealer and by persons other than authorised dealer.

The key addition in the said Master Direction is that the Overseas branches/subsidiaries of Indian banks are permitted only to refinance ECBs of highly rated (AAA) corporates as well as Navratna and Maharatna PSUs, provided the outstanding maturity of the original borrowing is not reduced and all-in-cost of fresh ECB is lower than the existing ECB. Partial refinance of existing ECBs is also permitted subject to same conditions.

Source: <https://rbidocs.rbi.org.in/rdocs/notification/PDFs/15MDC8CEB9A7BDE64745B9BE1DCEC3293CA1.PDF>

FORMATION OF NEW DISTRICTS IN THE STATE OF ASSAM - ASSIGNMENT OF LEAD BANK RESPONSIBILITY

The Government of Assam vide Gazette Notifications dated January 25, 2016, February 26, 2016 and August 5, 2016 had notified the creation of eight new districts in the State of Assam. It has been decided to assign the lead bank responsibility of the new districts as detailed below:-

S. No.	Newly Carved District	Erstwhile District	Sub Divisions under the newly created district	Lead Bank Responsibility assigned to
1	Nagaon	Nagaon	Kaliabor	United Bank of India
2	Hojai	Nagaon	Hojai Civil	United Bank of India
3	Sivsagar	Sivsagar	Nazira	United Bank of India

4	Charaideo	Sivsagar	Charaideo	United Bank of India
5	Jorhat	Jorhat	Titabor	United Bank of India
6	Majuli	Jorhat	Majuli Civil	United Bank of India
7	Dhubri	Dhubri	Bilasipara	UCO Bank
8	South Salmara-Mankachar	Dhubri	South Salmara Sub Division except area of Fakirganj Zila Parishad constituency and except Birsingh Jarwa Block and Jamadarhat Development Block	UCO Bank
9	Sonitpur	Sonitpur	Tezpur, Dhekiajuli	UCO Bank
10	Biswanath	Sonitpur	Gohpur civil, Biswanath civil and Sootea and Nagsankar mouzas of the Naduar revenue circle.	United Bank of India
11	Karbi Anglong	Karbi Anglong	Bokajan	State Bank of India
12	West Karbi Anglong	Karbi Anglong	Hamren Civil	State Bank of India

Further, although two new districts “East Kamrup” and “South Kamrup” have been published in the Gazette Notification dated February 26, 2016, these two districts are still non-functional as per the communication received from the Government of Assam. Lead bank responsibility will hence be assigned separately for these districts.

The District Working Codes of the new districts have been allotted for the purpose of BSR reporting by banks. There is no change in the lead bank responsibilities of the other districts in the State of Assam.

Source: <https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT122DEAC64B2FECB427CA1A0C23C995EFEE7.PDF>

MINISTRY OF FINANCE

NOTIFICATION REGARDING CLAUSE (46) OF SECTION 10 OF THE INCOME TAX ACT, 1961 (43 OF 1961)

In exercise of the powers conferred by clause (46) of section 10 of the Income tax Act, 1961 (43 of 1961), the Central Government notifies for the purposes of the said clause, the Central Registry for Securitization Asset Reconstruction and Security Interest of India, a body set up under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, in respect of the following specified income arising to that body, namely:—

1. fee income from Security Interest transactions;
2. fee income from transactions on Central KYC (CKYC) Records Registry;
3. interest income on fixed deposits and on saving bank account; and
4. RTI application fee.

This notification shall be effective subject to the conditions that Central Registry for Securitization Asset Reconstruction and Security Interest of India,—

- (a) shall not engage in any commercial activity;
- (b) activities and the nature of the specified income shall remain unchanged throughout the financial years; and
- (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

This notification shall be deemed to have been applied for the financial Years 2013-2014, 2014-2015, 2015-2016, 2016-2017 and shall apply with respect to the financial year 2017-2018.

Source: <http://www.egazette.nic.in/WriteReadData/2018/182062.pdf>

NOTIFICATION REGARDING CLAUSE (39) OF SECTION 10 OF THE INCOME TAX ACT, 1961 (43 OF 1961)

In exercise of the powers conferred by clause (39) of the section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government made the following amendments in the notification of the Government of India, Ministry of Finance, Department of Revenue, Central Board of Direct Taxes, number S.O. 3129(E), dated the 26th September, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (ii), dated the 26th September, 2017, namely:—

In the said notification, in clause (c),—

(A) for clause (i), the following clause shall be substituted, namely:—

“(i) Income arising from the receipt from National supporters namely Hero Motocorp Ltd., Bank of Baroda, Coal India Ltd., Think and Learn Private Limited, Dalmia Cement Bharat Limited and NTPC Limited.—rupees thirty-nine crore, thirty-nine lakhs, fifty two thousand and two hundred fifty (Rs. 39,39,52,250).”

(B) sub-clause (ii) shall be omitted with effect from 26th September, 2017.

Source: <http://www.egazette.nic.in/WriteReadData/2018/182077.pdf>

AMENDMENTS IN THE TAX RETURN PREPARER SCHEME, 2006

In exercise of the powers conferred by sub-section (1) of Section 139B of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following further amendments in the Tax Return Preparer Scheme, 2006, and this Scheme may be called the Tax Return Preparer (Amendment) Scheme, 2018.

In the Tax Return Preparer Scheme, 2006 (hereinafter referred to as the said Scheme), for paragraph 3, the following paragraph shall be substituted, namely:-

“3. An individual, who holds a bachelor degree from a recognised Indian University or institution, or has passed the intermediate level examination conducted by the Institute of Chartered Accountants of India or the Institute of Company Secretaries of India or the Institute of Certified Management Accountants of India, shall be eligible to act as Tax Return Preparer.”

Source: <http://www.egazette.nic.in/WriteReadData/2018/182091.pdf>

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

CIRCULAR IN EXERCISE OF POWERS UNDER SECTION 196 READ WITH SECTIONS 204 AND 208 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016

In exercise of powers under section 196 read with sections 204 and 208 of the Insolvency and Bankruptcy Code, 2016, and in consultation with the Insolvency Professional Agencies.

In the interest of transparency, it has been decided that an insolvency professional and every other professional appointed by the insolvency professional for a resolution process shall make disclosures with regard to his relationship with (i) the Corporate Debtor, (ii) other Professional(s) engaged by him, (iii) Financial Creditor(s), (iv) Interim Finance Provider(s), and (v) Prospective Resolution Applicant(s) to the Insolvency Professional Agency of which he is a member, within such time specified as detailed in the link given below. The disclosures shall be made in respect of ongoing resolution processes as on date and all

subsequent resolution processes. The disclosures due on date in respect of the ongoing processes shall be made to the respective Insolvency Professional Agency by 31st January, 2018. The Insolvency Professional shall ensure timely and correct disclosures by him and the other Professionals appointed by him. Any wrong disclosure and delayed disclosure shall attract action against the Insolvency Professional and the other Professional as per the provisions of the law.

Source:

[http://ibbi.gov.in/webadmin/pdf/whatsnew/2018/Jan/Disclosures-Circular-12.01.2018%20\(1\)-1 2018-01-16%2018:17:52.pdf](http://ibbi.gov.in/webadmin/pdf/whatsnew/2018/Jan/Disclosures-Circular-12.01.2018%20(1)-1 2018-01-16%2018:17:52.pdf)

CIRCULAR IN EXERCISE OF POWERS UNDER SECTION 196 READ WITH SECTION 208 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016

In exercise of powers under section 196 read with section 208 of the Insolvency and Bankruptcy Code, 2016 this circular is issued. In terms of section 5(13) of the Code, 'the fees payable to any person acting as a resolution professional' is included in 'insolvency resolution process cost', which needs to be paid in priority. In view of the above, it is clarified that an insolvency professional shall render services for a fee which is a reasonable reflection of his work, raise bills / invoices in his name towards such fees, and such fees shall be paid to his bank account. Any payment of fees for the services of an insolvency professional to any person other than the insolvency professional shall not form part of the insolvency resolution process cost. Similarly, any other professional appointed by an insolvency professional shall raise bills / invoices in his / its (such as registered valuer) name towards such fees, and such fees shall be paid to his / its bank account.

Source:

<http://ibbi.gov.in/webadmin/pdf/whatsnew/2018/Jan/Fees%20payable%20to%20an%20Insolvency%20professional%20and%20to%20other%20professionals%20appointed%20by%20an%20Insolvency%20professional 2018-01-16%2017:57:32.pdf>

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA

NOTIFICATION REGARDING "OBLIGATORY CESSION"

In exercise of the powers conferred by Sub-section (2) of the Section 101A of the Insurance Act, 1938, the Authority, after consultation with the Advisory Committee, constituted under section 101B of the Insurance Act, 1938 and with the previous approval of the Central Government, hereby makes the following notification namely: - "Obligatory Cession"

1. Applicability: This notification shall be applicable to Indian Reinsurers and other applicable insurers as per the provision of Section 101A of Insurance Act, 1938.
2. Percentage of Cession: The percentage cession of the sum insured on each General Insurance Policy to be reinsured with the Indian Reinsurer(s) shall be 5% in respect of insurance attaching during the financial year beginning from 1st April, 2017 to 31st March, 2018. Apportionment of obligatory cession for the FY 2017-18 will be at 5% and 0% between General Insurance Corporation of India and ITI Reinsurance Ltd. respectively.
3. Terms & Conditions:
 - a) Sum insured limits for cession:
 - i. The following sum insured limits for obligatory cession shall be applicable from 1st April, 2017 to 30th September, 2017

The notification is detailed in the link stated herein below.

Source: <http://www.egazette.nic.in/WriteReadData/2018/182040.pdf>

MINISTRY OF LAW AND JUSTICE

THE INSOLVENCY AND BANKRUPTCY CODE (AMENDMENT) ACT, 2017

This Act may be called the Insolvency and Bankruptcy Code (Amendment) Act, 2018 and it shall be deemed to have come into force on the 23rd day of November, 2017

In the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as the principal Act), in section 2,—

- (i) in clause (d), the word "and" shall be omitted;
- (ii) for clause (e), the following clauses shall be substituted, namely:—

- "(e) personal guarantors to corporate debtors;
- (f) partnership firms and proprietorship firms; and
- (g) individuals, other than persons referred to in clause (e),".

The Amendment Act is detailed in the link mention herein below.

Source: <http://www.egazette.nic.in/WriteReadData/2018/182066.pdf>

THE NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT (AMENDMENT) ACT, 2017

This Act may be called the National Bank for Agriculture and Rural Development (Amendment) Act, 2018 and it shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint, and different dates may be appointed for different provisions of this Act.

2. In the National Bank for Agriculture and Rural Development Act, 1981 (hereinafter referred to as the principal Act), in the long title, for the words "small-scale industries, cottage and village industries", the words "micro-enterprises, small enterprises and medium enterprises, cottage and village industries, handlooms" shall be substituted.

The Amendment Act is detailed in the link mention herein below.

Source: <http://www.egazette.nic.in/WriteReadData/2018/182063.pdf>

Your suggestions are invited regarding improvement of the format of the newsletter and its relevance to your work.

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