



Mysore Chapter

Edition 115
August 2013

eMagazine



**Happy
Independence Day!**

**Acquisition Of
Immovable Property In India
by NRIs & PIOs**



Independence Day Celebration at
Mysore Chapter

CSMysore eParivaar
celebrates its
6th Anniversary!



**E- Magazine from
The Institute of Company
Secretaries of India
Mysore Chapter**

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Message from Chairman



Dear Readers,

Here's wishing a **Very Happy 6th Anniversary to the CS MYSORE e-Group!** Mysore Chapter's e-parivaar, an online group, has a wide number of patrons all over the country and has proved to be a great forum for professional discussions. I wish the team that pioneered this remarkable group and wish that it goes on to becoming a premium platform.

August, 8th rang in glad tidings with the passing of the Companies Bill, 2012 by the Rajya Sabha. Yet another land mark event!

The month is also going to be more exciting as the chapter is gearing up for its mega event of having 3 Day Residential Program at Mysore. You may expect communication shortly. We would look forward to your participation.

The Chapter managing committee welcomes CS. Madhwesh K. as its new Managing Committee member and appreciates his interest in joining hands in developing the Chapter and the profession.

The Students must be anxious for the results. I advise the students to be positive and take the academics in the right direction, whatever the outcome.

Our country is all set to celebrate its 67th Independence Day. A big salute to each of the martyr's of the freedom fight! Good Luck to all and Celebrate the Independence with Peace!

*Yours in CS fraternity,
CS. Sunil Kumar B G*

Inside

Articles:

**Acquisition of Immovable Property in India...3
CSMysore Celebrates 6th Anniversary...5**

Columns:

**Web Yatra: indiabix...6
3D Printing and IP Rights...6
Living Room: The Tender Coconut Seller...7
Words Worth Millions...7
Spectrum Space...8
Legal Roundup ... 9
News Room...12**

ACQUISITION OF IMMOVABLE PROPERTY IN INDIA

BY PERSONS RESIDENT OUTSIDE INDIA - FEMA Provision



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Like all other foreign exchange transactions, investments into immovable properties in India by NRIs and PIOs is also regulated by FEMA.

Here is a consolidated note on the provisions of FEMA dealing with acquisition of immovable properties in India by persons Resident outside India

Owing a property in India is not only a dream but also a priority for a majority of the Indian population. The desire is equally vibrant in the hearts of those residing outside India, mainly NRIs and PIOs. The Foreign Exchange Management Act, 1999 [FEMA] which contains provisions regarding all foreign exchange related transactions, also regulates the buying and selling of immovable property in India by those resident outside India.

FEMA empowers the Reserve Bank to frame regulations to prohibit, restrict or regulate the acquisition or transfer of immovable property in India by certain persons residents outside India. Acquisition of immovable property in India by persons resident outside India is regulated in terms of section 6 (3) (i) of FEMA as well as by the regulations contained in the Notification No. FEMA 21/2000-RB dated May 3, 2000, as amended from time to time.

Lets us have a very quick look at the provisions of FEMA dealing with acquisition and transfer of immovable property in India by persons resident outside India.

For the sake of understanding these provisions, persons resident outside India can be categorized into three categories:

Non-Resident Indian (NRI) is a citizen of India resident outside India.

Person of Indian Origin (PIO) means an individual (not being a citizen of Pakistan or Bangladesh or Sri Lanka or Afghanistan or China or Iran or Nepal or Bhutan) who at any time, held an Indian Passport or who or either of whose father or mother or whose grandfather or grandmother was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955).



Provisions relating to acquisition of immovable property

Particulars	NRI	PIO	Foreign National Resident in India	Foreign National Resident Outside India
Purchase of residential and commercial property in India	Permitted	Permitted	Permitted (Subject to approval of other local authorities) A citizen of Pakistan, Bangladesh, Sri Lanka, Afghanistan, China, Iran, Nepal and Bhutan would require prior approval of RBI except for acquisition on lease not exceeding 5 years	Not Permitted Can acquire on lease not exceeding 5 years
Purchase/acquisition through gift of agricultural land / plantation / farm house	Not Permitted	Not Permitted	Not Permitted	Not Permitted
Acquisition of immovable property other than agricultural land / plantation / farm house by means of gift	Permitted (From NRI/PIO/Person resident in India)	Permitted (From NRI/PIO/Person resident in India)	Permitted (From NRI/PIO/Person resident in India)	Not Permitted
Acquisition of immovable property by means of Inheritance	Permitted Provided the transferor had acquired the property in accordance with forex laws.	Permitted Provided the transferor had acquired the property in accordance with forex laws.	Permitted (From person resident in India)	Permitted (From person resident in India)
Sale of residential/commercial property held in India	Can sell to NRI, PIO* & Person Resident In India *RBI approval needed	Can sell to NRI, PIO* & Person Resident In India *RBI approval needed	Foreign national of non-Indian origin including a citizen of Pakistan or Bangladesh or Sri Lanka or Afghanistan or China or Iran or Nepal or Bhutan can sell property in India with prior approval of RBI to NRI, PIO and Residents.	
Sale/Gift of agricultural land / plantation property / farm house held in India	Can sell/gift to Person resident in India who is citizen of India.	Can sell/gift to Person resident in India who is citizen of India.	Foreign national of non-Indian origin resident outside India would need prior approval of RBI.	
Gift of residential/commercial property held in India	Can gift to NRI, PIO & Person Resident In India	Can gift to NRI, PIO & Person Resident In India	Prior approval of RBI is required	Prior approval of RBI is required

Mortgage of Residential/Commercial property held in India	Can mortgage to: (a) an Authorised Dealer / the housing finance institution in India without the approval of Reserve Bank (b) a bank abroad, with the prior approval of RBI.	Can mortgage to an Authorised Dealer / the housing finance institution in India without RBI approval & a bank abroad, with prior approval of RBI.	Prior approval of RBI is required	Prior approval of RBI is required
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The Reserve Bank of India issues a master circular every year on 1st July which consolidates and compiles the regulatory framework and instructions issued by the Reserve Bank in relation to acquisition and Transfer of Immovable Property in India by NRIs/PIOs/Foreign Nationals of Non-Indian Origin during the relevant year. Readers are requested to refer to the relevant circulars prevailing during the year for a deeper understanding of the provisions in relation to acquisition and Transfer of Immovable Property in India by NRIs/PIOs/Foreign Nationals of Non-Indian Origin.

CSMysore Celebrates 6th Anniversary

CSMysore is an elite eParivaar of people associated with Company Secretaryship.

This eParivaar was founded in the Cultural Capital city of Karnataka - Mysore on 15th August 2007.

Like tiny drops of water make a mighty ocean, members joining this eParivaar have made it a mighty ocean of knowledge.

As of today – 15th August 2013, CSMysore is a team of 2900+ e-Parivaarians!

Top three contributors –all time:

CS. Rengarajan
CS. Vivek Hegde
CS. Jayashree Chandrasekaran

Congratulations!



If you have not yet joined the eParivaar, visit

<https://groups.google.com/group/csmysore>
and

join today!

Let us learn together and grow together!



http://www.
WEB YATRA

India BIX



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Aptitude and Reasoning skills play a vital role in one's life. An Aptitude is a component of competency to do certain tasks at certain level, which can also be termed as "talent". Aptitudes may be physical or intellectual. Reasoning is the capacity for consciously making sense of things, applying logic, for establishing and verifying facts, and changing or justifying practices, institutions and beliefs based on new or existing information.

While surfing the web, I came upon <http://www.indiabix.com> which is the best site to enhance aptitude and reasoning ability. This Site is very resourceful for the preparations of competitive exams, interviews and for developing expertise on puzzles, verbal skills and reasoning etc. This site contains a good deal of information in the following matters:

- ✓ Aptitude
- ✓ Logical reasoning
- ✓ Verbal ability
- ✓ General knowledge
- ✓ Puzzles
- ✓ Interview
- ✓ Programming
- ✓ Online tests
- ✓ Engineering

This is one of the best sites I have ever come across, which is helpful to tackle banking exams, engineering and medical science entrances as well. Friends, check it out <http://www.indiabix.com> and see your skills grow.

Tech News

3D Printing and IP Rights

The 3-D Printing revolution is not hype or novelty; it is a watershed. Design and manufacturing are now screen-based and will be available in one's home or local 3-D Printing store or "service bureau." One may now print objects in metal or plastic and in any color. With this widespread access, the public begins the era of home-based manufacturing and virtual distribution of products. The power and skill to create products will be in the consumers' hands. With some readily available software, all one needs is a camera-ready smartphone to convert the physical object or product into a printable object.

Companies and other IP owners must consider the effects of 3-D Printing on patents, trademarks, and copyrights. The music industry serves as a reminder that companies must plan for paradigm-shifting technologies. Imagine if the music industry could have been out in front of Napster with iTunes first. If the consumer has the choice to access leading edge technology through their known trusted brands medium, they likely will. That means for those serious about gauging the application and ramifications of 3-D Printing, they must consider the short and long term options. Based on the scope of the product line and the complexity of the brand needs, their business and legal team needs to conduct patentability analyses, preliminary clearance reports, trademark analyses and copyright analysis before engaging the opportunities of 3-D Printing. This groundwork will identify the products that translate best to 3-D Printing and examine anything in the market currently that jeopardizes the brand.



The Tender Coconut Seller...

Living Room

A die-hard Bangalorean friend of mine who now lives in a different city was in Bangalore a couple of weeks back. As he was sipping from a tender coconut that he bought one hot afternoon, he noticed that the woman selling the coconuts started breaking open one more fruit without his asking for it. He was upset thinking she was trying to push one more to make money. He gestured her to stop and refused to buy the other fruit. But the poor woman kept insisting that he have one more.

His temper shot up under the soaring sun but slowly he understood what she was trying to convey though he could manage only a smattering of her language. She was asking him to throw that fruit and drink from the new one instead since the first one didn't seem of a good quality. She wanted him to enjoy coconut water from a better quality fruit. When my friend realized her intentions, he was touched and offered to pay for the 2nd coconut but the woman refused to touch money.



She said she was in the business of selling good quality coconut-water and it would be against her principles to accept money for a rotten coconut. It is her duty to ensure that her customer is satisfied and happy.

My friend who is in the top management of a multi-million dollar conglomerate felt small, really small and cursed himself at misjudging her initially. But he was touched and inspired nonetheless. He walked away ruminating on the service levels and business ethics of this nameless vendor. A lesson or two here for all of us??

Contrast this with some reputed companies who sign SLAs (service level agreements) but do not care to listen to the customer, leave alone proactively 'fixing the bugs' or replacing the defective parts. It is a herculean task even to get to their helpdesk or customer care center and thereafter it becomes a nightmare. "You are what you do, not what you say you'll do." Action speaks louder than words!

Words worth millions

"One individual may die for an idea; but that idea will, after his death, incarnate itself in a thousand lives. That is how the wheel of evolution moves on and the ideas and dreams of one nation are bequeathed to the next"

Netaji Subhash Chandra Bose





Compilation:
CS. Ajaḡ Madaiah, Mysore

Carbon Trade Exchange

Carbon Trade Exchange (CTX) is a global electronic trading platform serving the compliance and voluntary carbon markets. CTX has been established to aid the growth and transparency of the carbon markets and for the world's inclusive trading platform. CTX maximises the environmental benefits of carbon trading by bringing liquidity and reach to all market participants. It has got members in 25 countries. CTX offers to its members a trusted and transparent electronic marketplace for buying and selling carbon credits. CTX supports the trading of carbon credits that are originated under both the United Nations Clean Development Mechanism (CERs) and Independent Voluntary Standards (VERs). This platform allows businesses to meet their compliance obligations under the EU Emissions Trading Scheme and voluntarily offset residual carbon emissions to become carbon neutral.



CTX has partnered with banks, registries and voluntary standards to ensure that all carbon credits traded on the exchange originate from high quality verified and additional carbon projects as well as being legitimately owned by the seller involved. Its direct electronic interface with APX Verified Carbon Standard (VCS), The Gold

Standard, American Carbon Registry (ACR) and Climate Action Reserve (CAR) makes it complete end to end electronic transactions in the voluntary carbon market. It is also capable of electronic trading in the compliance markets.

CTX is a member of the International Emissions Trading Association (IETA) and the Climate Markets & Investors Association (CMIA) and actively participates in discussion groups with the aim of adding further value to the industry.

Did you know?

Companies in India

As per the Ministry of Corporate Affairs as on 30th June, 2013 there are 13.29 lakh companies are in the registry.

Of these, as many as 2.6 lakh companies have been closed for various reasons, such as court order, voluntary winding up, etc.

As many as 1.44 lakh companies have not filed their Annual returns/Balance sheets for more than three consecutive years, and are classified as dormant.

Active companies are about 8.84 lakhs.



Pick of the month

Whether a pensioner and a beneficiary under Central Government Health Scheme (CGHS) would be a consumer under the Consumer Protection Act, 1986?

The National Consumer Disputes Redressal Commission (NRCDC) has answered it affirmatively. The medical treatment facilities extended to a retired employee under CGHS could not be termed as "free service" as it was in consideration of service rendered by him to the government till the age of superannuation, which conferred a right on him to get pension as well as other benefits, including medical treatment prescribed by various rules or the schemes framed by the Centre. Such employee would be a consumer as defined in Section 2(1)(d)(ii) of the Consumer Protection Act, 1986.

(RP No. 570 of 2002,
Jagadish Kumar Bajpai Vs
Union of India)



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Service Tax Updates
CA. Ashit Shah,
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FEMA Updates
Team Genicon,
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CUSTOMS & FTP Notifications/ Circulars

Amends Notification No.46/2011-Cus. Dated June 01, 2011 to allow import of self copy paper etc. from ASEAN countries & Philippines at reduced tariff.

No. 35/2013-Cus.dated July 18, 2013

Amends Notification No. 12/2012-Cus. Dated March 17, 2012 to allow any importer to import Liquefied Natural Gas and Natural Gas for supply to a generating company for generation of electrical energy at nil rate of customs duty.

No. 36/2013-Cus. dated July 22, 2013

Amends Notification No. 46/2011-Cus. Dated June 01, 2011 to include Hilsa Fish imported from Myanmar under India-ASEAN Free Trade Agreement

No. 37/2013-Cus. dated July 22, 2013

Amends Notification No. 12/2012-Cus. Dated March 17, 2012 to increase custom duties on import of raw sugar and refined sugar from 10% to 15%.

No. 34/2013-Cus. dated July 08, 2013

FEMA/RBI/SEBI Notifications/Circulars/News

Earlier, the time limit of realization and repatriation of export proceeds has been reduced to nine months from twelve months and it is valid till 30th September, 2013. Now, the RBI has clarified that the time limit of nine months shall be applicable for exports between 1st April, 2013 to 30th September, 2013.

A.P. DIR Circular No.14, dated 22nd July, 2013

The RBI has allowed the Indian companies in the field of manufacturing, infrastructure sector and hotel sector to avail, ECB for repayment of outstanding Rupee loan availed from the domestic banking system under this scheme and now it is decided to extend the benefit for the aforesaid Companies, to re-finance the rupee loan which were availed for the purchase of assets and setting up JV's / WOS abroad subject to the following terms and conditions;

ECB can be availed for repayment of all term loans having average residual maturity of 5 years and above. ECB can be availed subject to 75 per cent of the average foreign exchange earnings realized during the past three financial years and / or 75 per cent of the assessment made about the average of foreign exchange earnings potential for the next three financial years of the Indian companies from the JV / WOS / assets abroad as certified by Statutory Auditors / Chartered Accountant, etc. ECB availed of under the scheme will have to be repaid out of forex earnings from the overseas JV / WOS / assets.

A.P. (DIR Series) Circular No.12 dated July 15, 2013

CENVAT Notifications/ Circulars

Exempts scheduled formulations as defined under the Drugs Price Control Order, 2013 dated May 15, 2013 and which are subjected to re-printing, re-labelling, re-packing or stickering in a premises not registered under the Central Excise Act, 1944 ("the Excise Act") from payment of whole of excise duty subject to satisfaction of conditions prescribed therein.

No. 22/2013-CX dated July 29, 2013

Case Law

The High Court of Madras held that Cenvat Credit cannot be denied on the ground that molasses is not an input in the manufacture of sugar. In terms of proviso to Rule 57F of the Central Excise Rules, 1944, credit of duty allowed in respect of any input can be utilised towards payment of duty on any other final product irrespective of whether such inputs have been used actually in manufacture of such final product.

CCE Vs. Rajshree Sugars & Chemicals Ltd. [2013-TIOL-577-HC-MAD-CX]

The High Court of Allahabad held Rule 6 of the Cenvat Credit Rules, 2004 ("the Credit Rules") provides that if Cenvat credit has been taken on inputs which are used for manufacture of dutiable and exempted final products then assessee is required to reverse proportionate Cenvat credit or pay 10%/5% amount of value of exempted final products. Electricity is not excisable

goods under Section 2(d) of the Excise Act. Therefore, Rule 6 of the Credit Rules is not applicable.

Gularia Chini Mills Vs. Union of India [2013-TIOL-568-HC-ALL-CX]

The High Court of Madras held that in every case of nonpayment or short payment of duty, penal provisions cannot be invoked automatically and conduct of the assessee has to be looked in each case before imposing penalty. The High Court also held that applicability of Section 11AC of the Central Excise Act, 1944 depends on existence of conditions expressly stated in that section.

CCE Vs. Crocodile India Pvt. Ltd. [2013-TIOL-518-HC-MAD-CX]

The CESTAT held that as per ISI specifications 'ready mix concrete' requires no further treatment before being placed in the position in which it is to be set and hardened. As per ISI specifications, water is an essential element for ready mix concrete. Therefore, dry mix of cement stones and sand cannot be held to be ready mix concrete and, therefore, will not fall under sub-heading 3824 20 of the Central Excise Tariff Act, 1985

Mand Vally Minerals Ltd. Vs. CCE [2013-TIOL-1033-CESTAT-DEL]

VAT, Sales Tax and Entry Tax

Case Law

The High Court of Madras held that inkjet cartridges and toner cartridges are parts and accessories of printer which is peripheral to a computer system. Therefore, inkjet cartridges and toner cartridges would be covered under Entry Nos. 22 & 24 of Serial No. 68 of the First Schedule of the Tamil Nadu Value Added Tax Act, 2006 ("the Tamil Nadu VAT Act").

Canon India Private Limited Vs. State of Tamil Nadu [2013-VIL-53-MAD]

The High Court of Madras upheld the constitutional validity of Section 19(11) of the Tamil Nadu VAT Act and held that legislature consciously enacted Section 19(11) of the Tamil Nadu VAT Act with avowed object of incorporating time frame for availing Input Tax Credit before end of financial year or before ninety days from the date of purchase whichever is later. The provision is for safeguarding interest of revenue and to prevent cascading effect of tax burden on ultimate consumer.

USA Agencies Vs. Commercial Tax Officer [2013-VIL-55-MAD]

Goods in transit were intercepted and seized on presumption that same may be unloaded inside the State of Uttar Pradesh on account of previous history of transporter. The High Court held that neither transit declaration form was found to be non-genuine or improper nor any detail relating to the goods furnished in transit declaration form was found to be incorrect. Further, there is absolutely no material on record to presume that the goods may be unloaded inside the State of Uttar Pradesh. Therefore seizure of goods was illegal. Each and every transaction has to be examined independently on its own merit and past conduct is wholly irrelevant.

Seema Enterprises Vs. Commercial Tax Officer [2013-VIL-53-ALH]

The High Court of Madras observed that in This case the goods were customized and manufactured as per specifications of customers. Movement of finished goods from Ghaziabad to Tamil Nadu was only in pursuance of sale cum contract. No sale was effected after goods moved into Tamil Nadu. The High

Court held that nature of transaction clearly showed that it was only an interstate works contract, considering the predominant nature of order placed by customer for designing, supply, installation, erection, testing and commissioning of the lifts. Accordingly, assessee was entitled to deduction as claimed under Section 3-B (2)(a) of the Tamil Nadu General Sales Tax Act.

ECE Industries Limited Vs. State of Tamil Nadu [2013-VIL-51-MAD]

The High Court of Allahabad held that final product Gutka having been manufactured by assessee for the first time and sold within local areas, there is no liability for payment of entry tax by manufacturer, who by no stretch of imagination can be said to be a dealer in terms of Section 2(b) of the Uttar Pradesh Entry Tax Act, 2007.

Kay Pan Products Limited Vs. State of Uttar Pradesh and Others [2013-VIL-52-ALH]

Service Tax

Notifications/ Circulars

In a bid to allay fears of taxpayers, the finance ministry on Thursday, 8th August 2013 liberalized the Service Tax Voluntary Compliance Encouragement Scheme (VCES) that is aimed at promoting self-declaration of tax dues by issuing clarificatory.

Circular No. 170/5/2013

Supersedes Notification No. 40/2012-ST, dated June 20, 2012 and exempts services received by a Unit located in Special Economic Zone ("the SEZ Unit") or Developer of SEZ ("the Developer") and used for authorised operation, from the whole of service tax, education cess and secondary and higher education cess leviable thereon. Exemption is to be claimed by way of ab initio not paying of service tax or by way of refund depending upon fulfillment of conditions and requirements specified in Notification 12/2013.

No. 12/2013-ST dated July 1, 2013 ["Notification 12/2013"]

Case Law

The High Court of Kerala held that imposition of service tax in relation to serving of foods or beverage by restaurants and hotels is beyond legislative competence of the Parliament. The High Court observed that service forms part of sale of goods and State Government alone will have the legislative competence to enact the law imposing a tax on the service element forming part of sale of goods as well.

Kerala Classified Hotels and Resorts Association Vs. Union of India [2013-TIOL-533-HC-Kerala-ST]

The High Court of Gujarat held that Section 65(25aa), Section 65(105)(zzze) and Section 66 of Chapter V of the Finance Act, 1994 ("the Finance Act") as ultravires the Finance Act to the extent the said provisions purported to levy service tax in respect of services provided by the club to its member because club is formed on the principle of mutuality and any transaction by a club with its member is not a transaction between two parties.

Sports Club of Gujarat Vs. Union of India [2013-TIOL-528-HC-AHM-ST]

The High Court of Madras upheld constitutional validity of Section 65(105)(zzzt) of the Finance Act providing for levy of service tax on temporary transfer or permitting the use or enjoyment of copyright. The High Court observed that the

Finance Act levies service tax on temporary transfer or enjoyment of goods and not on permanent transfer thereof.

AGS Entertainment Pvt. Ltd. Vs. Union of India [2013-TIOL-521-HC-MAD-ST]

The High Court of Madras upheld constitutionality of the CBEC Circular No. 148/17/2011-ST dated December 13, 2011 ("Circular dated December 13, 2011" clarifying about levy of service tax on film distributors/ sub-distributors/ theatre owners. The High Court observed that with more multiplexes and single theatres on the rise right from cities to moffusil, there is a huge rise in business over all. Source of concept of service tax lies in economics. Having regard to various modes of arrangements between distributors/sub distributors of films and exhibitors of movie, CBEC was justified in issuing Circular dated December 13, 2011 clarifying levy of service tax on transactions between the distributor/sub-distributor and owners of theatres.

Mediaone Global Entertainment Ltd. Vs. CCE [2013-TIOL-516-HC-MAD-ST]

The High Court of Allahabad held that final product Gutka having been manufactured by assessee for the first time and sold within local areas, there is no liability for payment of entry tax by manufacturer, who by no stretch of imagination can be said to be a dealer in terms of Section 2(b) of the Uttar Pradesh Entry Tax Act, 2007.

Kay Pan Products Limited Vs. State of Uttar Pradesh and Others [2013-VIL-52-ALH]

The CESTAT held that vacancy in government departments are well known and cannot be a reason for non-filing of appeals within prescribed statutory time limits. Accordingly, application for condonation of delay was rejected.

Maharashtra State Electricity Distribution Co Ltd. Vs. CCE [2013-TIOL-1080-CESTATMUM]

The CESTAT held that buffer stock subsidy received by assessee from Government of India is not on account of services rendered by assessee to Government of India but as a compensation for loss of interest, cost of insurance etc. incurred on account of maintenance of stock. Accordingly, service tax is not payable on the same.

CCE Vs. Kumbhi Kasari SSK Ltd. [2013 TIOL 1085-CESTAT-MUM]

Regulatory Update

Rajya Sabha passes much awaited Companies Bill 2012

The Rajya Sabha has approved the much-awaited new Companies Bill on August 08, 2013. Lok Sabha already passed the Bill in December last year and now only President's nod is required to make it a law.

The Bill, aimed at improving corporate governance, also contains provisions to strengthen regulations for corporates as well as auditing firms.

Moving the bill for consideration, Minister of State (Independent Charge) for Corporate Affairs Sachin Pilot said private companies, while maximizing their growth, also have responsibility towards society besides equitable and sustainable growth of the country. The changes in the Bill include provisions making it mandatory for companies to spend two% of their average net profit on CSR activities. However, only companies reporting Rs 5 crore or more profits in the last three years have to make the CSR spend. Companies failing to meet the obligation will have to explain and disclose reasons in their annual books of account. Otherwise, companies would face action, including penalty.

Safeguarding workers in the legislation, the new law mandates payment of two years' salary to employees in companies, which wind up operations.

The amended legislation, with 470 clauses, also limits the number of companies an auditor can serve to 20. It has also brought in more clarity on criminal liability of auditors. Besides, the approved amendments also include annual ratification of appointment of auditors for five years and introduction of a new clause related to offence of falsely inducing banks for obtaining credit.

Besides, the changed law allows more statutory powers to the government's investigative arm Serious Fraud Investigation Office (SFIO) to tackle corporate fraud.

The amendment, to the Bill that has been in force since 1956, was first introduced in August 2008. However, it was withdrawn as the Lok Sabha was dissolved. It was again introduced in Parliament in 2009 and sent to the Standing Committee, which presented its report in August 2010. Notably, unlike most Bills, the Bill was referred to the Standing Committee twice. The revised Bill 2011 was again referred to the committee, as certain new provisions were included. The current amendments to the Bill are in line with the suggestions put forward by a Parliamentary Standing Committee on Finance.



WTO ruling on India poultry ban helps Delaware producers

The World Trade Organization has announced that it will allow a case brought by the U.S. against India's trade restrictions on poultry, pork, and other products to move forward. India attempted to have the U.S. complaint dismissed on technical grounds, but WTO adjudicators ruled in favour of the U.S. The ruling is an important victory for Delaware's poultry industry, which supports more than 13,000 jobs and contributes more than \$3.2 billion to the state economy. Senator Coons praised the work of the Office of the U.S. Trade Representative (USTR) to challenge India's longstanding, non-scientific based trade policies against U.S. poultry.

FDI cap in telecom raised and norms for multi-brand retail liberalised

The Cabinet approved the proposal to raise foreign direct investment (FDI) limits in several sectors, including telecom, and further liberalised norms for multi-brand retail. Now, the multi-brand retailers like Walmart and Tesco will now have to source 30% of their products from small and medium enterprises only at the time of starting their business. It was also decided to allow 49% FDI in single-brand retail under the automatic route. Investment beyond this limit up to 100% is also permissible with prior approval has from FIPB.

Food Security Ordinance may invoke WTO compliance issues

The recently promulgated National Food Security ordinance, which aims to provide 5 kg food grains per person per month at subsidised prices under the targeted public distribution system, might be in violation of the global trading rules on agriculture under the World Trade Organization (WTO) **if an attempt is made to divert subsidized food grains for export purposes.** According to trade economists and experts, even if the ordinance is aimed at giving subsidies to 67% of the people for consumption purposes, it nevertheless tantamount to subsidies which are otherwise prohibited under the WTO norms, which is commonly known as 'trade distorting subsidies' or 'Amber Box' subsidies in trade parlance. India, being one of the main countries in the G-33 along with other developing countries which is spearheading the proposal on food security at the WTO that seeks to legalise the so-called prohibited 'Amber Box' subsidies.

Solar issue at WTO: India, US complete consultations

India and the US have completed consultations under WTO on American charges of discrimination against its products by New Delhi's national solar mission. The consultations followed after the US filed a complaint in the WTO in February alleging discrimination by India's national solar mission against American products. As per the procedure of the World Trade Organisation, consultation is the first stage of a complaint filed with the global trade body. In the year 2010, India launched its National Solar Policy which US alleged that forced localisation requirements restrict US exports to India markets.

US raises concern over India's FDI norms on defense, insurance

The US has raised concerns over investment related issues in India under FDI policy in sectors like defence, retail trade and insurance. US Trade Representative and the business community have raised few concerns relating to investment in India restrictions under FDI policy in sectors like defence, retail trade, financial sectors such as insurance and pharma. They have also raised concerns on issuance of compulsory licensing (CL) under intellectual property right policy and preferential market access policies in some sectors

Investors demand ownership change in NSEL

Commodity Participants Association of India along with Association of National Exchanges Members of India and BSE Brokers Forum have formed a joint forum to press their demands related to payments. This forum has said it will take legal action against crisis-hit National Spot Exchange Ltd (NSEL) if a firm commitment is not given on fulfilling payment obligations, adequately supported by collaterals. NSEL had halted trading in spot commodities last month following government orders, leading to a payment crisis.

RBI imposes Rs 5.6 lakh fine on SBI

The Reserve Bank has imposed a fine of about Rs 5.6 lakh on State Bank of India (SBI) for violation of currency chest norms. The penalty was levied in connection with deficiencies and lapses in the operation and maintenance of the currency chest at the Secunderabad branch of SBI. Last month, the RBI had imposed a penalty of Rs 3 crore on SBI for violating know your customer (KYC)/anti-money laundering norms.