

Contributing Team:

CS Alok Kumar Kuchhal
Corporate Consultant
M.Com, LL.B., FCS

CS Chanchal Yadav
Corporate Consultant
M.Com, LL.B., ACS

CS Varun Kwatra
Company Secretary
B.Com, LL.B., ACS

CS Narender Thakur
Company Secretary
B.com, ACS

CS Surabhi Gupta
Company Secretary
B.com, ACS

Concerns:

M/s Indiacorp Law, Advocates & Solicitors, Noida

M/s A.K. Kuchhal & Co., Company Secretaries, Noida

M/s NPV & Associates, Chartered Accountants, Mumbai

Important Notices

- New version of Form SPICe (INC-32) with date of effect as 30th January 2017 had been notified, so as to include the functionality of applying for Company PAN and first TAN (allotted by Income Tax Dept.) in the SPICe form itself. Applying for PAN / TAN will be compulsory for all fresh incorporation applications filed in the new version of the SPICe form. Stakeholders are requested to download new version of SPICe form for all fresh incorporation applications w.e.f 01 Feb 2017. For resubmitting SPICe forms filed before 30th January 2017, stakeholders required to use older version of the SPICe form for resubmission, if needed. The old version can be used only for resubmissions.

The Ministry of Corporate Affairs has empowered the Regional Director(s) to prepare and maintain/ update the Mediation and Conciliation Panel of eligible experts in pursuance of Rule 3(1) of Section 442 of the Companies Act, 2013 who are willing to be appointed as mediator or conciliator. In this regard, Regional Director, Northern Western Region, Ahmedabad, Gujarat has invited application from eligible person for the panel of experts as Mediators and Conciliators for the year 2017-18. The Professionals willing to be empanelled as Mediators or Conciliators must be in continues practice for at least fifteen years as Chartered Accountant or Cost Accountant or Company Secretary. The application may be forwarded in soft copy and/ or physical/ Hard Copy on the address or at e-mail id of the Regional Director latest by 15th March, 2017.

RelatedLink:http://www.mca.gov.in/Ministry/pdf/NoticeforMediatorsorConciliators_02022017.pdf

INSOLVENCY & BANKRUPTCY CODE,2016

In exercise of the powers conferred by section 192(1) read with section 240 of the Insolvency and Bankruptcy Code,2016 the Board has notified on 30th January,2017 the regulations on Procedure of Governing Board Meetings.

Related Link: <http://www.ibbi.gov.in/regulation%20note%207.pdf>

In exercise of the powers conferred by section 197 read with section 240 of the Insolvency and Bankruptcy Code, 2016 the Board has released notification on 30th January,2017 with respect to Advisory Committees

Related Link: <http://www.egazette.nic.in/WriteReadData/2017/173954.pdf> .

In exercise of the powers conferred by section 194 read with section 240 of the Insolvency and Bankruptcy Code, 2016 Insolvency and Bankruptcy Board of India has released

regulations, on 30th January,2017 with respect to Engagement of Research Associates and Consultants.

Related Link: <http://www.ibbi.gov.in/regulation%20notification-6.pdf>

RBI UPDATES

Foreign Exchange Management Act, 1999 (FEMA) Foreign Exchange (Compounding Proceedings) Rules, 2000 (the Rules) - Compounding of Contraventions under FEMA, 1999.

Notification

RBI/2016-17/220

A.P. (DIR Series) Circular No. 29

Dated: February 02, 2017

RBI has modified Foreign Exchange Management Act, 1999 (FEMA) Foreign Exchange (Compounding Proceedings) Rules, 2000 for Compounding of Contraventions under FEMA, 1999. It has been decided to delegate further powers to Regional Offices in reference to Regulation 9 (2) of Schedule I to FEMA for Delay in filing the Annual Return on Foreign Liabilities and Assets (FLA return), by all Indian companies which have received Foreign Direct Investment in the previous year(s) including the current year.

The powers to compound the contraventions of the same have also been delegated to all Regional Offices (except Kochi and Panaji) without any limit on the amount of contravention.

Kochi and Panaji Regional offices can compound the above contraventions for amount of contravention below Rupees One hundred lakh (Rs.1,00,00,000/-) only. The contraventions of Rupees One hundred lakh (Rs.1,00,00,000/-) or more under the jurisdiction of Kochi and Panaji Regional Offices will continue to be compounded at Central Office as hitherto. These modifications will come into force with immediate effect.

Related link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=10847&Mode=0>.

RBI has released notification on Risk Management and Inter-bank dealings, permitting non resident Indians (NRI) in accessing the Exchange traded currency derivatives (ETCD) market.

Notification No. RBI/2016-17/221

Dated: February 2, 2017

Currently NRIs are permitted to hedge their Rupee currency risk through OTC transactions with AD banks. With a view to enable additional hedging products for NRIs to hedge their investments in India, it has been decided to allow them access to the exchange traded

Indiacorp Law

0120-4214372, 9650826950, 9810894275 indiacorp@live.com, csaloknoida@gmail.com
www.indiacorplaw.com

currency derivatives market to hedge the currency risk arising out of their investments in India under FEMA, 1999. An announcement to this effect was made in the Monetary Policy Statement on April 5, 2016.

NRIs may access the ETCD market as per the following terms and conditions:

- NRIs shall designate an AD Cat-I bank for the purpose of monitoring and reporting their combined positions in the OTC and ETCD segments.
- NRIs may take positions in the currency futures / exchange traded options market to hedge the currency risk on the market value of their permissible (under FEMA, 1999) Rupee investments in debt and equity and dividend due and balances held in NRE accounts.
- The exchange/ clearing corporation will provide details of all transactions of the NRI to the designated bank.
- The designated bank will consolidate the positions of the NRI on the exchanges as well as the OTC derivative contracts booked with them and with other AD banks. The designated bank shall monitor the aggregate positions and ensure the existence of underlying Rupee currency risk and bring transgressions, if any, to the notice of RBI / SEBI.
- The onus of ensuring the existence of the underlying exposure shall rest with the NRI concerned. If the magnitude of exposure through the hedge transactions exceeds the magnitude of underlying exposure, the concerned NRI shall be liable to such penal action as may be taken by Reserve Bank of India under the Foreign Exchange Management Act (FEMA), 1999.

Related

Link:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT221E57857AE80C24FC6AB41C53F2C7E8580.PDF>

Review of Guidelines on “Pricing of Credit”

Notification

No.

RBI/2016-17/219

DNBR.CC.PD.No. 084/22.10.038/2016-17

Dated February 02, 2017

As per extant instructions on “Pricing of Credit” issued to NBFC-MFIS under “Master Direction- Non-Banking Financial Company-Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016” and “Master Direction - Non-Banking Financial Company- Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016” dated September 01, 2016, it has been advised that-

“NBFC-MFIs shall ensure that the average interest rate on loans during a financial year does not exceed the average borrowing cost during that financial year plus the margin, within the

Indiacorp Law

0120-4214372, 9650826950, 9810894275 indiacorp@live.com, csaloknoida@gmail.com
www.indiacorplaw.com

prescribed cap.”

2. Since average base rate of banks is published by RBI on quarterly basis, it has been decided to modify the above mentioned instructions as under:

“NBFC-MFIs shall ensure that the average interest rate on loans sanctioned during a quarter does not exceed the average borrowing cost during the preceding quarter plus the margin, within the prescribed cap.”

3. The “Master Direction -Non-Banking Financial Company-Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016” and “Master Direction - Non-Banking Financial Company-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016” dated September 01, 2016 are being updated to reflect the changes.

Related Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10846&Mode=0>

RBI releases revised draft directions on Commercial Papers (CPs) for Public Comments

Press Release: 2016-2017/2072

Dated Feb 02, 2017

Commercial Papers (CPs) were introduced to enable corporate borrowers to diversify their sources of short-term borrowings as also to provide an additional instrument to investors. The guidelines prescribed for issue of CPs have been amended from time to time and the last review was done in October 2012. To broaden access, strengthen disclosure requirements by issuers of CPs, review the role of issuing and paying agents (IPAs) and put in place an information dissemination mechanism, the existing directions on CPs have been reviewed. The revised draft directions are placed on the Bank’s website for public comments.

Comments on the draft directions may be sent email by Friday, February 24, 2017. The final directions will be issued after taking into account the feedback received.

Related Link: https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=39451

SEBI UPDATES

SEBI has issued the dated on 02.02.2017 the Consultation Paper wrt the Consolidation and re-issue of debt securities issued under the SEBI (Issue and Listing of Debt Securities) Regulations, 2008.

Indiacorp Law

0120-4214372, 9650826950, 9810894275 indiacorp@live.com, csaloknoida@gmail.com
www.indiacorplaw.com

UNION BUDGET- 2016-17

Highlights Of Budget

Demonetisation

1. Demonetisation is expected to have a transient impact on the economy.
2. It will have a great impact on the economy and lives of people .
3. Demonetisation is a bold and decisive measure that will lead to higher GDP growth.
4. The effects of demonetisation will not spillover to the next fiscal.

Agriculture sector

1. Sowing farmers should feel secure against natural calamities.
2. A sum of Rs. 10 lakh crore is allocated as credit to farmers, with 60 days interest waiver.
3. NABARD fund will be increased to Rs. 40,000 crore.
4. Government will set up mini labs in Krishi Vigyan Kendras for soil testing.
5. A dedicated micro irrigation fund will be set up for NABARD with Rs 5,000 crore initial corpus.
6. Irrigation corpus increased from Rs 20,000 crore to Rs 40,000 crore.
7. Dairy processing infrastructure fund will be initially created with a corpus of Rs. 2000 Crore.
8. Issuance of soil cards has gained momentum.
9. A model law on contract farming will be prepared and shared with the States.

Rural population

1. The government targets to bring 1 Crore households out of poverty by 2019.
2. During 2017-18, five lakh farm ponds will be taken up under the MGNREGA.
3. Over Rs 3 lakh Crore will be spent for rural India. MGNREGA to double farmers' income.
4. Will take steps to ensure participation of women in MGNREGA up to 55%.
5. Space technology will be used in a big way to ensure MGNREGA works.
6. The government proposes to complete 1 Crore houses for those without homes.
7. Will allocate Rs. 19,000 Crore for Pradhan Mantri Gram Sadak Yojana in 2017-18.
8. The country well on way to achieve 100% rural electrification by March 2018.
9. Swachh Bharat mission has made tremendous progress; sanitation coverage has gone up from 42% in Oct 13 to 60% now.

For youth

1. Will introduce a system of measuring annual learning outcomes and come out with an

- innovation fund for secondary education.
2. Focus will be on 3,479 educationally-backward blocks.
 3. Colleges will be identified based on accreditation.
 4. Skill India mission was launched to maximize potential. Will set up 100 India International centres across the country.
 5. Courses on foreign languages will be introduced.
 6. Will take steps to create 5000 PG seats per annum.

For the poor and underprivileged health care

1. Rs. 500 Crore allocated for Mahila Shakthi Kendras.
2. Under a nationwide scheme for pregnant women, Rs. 6000 will be transferred to each person.
3. A sum of Rs. 1,84,632 Crore allocated for women and children.
4. Affordable housing will be given infrastructure status.
5. Owing to surplus liquidity, banks have started reducing lending rates for housing.
6. Elimination of tuberculosis by 2025 targeted.
7. Health sub centres, numbering 1.5 lakh, will be transformed into health wellness centres.
8. Two AIIMS will be set up in Jharkhand and Gujarat.
9. Will undertake structural transformation of the regulator framework for medical education.
10. Allocation for Scheduled Castes is Rs. 52,393 Crore
11. Aadhaar-based smartcards will be issued to senior citizens to monitor health.

Infrastructure and railways

1. A total allocation of Rs. 39,61,354 Crore has been made for infrastructure.
2. Total allocation for Railways is Rs. 1,31,000 Crore.
3. No service charge on tickets booked through IRCTC.
4. Raksha coach with a corpus of Rs. 1 lakh Crore for five years (for passenger safety).
5. Unmanned level crossings will be eliminated by 2020.
6. 3,500 km of railway lines to be commissioned this year up from 2,800 km last year.
7. SMS-based "clean my coach service" is put in place.
8. Coach mitra facility will be introduced to register all coach related complaints.
9. By 2019 all trains will have bio-toilets.
10. Five-hundred stations will be made differently-abled friendly.
11. Railways to partner with logistics players for front-end and back-end solutions for select commodities.
12. Railways will offer competitive ticket booking facility.
13. Rs. 64,000 Crore allocated for highways.
14. High speed Internet to be allocated to 1,50,000 gram panchayats.
15. New Metro rail policy will be announced with new modes of financing.

Indiacorp Law

0120-4214372, 9650826950, 9810894275 indiacorp@live.com, csaloknoida@gmail.com
www.indiacorplaw.com

Energy sector

1. A strategic policy for crude reserves will be set up.
2. Rs. 1.26,000 Crore received as energy production based investments.
3. Trade infra export scheme will be launched 2017-18.

Financial sector

1. FDI policy reforms - more than 90% of FDI inflows are now automated.
2. Shares of Railway PSE like IRCTC will be listed on stock exchanges.
3. Bill on resolution of financial firms will be introduced in this session of Parliament.
4. Foreign Investment Promotion Board will be abolished.
5. Revised mechanism to ensure time-bound listing of CPSEs.
6. Computer emergency response team for financial sector will be formed.
7. Pradhan Mantri Mudra Yojana lending target fixed at Rs 2.44 lakh Crore for 2017-18.
8. Digital India - BHIM app will unleash mobile phone revolution. The government will introduce two schemes to promote BHIM App - referral bonus for the users and cash back for the traders.
9. Negotiable Instruments Act might be amended.
10. DBT to LPG consumer , Chandigarh is kerosene-free, 84 government schemes are on the DBT platform.
11. Head post office as the central office for rendering passport service.
12. Easy online booking system for Army and other defence personnel.
13. For big-time offences - including economic offenders fleeing India, the government will introduce legislative change or introduce law to confiscate the assets of these people within the country.

Fiscal situation

1. Total expenditure is Rs. 21, 47,000 Crore.
2. Plan, non-plan expenditure to be abolished; focus will be on capital expenditure, which will be 25.4 %.
3. Rs. 3,000 Crore under the Department of Economic Affairs for implementing the Budget announcements.
4. Expenditure for science and technology is Rs. 37,435 Crore.
5. Total resources transferred to States and Union Territories is Rs 4.11 lakh Crore.
6. Recommended 3% fiscal deficit for three years with a deviation of 0.5% of the GDP.
7. Revenue deficit is 1.9 %
8. Fiscal deficit of 2017-18 pegged at 3.2% of the GDP. Will remain committed to achieving 3% in the next year.

Funding of political parties

1. The maximum amount of cash donation for a political party will be Rs. 2,000 from any one source.

Indiacorp Law

0120-4214372, 9650826950, 9810894275 indiacorp@live.com, csaloknoida@gmail.com
www.indiacorplaw.com

2. Political parties will be entitled to receive donations by cheque or digital mode from donors.
3. An amendment is being proposed to the RBI Act to enable issuance of electoral bonds .A donor can purchase these bonds from banks or post offices through cheque or digital transactions. They can be redeemed only by registered political parties.

Defence sector

The defence sector gets an allocation of Rs. 2.74,114 Crore.

Tax proposals

1. India's tax to GDP ratio is not favorable.
2. Out of 13.14 lakh registered companies, only 5.97 lakh firms have filed returns for 2016-17.
3. Proportion of direct tax to indirect tax is not optimal.
4. Individuals numbering 1.95 Crore showed an income between Rs. 2.5 lakh to Rs. 5 lakh.
5. Out of 76 lakh individual assesses declaring income more than Rs. 5 lakh, 56 lakh are salaried.
6. Only 1.72 lakh people showed income of more than Rs. 50 lakh a year.
7. Between November 8 to December 30, deposits ranging from Rs. 2 lakh and Rs. 80 lakh were made in 1.09 Crore accounts.
8. Net tax revenue of 2013-14 was Rs. 11.38 lakh Crore.
9. Out of 76 lakh individual assesses declaring income more than Rs 5 lakh, 56 lakh are salaried.
10. 1.95 Crore individuals showed income between Rs. 2.5 lakh to Rs. 5 lakh.
11. Rate of growth of advance tax in Personal I-T is 34.8% in the last three quarters of this financial year.
12. Holding period for long term capital gain lowered to two years
13. Proposal to have a carry-forward of MAT for 15 years.
14. Capital gains tax to be exempted for persons holding land from which land was pooled for creation of the state capital of Andhra Pradesh.
15. Under the corporate tax, in order to make MSME companies more viable, there is a proposal to reduce tax for small companies with a turnover of up to Rs 50 Crore to 25%. About 67 lakh companies fall in this category. Ninety-six % of companies to get this benefit.
16. The government proposes to reduce basic customs duty for LNG to 2.5% from 5%.
17. The Income Tax Act to be amended to ensure that no transaction above Rs 3 lakh is permitted in cash.
18. The limit of cash donation by charitable trusts is reduced to Rs 2,000 from Rs 10,000.
19. Net revenue loss in direct tax could be Rs. 20,000 Crore.

Personal income tax

1. Existing rate of tax for individuals between Rs. 2.5- Rs 5 lakh is reduced to 5% from

Indiacorp Law

0120-4214372, 9650826950, 9810894275 indiacorp@live.com, csaloknoida@gmail.com
www.indiacorplaw.com

10%.

2. All other categories of tax payers in subsequent brackets will get a benefit of Rs 12,500.
3. Simple one page return for people with an annual income of Rs. 5 lakh other than business income.
4. People filing I-T returns for the first time will not come under any government scrutiny.
5. Ten % surcharge on individual income above Rs. 50 lakh and up to Rs 1 Crore to make up for Rs 15,000 Crore loss due to cut in personal I-T rate. 15 surcharge on individual income above Rs. 1 Crore to remain.

income	Tax rate
Individual tax payers	
Up to Rs 2,50,000	No tax
Rs 2,50,001 to Rs 5,00,000	5%
Rs 5,00,001 – 10,00,000	20%
More than Rs 10,00,000	30%
Senior citizens who are 60 years old and above but less than 80 years	
Up to Rs 3,00,000	No tax
Rs 3,00,001 to Rs 5,00,000	5%
Rs 5,00,001 to Rs 10,00,000	20%
More than Rs 10,00,000	30%
Senior Citizens who are 80 years old and above	
Up to Rs 5,00,000	No tax
Rs 5,00,001 to Rs 10,00,000	20%
More than Rs 10,00,000	30%

(Surcharge of 10 per cent on income of all individuals above Rs 50 lakh and less than Rs 1 crore and surcharge of 15 per cent on income above Rs 1 crore).

Thanking You,
Team Indiacorp

0120 - 421 4372, 9650826950, 9810894275
indiacorp@live.com, csaloknoida@gmail.com
www.indiacorplaw.com

Disclaimer:

This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Neither India Corp Law nor any other member of the India Corp Law organization can accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.

Indiacorp Law

0120-4214372, 9650826950, 9810894275 indiacorp@live.com, csaloknoida@gmail.com
www.indiacorplaw.com