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The Institute of Cost Accountants of India

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INDUSTRY

India receives $32.87 bn FDI in October-September

India received $32.87 billion foreign direct investment (FDI) during October 2014 to September this year, Parliament was informed. The sectors, which attracted FDI during the period include computer software and hardware, services sector, trading, automobile, construction activities, chemicals, power, pharmaceuticals, industrial machinery and food processing. In the defence and railway related components, the country received only $0.08 million (Rs 0.48 crore) and $23.2 million (Rs 146.65 crore) FDI during the October-September period.

Read more at: http://economictimes.indiatimes.com/articleshow/49982875.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Forex reserves down by $ 149.7 million to $ 352.365 billion

Country's foreign exchange reserves declined by $ 149.7 million to $ 352.365 billion in the week to November 20, due to fall in foreign currency assets, according to RBI data. In the previous week, the reserves had increased by $ 780.9 million to $ 352.515 billion. Foreign currency assets (FCAs), a major component of overall reserves, fell by $ 133.5 million to $ 328.395 billion in the reporting period, RBI said in a release.

Read more at: http://economictimes.indiatimes.com/news/economy/finance/forex-reserves-down-by-149-7-million-to-352-365-billion/articleshow/49950157.cms

CBDT signs 11 new unilateral APAs; total 31 so far

The Finance Ministry said it has so far entered into 31 Advance Pricing Agreements with Indian subsidiaries of foreign companies operating in various segments. "The Central Board of Direct Taxes (CBDT) has entered into 11 more unilateral Advance Pricing Agreements (APAs). With this, CBDT has so far signed 31 APAs (30 unilateral and one bilateral)", the Finance Ministry said in a statement. Out of the 11 new APAs, while seven have rollback provisions contained in them, the other four are for future five years, it said.

The CBDT aims to finalise another 30 to 40 APAs before the end of this fiscal to provide stability and confidence to foreign enterprises operating in India. The APA programme was introduced in the Income-tax Act, 1961 in 2012. An APA, usually for multiple years, is signed between a taxpayer and the tax authority (CBDT) on an appropriate transfer pricing methodology for determining the price and ensuing taxes on intra-group overseas transactions.

Read more at: http://economictimes.indiatimes.com/articleshow/49950999.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Government eases conditions regarding insurance claim on RuPay cards

Government has extended RuPay card usage condition to 90 days for a claim under an in-built accident insurance cover in case of RuPay Classic cardholders with effect from November 25, 2015. Under Pradhan Mantri Jan Dhan Yojana (PMJDY), RuPay Debit Card, with an in-built accident insurance cover of Rs 1 lakh, is provided to account holders. About 16.54 crore RuPay cards have been issued so far under PMJDY. One of the stipulation of meeting the claim under accidental death and/ or permanent disablement was that the cardholder has to carry out at least one successful financial or non-financial transactions at a merchant establishment or at ATM or micro ATM or e-commerce transaction, up to 45 days prior to the date of incident, resulting into accidental death / permanent disability.

Read more at: http://economictimes.indiatimes.com/articleshow/49937554.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Government releases roadmap for phasing out corporate tax exemptions; no weighted deductions from April 1, 2017

Keeping up the reforms momentum, India has a announced a detailed plan to phase out tax exemptions and bring down corporate tax rate to 25% from 30% now. The apex direct taxes body, the Central Board of Direct Taxes, has said profit linked, investment linked and area based deductions will be phased out for both corporate and non-corporate tax payers. It has said the provisions having a sunset date will not be modified to advance the sunset date. Similarly the sunset dates provided in the income act will not be extended. In case of tax incentives with no terminal date, a sunset date of March, 31, 2017 will be provided either for commencement of the activity or for claim of benefit depending upon the structure of the relevant provisions of the Act. There will be no weighted deduction with effect from April 1, 2017.

Read more at : http://economictimes.indiatimes.com/news/economy/finance/government-releases-roadmap-for-phasing-out-corporate-tax-exemptions-no-weighted-deductions-from-april-1-2017/articleshow/49859749.cms

India Inc's Oct foreign borrowing down 24% at $2.11 bn

India Inc raised over $2.11 billion from overseas markets in October 2015, down 24.1 per cent from the same month a year ago, RBI data showed. Domestic firms had raised $2.78 billion overseas in October last year. Of the total borrowings during the month, $1.45

billion was raised through approval route, while $669.17 million came through automatic route. Among those in the approval route category, Reliance IndustriesBSE 0.79 %Limited raised $1.28 billion for import of capital goods, while Dewan Housing Finance CorporationBSE 1.40 % raised $110 million for sub-lending. Adani Ports and Special Economic Zone Ltd raised $60 million for refinancing of earlier ECB and capital expenditure for ports. In the automatic route, major borrowers were Fiat India Automobiles Private Limited, which raised $250 million for rupee expenditure.

Read more at: http://economictimes.indiatimes.com/articleshow/49832884.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Government announces 3% interest subsidy to boost exports

Concerned over continuous decline in exports, government announced 3 per cent interest subsidy scheme for exporters which will have a financial implication of about Rs 2,700 crore. The decision to help boost overseas shipments was taken at a meeting of Cabinet Committee on Economic Affairs headed by Prime Minister Narendra Modi.

The CCEA has given its approval for "Interest Equalisation Scheme (earlier called Interest Subvention Scheme) on Pre and Post Shipment Rupee Export Credit with effect from 1st April, 2015 for five years", an official statement said. The rate of interest equalisation would be 3 per cent, it said, adding that it will be evaluated after three years. Financial implication of the proposed scheme is estimated to be in the range of Rs 2,500 crore to Rs 2,700 crore per year, it said. However, it added that the actual implication would depend on the level of exports and the claims filed by the exporters with the banks. Funds worth Rs 1,625 crore in the non-plan head of account are available under Demand of Grants for 2015-2016 and would be made available to the Reserve Bank, it said. The scheme would be available to all exports of Micro, Small and Medium Enterprises (MSME) and 416 tariff lines. But it would not be available to merchant exporters.

Read more at: http://economictimes.indiatimes.com/articleshow/49831591.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

India Inc's overseas investment down 21% at $2.3 billion in October

Direct investments by Indian firms abroad fell 21 per cent to $2.28 billion in October 2015 compared to the same month last year, according to RBI data. Indian companies had put in $2.88 billion in the form of outward foreign direct investment (OFDI) in October 2014. While in the preceding month of September 2015, the investment stood at $1.24 billion, as per the data. The investments were a mix of issuance of guarantees ($1.72 billion), loans ($210.94 million) and equity ($341.82 million). Lupin Ltd, Tata Communications, Sintex Industries, Infosys, Mahindra Holidays and Resorts India Ltd and Tata Chemicals -were among the major investors overseas during the month.

Lupin invested $753 million in a wholly owned subsidiary (WOS) in Switzerland, Tata Communications invested $210 million in a WOS in Singapore and Infosys Ltd made a combined investment of $106.34 million in two of its wholly owned units in Sweden and Switzerland. Among others, Sintex Holdings made an investment of $102.5 million in a WOS in Netherlands, Mahindra Holidays & Resorts India put in USD 60.27 million in a WOS in Mauritius and Tata Chemicals invested $54 million in a fully-owned bio-energy unit in Mauritius. JSW Steel invested a total of $43 million in two wholly-owned units in Mauritius and Netherlands and one joint venture in the US. Essel Propack committed $40.04 million in a wholly-owned company in Mauritius.

Read more at : http://economictimes.indiatimes.com/news/economy/finance/india-incs-overseas-investment-down-21-at-2-3-billion-in-october/articleshow/49819155.cms

I-T department launches PAN-based litigation management system

Aimed to reduce lengthy proceedings and time taken in litigation, the Income Tax department has activated a PAN-based online system which enables the taxman to access cases in their jurisdiction on a click, amongst a building database of over 5 lakh appeals and 1.50 lakh judgements. The new facility is part of the National Judicial Reference System (NJRS), an electronic repository of cases under the direct taxes category or income tax pending in legal forums like the Income Tax Appellate Tribunal (ITAT), Authority for Advanced Ruling (AAR), various High Courts and the Supreme Court.

Read more at: http://economictimes.indiatimes.com/news/economy/policy/i-t-department-launches-pan-based-litigation-management-system/articleshow/49921273.cms

Banks non-food credit slows to 8.3% in October

Non-food credit of schedule commercial bank slowed to 8.3 per cent in October as against a higher growth of 11.1 per cent last year in the same period, RBI data showed. In September, non-food bank credit had increased by 8.6 percent, same as in the year-ago period. Advance to industry rose by 4.6 per cent in October compared with the increase of 7.8 per cent last year. "Deceleration in credit growth to industry was observed in all major sub-sectors barring chemical and chemical products and vehicles, vehicle parts and transport equipment," RBI said. Personal loans increased by 16.9 per cent in October, up from the increase of 16.7 per cent in October last year. Credit to agriculture and allied activities increased by 11.1 per cent compared with the increase of 20.3 per cent a year ago. The services sector advances increased by 6.8 per cent compared with the increase of 8.4 per cent.

Read more at: http://economictimes.indiatimes.com/articleshow/49986780.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

TAXATION

➲ **Increase in the basic customs duty on wheat** : Increase in the basic customs duty on wheat [CTH 1001 19 00 and 1001 99 10] from the present rate of 10% to 25% for a period up to and inclusive of 31.03.2016 vide Notification No. 51/2015-Cus,dt. 19-10-2015.

➲ CBEC further amend Notification No 12/2012 -Customs dated 17.03.2012 so as to withdraw the TRQ of 15,000 MT for total imports of white butter, butter oil and anhydrous milk fat(AMF) at Nil import duty by omitting the said entry(S.No.9) vide Notification No. 52/2015-Cus,dt. 20-11-2015.

➲ Based on Notification No. 53/2015-Cus,dt. 23-11-2015 CBEC has amended notification no. 10/2008 – Customs, dated 15th January 2008 to deepen the tariff concessions in respect of specified goods under the Comprehensive Economic Co-operation Agreement (CECA) between India and Singapore, when imported from Singapore.

➲ Seeks to further amend notification No. 12/2012-Customs dated 17.3.2012 so as to provide exemption from custom duties on all raw material and parts for use in manufacture of certain specified ships/vessels subject to actual user condition and also removing the requirement of manufacturing of ships/vessels in a custom bonded warehouse under the provisions of Section 65 of the Customs Act, 1962 for availing duty benefits. - 54/2015-Cus,dt. 24-11-2015

➲ Seeks to further amend notification No. 52/2003-Customs dated 31-03-2003 so as to enable EOUs to become eligible for duty exemption on raw materials/parts consumed in manufacture of certain specified ships/vessels and cleared to DTA, even if such ships/vessels are exempt from basic customs duty and central excise/CV duty. - 55/2015-Cus,dt. 24-11-2015

➲ **All Industry Rates of Duty Drawback and other Duty Drawback related changes**

The revised All Industry Rates (AIR) of Duty Drawback has been notified vide Notification No. 110/2015-Customs (N.T.), dated 16.11.2015 which comes into force on 23.11.2015. These AIRs broadly take into account certain broad average parameters including, inter alia, prevailing prices of inputs, input output norms, share of imports in input consumption, the rates of central excise and customs duties, the factoring of incidence of service tax paid on taxable services which are used as input services in the manufacturing or processing of export goods, factoring incidence of duty on HSD/furnace oil, value of export goods, etc.

Changes are highlighted below :

(a) The composite rates have been increased in many cases like frozen shrimps/ prawns (chp 3, 16), perfumed agarbatti (chp 33), finished/ lining leather (chp 41), leather hand bags/ wallet/ belts (chp 42), industrial gloves (chp 42), certain MMF yarn/ fabric (chp 54, 55), readymade garment made of cotton, wool & cotton with lycra (chp 61, 62), made-ups of cotton/ MMF (chp 63), hand tools (chp 82), etc.

(b)Separate entries have been provided in the Drawback Schedule for Accelerated Freeze Dried (AFD) shrimps, lobster/crab, pasteurized tinned chilled crab meat (chp 3, 16), fish oil (chp 15), fish meal (chp 23), potassium chlorate (chp 28), leather carpets (chp 42), polypropylene mats (chp 46), cotton yarn of 100 or more counts (chp 52), belting fabrics (chp 54), filtration fabric made of polyester filament yarn/ polypropylene filament yarn/ polybutylene terephthalate (chp 54), suits, jackets & trousers (chp 61 & chp 62)- by trifurcating existing single entry, protective industrial wear made of aramid fibre/ modacrylic fibre/ cotton fibre (chp 62), glass art-ware/ handicrafts with silver coating (chp 70), aluminium conductor steel reinforced (chp 76), turbo charger (chp 84), tractor parts (chp 87), self-loading or self-unloading trailers and semi-trailers of a type used for agricultural purposes (chp 87), leg guards (chp 95).

(c) Rate has been provided for granulated slag (chp 26) and the description under heading 6802 has been reworded with respect to constituent material for tiles, handicrafts, etc.

(d) Certain products earlier having only customs rates, have been provided with composite rates. These include bicycle tyres (chp 40), bicycle tubes (chp 40), woven fabrics of other vegetable textile fibres/ woven fabrics of paper yarn (chp 53), headgear (chp 65), umbrellas/walking sticks etc. (chp 66), artificial flowers etc. (chp 67), acrylic blankets (chp 63).

(e) Iron and steel (chp 72 from heading 7207 onwards), articles of iron and steel (chp 73), tools and parts of base metal (chp 82), miscellaneous articles made from steel (chp 83), machinery and appliances (chp 84), electrical machinery (chp 85), rolling stock (chp 86) and ships (chp 89) have been provided with increased customs rate of 2%, with certain exceptions.

(f) Composite rates for wooden art ware (chp 44), papier mache (chp 48), yarn/ fabric/ garment of silk (chp 50, 61, 62), certain

MMF yarn/ fabric (chp 54, 55), carpets (chp 57), brass artware/ articles (chp 74), certain sports goods (chp 95) etc. see a reduction.

(g) AIR has been fixed as Rs. 209.3/gm for gold jewellery /parts and Rs. 2790/kg for silver jewellery /articles.

(h) Rates on remaining of the erstwhile DEPB items are being aligned with residuary rates, except where higher rates were due.

(i) Drawback caps, wherever meaningfully possible, have been provided normally in entries with rates higher than 1.9% (the highest residuary rate). It may be noted that the drawback cap of the nature provided for certain project exports applies when the conditions specified in the relevant Notes and conditions are met and it does not apply to other cases.

Read more at: http://www.cbec.gov.in/htdocs-cbec/customs/cs-circulars/cs-circulars-2015/circ29-2015cs

Source: Circular No. 29/2015-Customs dated 16th November, 2015

➲ Customs, Central Excise Duties and Service Tax Drawback (Second Amendment) Rules, 2015

Where the manufacturer or exporter desires that he may be granted drawback provisionally, the words Provisional drawback amount, as may be specified by the Central Government, shall be paid by the proper officer of Customs and where the manufacturer or exporter desires that he may be granted further drawback provisionally shall be substituted vide Notification No. 109/2015-CUSTOMS (N. T.).

Source: Notification No. 109/2015-CUSTOMS (N. T.) dated: 16th November, 2015

Read more at: www.cbec.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2015/cs-nt2015/csnt109-2015

➲ Rate of exchange of conversion of the foreign currency with effect from 20th November, 2015

Central Board of Excise & Customs determines the rate of exchange of conversion of the foreign currencies with effect from 20th November, 2015 relating to imported and export goods vide *Notification No. 112/2015 - Customs (N.T.), 19th November, 2015.*

Read the exchange rates at: http://www.cbec.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2015/cs-nt2015/csnt112-2015

➲ Fixation of Tariff Value Notification amending Notification No. 36/2001–Customs (N.T.), dated the 3rd August, 2001 vide *Notification No. 135/2015-Cus (NT),dt. 30.11.2015.*

Read more at: http://www.cbec.gov.in/Customs-Notifications#tab-content2

➲ Anti-dumping Duty

CBEC impose definitive anti-dumping duty on Carbon Black used in rubber Applications, originating in or exported from China PR and Russia for a period of five years vide *Notification No. 54/2015-Cus (ADD), dt. 18-11-2015.*

Read more at: http://www.cbec.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2015/cs-add2015/csadd54-2015

➲ CBEC amended notification No. 12/2012-CE dated 17.3.2012 so as to provide exemption from excise duty on all raw material and parts for use in manufacture of certain specified ships/vessels subject to actual user condition and also removing the requirement of manufacturing of ships/vessels in a custom bonded warehouse under the provisions of Section 65 of the Customs Act, 1962 for availing duty benefits vide *Notification No. 44/2015-CE, dt. 24-11-2015.*

Read more at: http://www.cbec.gov.in/htdocs-cbec/excise/cx-act/notifications/notfns-2015/cx-tarr2015/ce44-2015

➲ CBEC amended notification no. 22/2003-CE dated 31-03-2003 so as to enable EOUs to become eligible for duty exemption on raw materials/parts consumed in manufacture of certain specified ships/vessels and cleared to DTA, even if such ships/vessels are exempt from basic customs duty and central excise/CV duty vide *Notification No. 45/2015-CE, dt. 24-11-2015.*

Read more at: http://www.cbec.gov.in/htdocs-cbec/excise/cx-act/notifications/notfns-2015/cx-tarr2015/ce45-2015

➲ Exports get boost as CCEA approves 3% interest equalisation scheme

India's falling exports got a booster shot with the Cabinet Committee on Economic Affairs approving a scheme to provide cheaper credit to exporters for three years. The CCEA approved an interest equalization scheme on pre and post shipment rupee export credit with effect from April 1, 2015 for three years at 3% per annum for all exports of small and medium enterprises besides 416 specific tariff lines in agri processing, handloom, handicrafts, jute, paper, ceramics, medical/scientific instruments and auto components, among others. "Financial implication of the scheme is estimated to be Rs 2,500-2,700 crores. Labour intensive and employment generating sectors to benefit," tweeted commerce and industry minister Nirmala Sitharaman.

Read more at: http://economictimes.indiatimes.com/articleshow/49831950.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

FOREIGN TRADE

➲ India and Brazil decide to boost trade ties

Aiming to scale up economic engagement, India and Brazil today decided to boost ties in sectors like infrastructure, trade and investment and mining besides exploring opportunities in nuclear energy sphere. At the seventh India-Brazil Joint Commission Meeting (JCM), co-chaired by External Affairs Minister Sushma Swaraj and her Brazilian counterpart Mauro Vieira, both sides resolved to exploit the "full potential" of the strategic partnership, with a particular focus on ramping up trade ties. India and Brazil, both having huge markets, are part of a number of important bloc including BRICS (Brazil Russia, India, China and South Africa) and IBSA (India, Brazil, South Africa) and they work closely in various multilateral forums.

Read more at: http://economictimes.indiatimes.com/articleshow/49849725.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➲ India and Malaysia sign 3 MoUs including cyber security

India and Malaysia signed three MoUs, including one on cyber security, as part of efforts to strengthen their bilateral strategic partnership. Prime Minister Narendra Modi and his Malaysian counterpart Najib Razak witnessed the signing of three MoUs -- Cultural Exchange Programme agreement for 2015-2020, Cooperation in Project Delivery and Monitoring, and Cooperation on Cyber Security. "Our agreement to cooperate in cyber security is very important. As our lives get more networked, this is emerging as one of the most serious concerns of our age," Modi said at the joint media briefing after his talks with Najib. Under the MoU on cyber security, both sides agreed to promote close cooperation and the exchange of information pertaining to cyber security incident management, technology cooperation and cyber attacks, prevalent policies and best practices and mutual response to cyber security incidents. The MoU was signed between Indian Computer Emergency Response Team (CERT-IN) and Cyber Security Malaysia.

Read more at: http://economictimes.indiatimes.com/articleshow/49891897.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

➲ Investment by Foreign Portfolio Investors (FPI) in Corporate Bonds

RBI has been decided to permit FPI to acquire NCDs/bonds, which are under default, either fully or partly, in the repayment of principal on maturity or principal installment in the case of amortising bond. The revised maturity period of such NCDs/bonds, restructured based on negotiations with the issuing Indian company, should be three years or more. The FPI which propose to acquire such NCDs/bonds under default should disclose to the Debenture Trustees the terms of their offer to the existing debenture holders / beneficial owners from whom they are acquiring. Such investment should be within the overall limit prescribed for corporate debt from time to time (currently Rs. 2443.23 billion). All other existing conditions for investment by FPIs in the debt market remain unchanged.

Source: Notification No. RBI/2015-16/253 A.P. (DIR Series) Circular No.31 dated: November 26, 2015

BANKING

➲ External Commercial Borrowings (ECB) Policy – Revised framework

A revised ECB framework based on the following overarching principles has been finalised:

(i) A more liberal approach, with fewer restrictions on end uses, higher allin-cost ceiling, etc. for long term foreign currency borrowings as the extended term makes repayments more sustainable and also minimizes roll-over risks for the borrower;

(ii) A more liberal regime for INR denominated ECBs where the currency risk is borne by the lender;

(iii) Expansion of the list of overseas lenders to include long-term lenders, such as, Insurance Companies, Pension Funds, Sovereign Wealth Funds;

(iv) Only a small negative list of end-use restrictions applicable in case of long-term ECB and INR denominated ECB;

(v) Alignment of the list of infrastructure entities eligible for ECB with the Harmonised List of the Government of India.

Read the full notification at: https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10153&Mode=0

➲ Online Returns to be submitted by NBFCs- Revised

RBI has decided to rationalize the returns' to be submitted online through COSMOS as below:

- Change in periodicity of NDSI-500cr and ALM-1 returns from monthly to quarterly
- Discontinuation of NBS- 6 return as the same information is received through NBS-1 return.

Source: Notification No. RBI/2014-15/246 [DNBS (PD). CC.No.03/03.02.02/2015-16] dated: November 26, 2015

Read more at: https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10140&Mode=0

Bank Finance to Factoring Companies

Circular DBOD.BP.BC.No.40/21.04.172/2012-13 dated: September 11, 2012 on "Bank Finance to Factoring Companies", in terms of which banks were advised that they can extend financial assistance to support the factoring business of Factoring Companies complying with certain criteria, which, inter-alia, included:

1. They derive at least 75 per cent of their income from factoring activity.
2. The receivables purchased / financed, irrespective of whether on 'with recourse' or 'without recourse' basis, form at least 75 per cent of the assets of the Factoring Company.

Subsequently, in terms of circular DNBR (PD) CC.No.003/22.10.91/2014-15 on 'Review of the Non-Banking Financial Company – Factors (Reserve Bank) Directions, 2012' dated November 10, 2014, it has been decided that an NBFC for registering as NBFC-Factor shall ensure that its financial assets in the factoring business constitute at least 50 per cent of its total assets and its income derived from factoring business is not less than 50 per cent of its gross income. Accordingly, the criteria regarding asset and income of factoring companies eligible for bank finance as mentioned in para 1 (1) and (2) above have been revised to 50% from 75%.

Source: Notification No. RBI/2015-16/247 [DBR.BP.BC.No.55/21.04.172/2015-16] dated: November 26, 2015

Read more at: https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10141&Mode=0

Import of Goods into India – Evidence of Import

As per *para A.10.1 of A.P. (DIR Series) Circular No. 106 dated June 19, 2003* in terms of which an importer has to submit as evidence of import, (a) the exchange control copy of the Bill of Entry for home consumption; (b) the exchange control copy of the Bill of Entry for warehousing, in the case of 100% Export Oriented Units (EOUs); or (c) Customs Assessment Certificate or Postal Appraisal Form as declared by the importer to the Customs Authorities.

With the establishment of Free Trade Warehousing Zones / SEZ Unit warehouses, imported goods can be stored therein, for re-export / re-selling purposes for which Customs Authorities issue Ex-Bond Bill of Entry. AD banks are advised to consider the Bill of Entry issued by Customs Authorities named as Ex-Bond Bill of Entry or by any other similar nomenclature, as evidence for physical import of goods. Further, in cases where goods have been imported through couriers, the Courier Bill of Entry, as declared by the courier companies to the Customs Authorities, may also be considered as evidence of import of goods.

Read more at: https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10142&Mode=0

Source: Notification No. RBI/2015-16/248 [A.P. (DIR Series) Circular No. 29] dated: November 26, 2015

Advance Remittance for Import of aircrafts /helicopters / other aviation related purchases

Attention of Authorised Dealers Category - I (AD Category - I) banks is invited to clause 3(f) of A. P. (DIR Series) Circular No.77 dated June 29, 2007, in terms of which AD Category I banks could allow advance remittance, without bank guarantee or an unconditional, irrevocable standby letter of credit up to USD 50 million, in the case of import of aircrafts/ helicopters/ other aviation related purchases by scheduled air transport operators permitted by the Director General of Civil Aviation (DGCA), after ensuring that the requisite approval of the Ministry of Civil Aviation (MoCA)/ DGCA / other agencies in terms of the extant Foreign Trade Policy, had been obtained by the company for import.

Director General of Foreign Trade vide Notification No. 24/2015-2020 dated October 9, 2015 has announced amendment in Policy condition 1 of Chapter 88 of ITC (HS), 2012-Schedule – 1 (Import Policy). Accordingly, AD Category – I banks may, while allowing advance remittance without bank guarantee or an unconditional, irrevocable standby letter of credit up to USD 50 million, ensure that only the requisite approval of DGCA for import of aircrafts/ helicopters in terms of the extant Foreign Trade Policy has been obtained by the company for operating Scheduled or Non-Scheduled Air Transport Services (including Air Taxi Services).

Source: Notification No. RBI/2015-16/249 [A.P. (DIR Series) Circular No. 30] dated: November 26, 2015

Read more at: https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10143&Mode=0

Sovereign Gold Bonds, 2015-16

RBI has decided to shift the issue date of the Sovereign Gold Bond from November 26, 2015 to November 30, 2015. In this regard, please refer to the Operational Guidelines issued vide circular IDMD.CDD.No. 968/14.04.050/2015-16 dated November 4, 2015, wherein it was stated that applicants will be paid interest at prevailing savings bank rate from the date of realization of payment to the settlement date i.e. period for which they are out of funds. As the settlement date has now been shifted to November 30, 2015, the interest at prevailing savings bank rate shall be paid from the date of realization of payment to the new settlement date i.e. November 30, 2015.

Source: Notification No. RBI/2015-16/245 [IDMD.CDD.No. 1157/14.04.050/2015-16] dated: November 24, 2015

➲ Internet Banking Facility for Customers of Regional Rural Banks

Presently, Regional Rural Banks (RRBs) are not permitted to provide internet banking facilities to their customers. With a view to enhancing customer service and taking into account demand for such services, it has been decided to allow RRBs to extend the facility of internet banking to their customers. The guidelines applicable to all the Regional Rural Banks are as follows:

Internet Banking (View only) facility

All RRBs which have implemented Core Banking Solution (CBS) and migrated to Internet Protocol Version 6 (IPv6) and complying with the guidelines prescribed in Annex-I to this circular may offer Internet Banking (View only) facility to their customers, without prior approval of RBI. In case, any service offered under 'view only' facility requires two-factor authentication or One Time Password (OTP), banks may adopt the security features prescribed in Annex II to this circular, as appropriate to such services.

The RRBs offering Internet Banking (View only) facility to their customers should ensure that the facility is strictly for non-transactional services such as balance enquiry, balance viewing, account statement download, request for supply of cheque books, etc. and no online fund-based transactions are allowed.

The RRBs have to report commencement of the service to the concerned Regional Office of RBI and NABARD within one month of operationalization of Internet Banking (View only) facility.

The RRBs offering Internet Banking (View only) facility to their customers should ensure that the facility is strictly for non-transactional services such as balance enquiry, balance viewing, account statement download, request for supply of cheque books, etc. and no online fund-based transactions are allowed.

The RRBs have to report commencement of the service to the concerned Regional Office of RBI and NABARD within one month of operationalization of Internet Banking (View only) facility.

Internet Banking with Transactional facility

All RRBs which have implemented CBS and have also migrated to Internet Protocol Version 6 (IPv6) and fulfilling the following criteria may offer Internet Banking with transactional facility to their customers with prior approval of RBI:

- CRAR of not less than 10 per cent.
- Networth is Rs.100 crore or more as on March 31 of the immediate preceding financial year.
- Gross NPAs less than 7 % and Net NPAs not more than 3%
- The bank should have made a net profit in the immediate preceding financial year and overall, should have made net profit at least in three out of the preceding four financial years.
- It should not have defaulted in maintenance of CRR/SLR during the immediate preceding financial year.
- The bank has a track record of regulatory compliance and no monetary penalty has been imposed on the bank for violation of RBI directives/guidelines during the two financial years, preceding the year in which the application is made.
- It has sound internal control system which should be approved by a CISA qualified independent auditor.
- The bank should not have accumulated losses.

RRBs fulfilling the above-mentioned criteria will be allowed to extend Internet Banking with transactional facility provided they comply with the guidelines prescribed in Annex I and II to this circular. For this purpose, the intending RRB shall submit an application to the concerned Regional Office of RBI through NABARD with the following documents:

- A copy of the Board approved policy on internet banking along with a certificate from an independent auditor (CISA qualified) that the IT and IS policy requirements prescribed in RBI guidelines have been adhered to.
- An undertaking to inform RBI about any material change in the services/products offered by them.
- The business plan, cost and benefit analysis, operational arrangements like technology adopted, business partners, third party service providers and systems and control procedures that the bank proposes to adopt for managing risks.

Source: Notification No. RBI/2015-16/242 [DBR.RRB.BC.No. 59/31.01.001/2015-16] dated: November 19, 2015

Read more at: https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10128&Mode=0

➲ Placement of Deposits with Other Banks by Primary (Urban) Co-operative Banks (UCBs)

RBI has been decided to permit scheduled UCBs to accept deposits from other scheduled UCBs, if it is part of an arrangement for providing specific services to the latter bank such as acting as the sponsor bank for clearing purposes, DD arrangement, CSGL facility, currency chest facility, foreign exchange transactions, remittance facility and non-fund based facilities like bank guarantee (BG), letter of credit (LC), etc. It has also been decided to permit only Scheduled UCBs fulfilling the following criteria to accept deposits from scheduled/ non-scheduled UCBs:

- CRAR of not less than 10 per cent.

- Gross NPAs of less than 7% and Net NPAs of not more than 3%.
- Net profit for at least three out of the preceding four years subject to it not having incurred a net loss in the immediate preceding year.
- No default in the maintenance of CRR/ SLR during the preceding financial year.
- Sound internal control system with at least two professional directors on the Board.
- Core Banking Solution (CBS) fully implemented.

However, acceptance of deposits by scheduled UCBs from scheduled UCBs in the nature of placement of deposits for investment purposes is not permitted. Those scheduled UCBs which have accepted deposits from other non-Scheduled UCBs but are not meeting the criteria mentioned above, are advised to phase out the existing deposits of other UCBs by March 31, 2019 as under:

- 10% of deposits by March 31, 2016
- 40% of deposits by March 31, 2017
- 70% of deposits by March 31, 2018
- 100% of deposits by March 31, 2019

During this period, such scheduled UCBs will not be permitted to accept further deposits from non-scheduled UCBs maintaining accounts with them and to open new deposit accounts of UCBs. The renewal of existing deposits is allowed, subject to compliance with phase out plan mentioned above. The placement of deposits by Scheduled/ non-Scheduled UCBs and acceptance of deposits by Scheduled UCBs would be subject to the following prudential limits.

- Prudential inter-bank (gross) exposure limit - The total amount of deposits placed by an UCB with other banks (inter-bank) for all purposes shall not exceed 20% of its total deposit liabilities as on March 31 of the previous year. The balances held in deposit accounts with commercial banks, scheduled UCBs, State Cooperative Banks, District Central Cooperative Banks and investments in Certificates of Deposit issued by commercial banks, being inter-bank exposures, will be included in this 20% limit.
- Prudential inter-bank counter party limit - Within the prudential inter-bank (gross) exposure limit, deposits for specified purposes as above with any single bank should not exceed 5% of the depositing bank's total deposit liabilities as on March 31, of the previous year.
- The total inter-UCB deposits accepted by a Scheduled UCB satisfying the criteria mentioned in para (2) above should not exceed 10% of its total deposit liabilities as on 31st March of the previous financial year.

Source: Notification No. RBI/2015-16/236 [DCBR.BPD. (PCB). Cir.No. 8/16.20.000/2015-16] dated: November 19, 2015
Read more at: https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10122&Mode=0

➲ Prior Approval for acquisition of shares or voting rights in Private Sector Banks: Directions, 2015

Reserve Bank of India issues the Directions called the Reserve Bank of India (Prior approval for acquisition of shares or voting rights in private sector banks) Directions, 2015.

Applicability : The provisions of these Directions shall apply to the existing and proposed "major shareholders" of the Private Sector Banks and all Private Sector Banks including Local Area Banks, licensed to operate in India by Reserve Bank of India.

Directions on Prior Approval : Every person who intends to make an acquisition / make an agreement for acquisition which will / is likely to take the aggregate holding of such person together with shares / voting rights / compulsorily convertible debentures / bonds held by him, his relatives, associate enterprises and persons acting in concert with him, to 5 per cent or more of the paid-up share capital of the concerned bank or entitles him to exercise 5 per cent or more of the total voting rights of the concerned bank, shall seek prior approval of the Reserve Bank in the manner specified in Chapter III and IV of these directions.

Procedure for application : Every person referred to in Chapter II above shall make an application to the Reserve Bank along with the Declaration in Form A specified in the Schedule to these Directions. On receipt of the application and declaration from the applicant, the Reserve Bank shall seek the recommendations on the acquisition from the concerned bank. receipt of the reference from the Reserve Bank, the concerned bank's Board shall furnish its recommendations along with a copy of the relevant Board Resolution and information in Form C specified in the Schedule, to the Reserve Bank after considering all relevant aspects. Without prejudice to the generality of the aspects to be considered, the concerned bank's Board shall deliberate on the proposed acquisition based on the application, the information provided by the applicant and its own investigations and make an assessment of the credibility of the proposed major shareholder.

The Reserve Bank would undertake a due diligence on the applicant to assess his "fit and proper" status. It will be open to the Reserve Bank to seek additional information / documents from the applicant / concerned bank, including but not limited to shareholder agreements and make such enquiries with regulator/s, revenue authorities, investigation agencies, credit rating agencies, etc. as considered appropriate.

Source: Notification No. RBI/2014-15/573 [FIDD.CO.Plan.BC.54/04.09.01/2014-15] dated: April 23, 2015

Read more at: https://www.rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=10126

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