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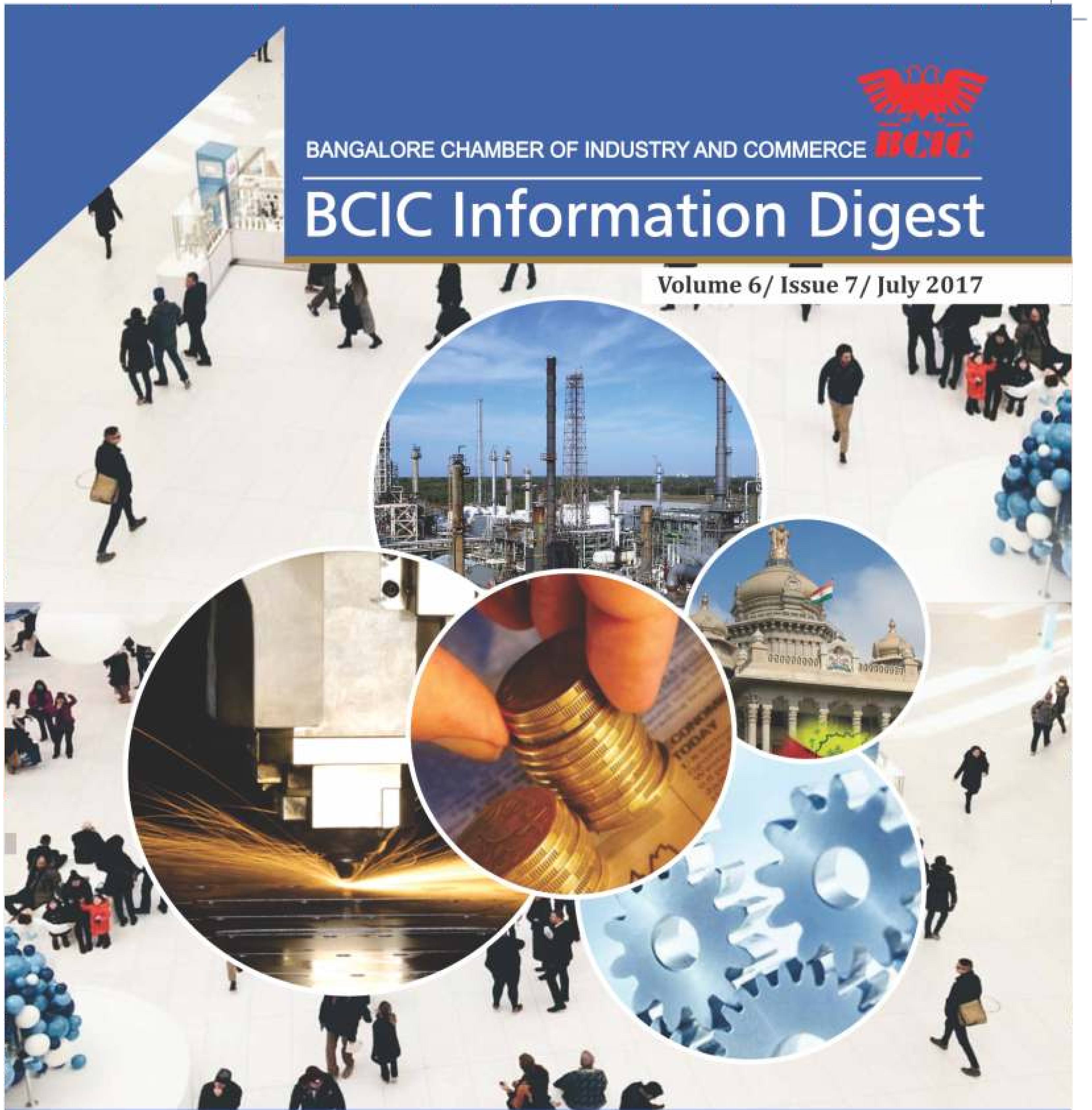

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STATE GOVERNMENT

MSME Investors' Meet in Oct: Deshpande

The state government will not conduct the Global Investors' Meet (GIM) this year, but would instead give impetus to micro, small and medium-scale industries in Karnataka, Large and Medium Industries Minister R V Deshpande has said.

Speaking to journalists he said that on Chief Minister Siddaramaiah's suggestion, the MSME Investors' Meet would be held in Bengaluru in October.

At Invest Karnataka, the last GIM held in February 2016, there were proposals worth Rs 1.77 lakh crore, and more than 1,080 new projects were approved by the government. Half of the approved projects have become operational while 46% would become operational in a couple of years. Just 4 percent of companies have withdrawn their proposals, Deshpande said.

Speaking of the GST, the minister said Karnataka had welcomed the decision to roll out the path-breaking tax legislation from July 1 onwards. Karnataka has urged the Centre to reduce the tax on hybrid vehicles, farm equipment and spare parts of tractors to help farmers, he said.

According to Deshpande, tax collection in the state rose by 14 percent in April and May. The Centre has promised to make good any shortfall in tax receipts once GST comes into force, he added.

Source: Deccan Herald June 24, 2017

Japan Pushes for B'luru-Chennai High-Speed Rail

Japan has reiterated its keenness to take up the high-speed train project between Bengaluru and Chennai.

Japan's Ambassador to India Kenji Hiramatsu, who met Chief Minister Siddaramaiah, stated that Japan was keen to expand the high-speed rail network in India.

Hiramatsu was in Bengaluru to participate in the launch of the Green Line of Namma Metro. The ambassador discussed the progress and implementation of several projects in Bengaluru taken up utilising funds from financial institutions in Japan.

Japan uses the Shinkansen bullet train technology which is proposed to be utilised for the Mumbai-Ahmedabad high-speed train.

Source: Deccan Herald June 18, 2017

Suburban Railway Gets a Push

BENGALURU: With the Centre's final Suburban Rail Policy putting the lid on the funding controversy between the Railways and the state government by fixing the latter's share at 80 percent, the baby steps towards forming the Special Purpose Vehicle (SPV) are finally being taken.

The Directorate of Urban Land Transport (DULT), which is implementing the project on behalf of the state, has sent the proposal on formation of an SPV jointly by the Railways and the state to both the agencies for approval.

"The Urban Development Department has approved it and it has now gone to the Finance Department for clearance. After that, the Cabinet has to okay it," said a top DULT official. "The proposal sent to the Bangalore Railway Division is now with the Railway Board and is awaiting clearance," the official added.

Though the state had allocated Rs. 345 crore in its budget for the project, the Railways have not taken any steps towards implementing any of the four steps proposed by the state government to take the project forward, charge DULT officials.

Meanwhile, reliable railway sources insist that the basis structure (in this case, the SPV) needs to be in place before the project could be taken forward. "We have sent the proposal to Delhi (Railway Board) for approval and are expecting a positive response soon," said a top railway official.

"We are doing everything we can to fast track the project. The suburban rail policy was finalised by the Centre only on April 18. We have done much within this two-month period," the official added.

SPV to take few more months

The Suburban Rail Project was first proposed in 2007. A feasibility report was prepared by consultancy firm RITES (Rail India Technical and Economic Service) in November 2011. Its final report was submitted in June 2012. The state approved it in July 2013. It was originally meant to cover 440.8 km and cost Rs. 10,929 crore. Railways maintained that both the City Railway station and Yeshvantpur were saturated and it was impossible to run more trains from these points.

It was then broken down into phases to ensure the project gets started with Phase 1A set to be implemented first. The project was initially planned with the funding pattern set as 50:50 between the state and the Railways. However, the Centre's draft suburban policy released on December 6, 2016, fixed the responsibility of the suburban network on the respective state governments and insisted they had to bear 80% of the funding. Despite appeals for reconsideration by Karnataka, the Centre's final policy released on April 18, 2017 endorsed the draft policy.

Cost of Phase-1(A) of the suburban railway project. The Directorate of Urban Land Transport (DULT) has proposed that the SPV run the suburban service only along these three corridors running to nearly 250 km.

Source: Indian Express June 30, 2017

Special Purpose Vehicle to Execute Smart City Projects

In the wake of central government's decision to include Bengaluru in the smart city list, the Bengaluru Development Minister K.J. George directed various agencies to set up Special Purpose Vehicle (SPV) to ensure effective implementation of various projects.

Mr George held meeting with officials of BBMP for smart city initiative. On June 23, Bengaluru was selected in the list of 30 smart cities by the Centre.

SPV would be formed to implement projects for other cities selected under smart city initiative as per the Centre's guidelines. The urban development department will issue notification of the formation of SPV shortly.

Sources in the BBMP said that the idea is that projects for which detailed project reports (DPR) are ready can be taken up without waiting for Centre's allocation. DPR for K.R. Market renovation and Shivajinagar bus terminal and playground comprehensive development projects are ready and the BBMP can kick start these projects.

Mr George committed to sanction its allocation before Centre does to expedite project implementation and said the SPV can borrow from the state in the interim period.

The BBMP expressed its desire to have Jana USP to be project consultant for all the projects enlisted under the smart city. However, the BBMP has to seek permission from state government to allow the third party consultant, Palike sources said.

BBMP in its project has listed 10 interventions, categorised into seven area based development projects and eight projects to develop governance and service delivery systems with use of technology, pegged at Rs 1,700 crore. Of the total, it will get sanction for Rs 500 crore from the Union Ministry of Urban Development in five years and the rest will come from state government.

Source: Deccan Chronicle June 28, 2017

Karnataka Keen on Policy to Address Issues in IT firms

The Karnataka government is keen on coming out with a policy addressing various issues in the Information Technology sector including "forced resignation" adopted by the firms, but not before listening to the problems faced by IT industry leaders and employees, state IT Minister Priyank Kharge said today.

"We are keen on coming out with a policy addressing various problems including "forced resignation" adopted by IT companies, but not before listening to the problems faced by IT industry leaders and employees," Kharge told PTI in an interaction here.

Kharge said he would like to look into the allegations of alleged flawed appraisal process followed by IT companies. He said he cannot base his opinion after listening to a single stakeholder, but the entire ecosystem as he was the custodian whose responsibility is not only to provide jobs but also safeguard jobs

The IT employees' associations have been alleging that the appraisal process of companies are not transparent and is irrespective of employees' performance.

They have also been claiming that the restructuring activity has not been done on performance basis, and thousands of employees who were terminated were actually good performers as they were rated good in appraisals earlier and also appreciated and awarded for their work from both the client and the company.

The affected employees claim their former employers pressured them to hand in resignations instead of sacking them, thereby saving on the expense of severance pay.

After meeting the IT Employees Association recently, Kharge had said government will provide legal help to it, including Forum for IT employees (FITE), to solve the employees' problems including layoffs.

FITE members had held hour-long deliberations with the minister and sought government intervention to stop "arbitrary" IT layoffs and sought withdrawal of its decision to exempt IT companies from labour law, among other demands.
Kharge had said he would take up any demand for formation of trade unions in information technology sector for discussion if the workers bring it to the notice of the state government.

Kharge had also said it would be difficult for the government to pitch for formation of trade unions on its own, because IT is a tricky industry, unlike traditional businesses, where the growth story does not have quick highs and lows.
The rising automation in IT industry and growing threat of protectionism in US has forced the USD 150-billion outsourcing industry to battle slowdown.

The rising automation in IT industry and growing threat of protectionism in US has forced the USD 150-billion outsourcing industry to battle slowdown.
Various employees' fora have been demanding an inquiry against companies resorting to forceful resignations and reinstatement of employees forced to resign illegally

Source: Economic Times June 13, 2017

BCIC INFORMATION DIGEST

	Mechanical Data (Width x Height)	Advertisement Tariff (Monthly)	
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Half Page	18 cm x 13 cm	Inside front cover Colour	Rs. 5,000/-
Book Size	21 cm x 29.7 cm	Back inside Cover (Colour)	Rs. 5,000/-

Karnataka Explores Tunnel Route to Improve Connectivity to Bengaluru Airport

Karnataka has engaged a Bulgarian company to explore the possibility of building a tunnel to improve connectivity to the Kempegowda International Airport.

Sofia-headquartered ISA West Consortium made a detailed presentation to City Development Minister KJ George and other senior officials. The company has offered to cover 70 percent of the total project cost under public private partnership.

A delegation representing the company explained the proposal of providing tunnels at various points to reach the airport near Devanahalli. This is the second time the company has approached the government with the proposal, after a preliminary meeting that was held in April.

George asked the company to come out with a specific plan for a tunnel between Mekhri Circle and Columbia Asia hospital in Hebbal. Interestingly, this is the route on which the government wanted to build a Rs 1,800 crore steel flyover. The controversial project was dropped earlier this year following public backlash.

The company is expected to conduct a feasibility study so that a clear picture would emerge on implementing the proposal in a phased manner, according to a statement that was issued by George's office. A three-member committee comprising Bangalore Development Authority (BDA) engineer member PN Nayak, Karnataka Road Development Corporation chief engineer Krishna Reddy and Bruhat Bengaluru Mahanagara Palike (BBMP) chief engineer KT Nagaraj will help the company prepare a feasibility study report.

Infrastructure firm Soma has also approached the government to build road tunnels in the city akin to the ones in Malaysia. The company, which met George in April, has been asked to come out with a trial survey of some roads and submit a report for further consideration.

Source: Economic Times June 20, 2017

Phase-2 BMRCL Completes Bids

Bangalore Metro has officially completed inviting all construction bids for Phase-2. The project, expected to be up and running by 2020, has four extensions and two new lines.

BMRCL CPRO Vasanth Rao confirmed that the last portion to be opened for bids is the Gottigere-Nagawara Underground section, which was put up on the BMRCL website last week.

The 13.9 km stretch from Dairy Circle to Nagawara has been divided into four contract packages, with 12 stations in all. Each of these sections will take three years to be completed, with an overall estimated cost of Rs 5,044 crore.

"Package 1 is from south ramp to Vellara Junction, including Dairy Circle, MICO Industries and

Langford Town metro stations. Package 2 will end at Cantonment Station, including Vellara Junction, M.G. Road and Shivajinagar Metro station. Phases 3 and 4 include Pottery Town, Tannery Road and Venkateshpura, Arabic College and Nagawara stations," an excerpt of the tender document reads.

KIA Link

Bengaluru Development Minister K.J. George had previously confirmed that the Metro link to the Kempegowda International Airport falls under Phase 2b. The department recently put up the proposed geotechnical investigation of Nagawara to KIA along with proposed DGPS, Topographic, Land and Property survey. The detailed project report is yet to be prepared.

Under Phase-1, the maximum time was spent on the 8.82 km underground stretch. Phase-2 will be more challenging given its overall size and underground portion going up to 13.9 km.

GST "There is no change in the Metro passenger fares after the GST has come into effect. We are exempt from it. As for the construction bit, we are yet to work it out with respect to the new tax regime. We don't know if it will reduce or increase costs," said Mr Vasanth Rao.

Source: Deccan Chronicle July 4, 2017

AGRICULTURE & FOOD PROCESSING

E-trading platform helps Karnataka Farmers Earn 38 percent More Income

Karnataka farmers have realised 38 percent more income in 2015-16 from sale of agri-commodities through the e-trading interface Unified Market Platform (UMP), according to a Niti Aayog report.

UMP, an initiative of Rashtriya e-Market Services Ltd (ReMS) - a joint venture between NCDEX e-Markets Limited and Karnataka government, was set up in 2013-14 much before the Centre rolled out eNAM, almost a similar version for the entire country.

"While all provisions of UMP are not yet fully operational, complete implementation is expected to have a much larger impact on farmer incomes," noted the Niti Aayog report titled Doubling Farmer Incomes.

The report analysed the prices received by farmers between 2013-14 (the year preceding the functioning of UMP) and 2015-16 (the first year after creation of UMP).

The data showed that the modal prices of agri-produce on UMP in Karnataka witnessed much higher increase than the wholesale rates of the same commodity in the country.

"The average increase was 38 per cent in nominal terms and 13 per cent in real terms, after being deflated by WPI of the concerned commodity," the report said.

Copra, Black gram, Tur, Bengal gram were commodities which gave among the highest realisation, it added. "It is heartening to see the government lauding our efforts in developing the primary markets. We remain committed to use the power of technology and markets to bring about a positive change in the lives of farmers by reforming the physical markets in the country and helping central and state governments in the nation's food security and welfare priorities," NeML MD and CEO Rajesh Sinha said in a statement.

Currently, 157 mandis in Karnataka use e-trading, e- permits, e-payments, and scientific grading and assaying services.

Source: Economic Times June 8, 2017

Press Information Bureau
Government of India
Ministry of Consumer Affairs, Food & Public Distribution

29-June-2017

Government Approves Amendments in the Legal Metrology (Packaged Commodities) Rules, 2011

Use of proper, accurate and standard weights and measures are very important for effective functioning of any economy, as it plays an indispensable role in consumer protection as protection from malpractices of under-weight or under-measurement, is an important function of the Government.

The Legal Metrology (packaged Commodities) Rules, 2011 are framed to regulate the pre-packaged commodities. Under these rules, the pre-packaged commodities have to comply with certain mandatory lebelling requirements. Based on the experience of implementation of the Rules and after a detailed stakeholder consultation, the Department has amended the rules, aimed at enhanced consumer protection, but at the same time balancing with the requirement of ease of doing business.

Some of the salient features of the amendments are as below:

Goods displayed by the seller on e-commerce platform shall contain declarations required under the Rules like name and Address of the manufacturer, packer and importer, name of the commodity, net content, retail sale price, consumer care complaint, dimension, etc.

Specific mention is made in the rules that no person shall declare different MRPs (dual MRP) on an identical pre-packaged commodity, unless allowed under any law. This will benefit consumers at large as they are having complaint regarding dual MRP for item depending upon different type of public places like Cinema Hall, Airport, Malls etc.

Size of letters and numerals for making declaration is increased, so that consumer can easily read the same.

The net quantity checking is made more scientific, with introduction of e-coding.

- Bar Code/QR Coding is allowed on voluntarily basis.
- Provisions regarding declarations on Food Products have been harmonized with labelling regulations under the Food Safety & Standards Act, 2006.
- Medical devices which are declared as drugs, Medical Devices such as stent, valve, orthopaedic implants, syringe, Tools for operations etc. Consumers at large were facing difficulty as prices of devices were sold according to the paying capacity of the consumer. Even after capping of MRP many companies were not displaying. Also there are important declarations other than MRP that need to be displayed, are brought into the purview of declarations to be made under the rules.
- The definition of Institutional Consumer has been changed to prevent any scope for commercial transactions/retail sale of commodities sourced by the institution for their own use.

The rules shall come in to force with effect from 1st January, 2018.

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ECONOMIC & CORPORATE AFFAIRS

Press Information Bureau
Government of India
Ministry of Corporate Affairs

16-June-2017

Insolvency and Bankruptcy Board of India notifies Fast Track Insolvency Resolution Process for Corporate Persons Regulations

The Insolvency and Bankruptcy Board of India (IBBI), in exercise of its powers conferred by sections 58, 196 and 208 read with section 240 of the Insolvency and Bankruptcy Code, 2016 (Code), has notified the Insolvency and Bankruptcy Board of India (Fast Track Insolvency Resolution Process for Corporate Persons) Regulations, 2017. These regulations provide the process from initiation of insolvency resolution of eligible corporate debtors till its conclusion with approval of the resolution plan by the Adjudicating Authority. The process in these cases shall be completed within a period of 90 days, as against 180 days in other cases. However, the Adjudicating Authority may, if satisfied, extend the period of 90 days by a further period up to 45 days for completion of the process.

A creditor or a corporate debtor may file an application, along with the proof of existence of default, to the Adjudicating Authority for initiating fast track resolution process. After the application is admitted and the interim resolution professional (IRP) is appointed, if the IRP is of the opinion, based on the records of corporate debtor, that the fast track process is not applicable to the corporate debtor, he shall file an application before expiry of 21 days from the date of his appointment, to Adjudicating Authority to pass an order to convert the fast track process into a normal corporate insolvency resolution process.

The Ministry of Corporate Affairs has notified the relevant sections 55 to 58 of the Insolvency and Bankruptcy code,2016 pertaining to the Fast Track Process and also notified that fast track process shall apply to the following categories of corporate debtors:

- a small company, as defined under clause (85) of section 2 of the Companies Act, 2013; or
- a Startup (other than the partnership firm), as defined in the notification dated 23rd May, 2017 of the Ministry of Commerce and Industry; or
- an unlisted company with total assets, as reported in the financial statement of the immediately preceding financial year, not exceeding Rs.1 crore.

The regulations are available at www.mca.gov.in and www.ibbi.gov.in

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Press Information Bureau
Government of India
Ministry of Corporate Affairs

30-June-2017

MCA Exempts Person/Enterprise Constrained by 30-day Deadline Stipulated in the Act for Submission

The Ministry of Corporate Affairs, in exercise of the powers conferred by clause (a) of Section 54 of the Competition Act, 2002, has issued a notification, in public interest, exempting every person or enterprise who is a party to a combination as referred to in Section 5 of the said Act from giving notice within thirty days mentioned in sub-section (2) of Section 6 of the said Act, subject to the provisions of sub-section (2A) of Section 6 and Section 43A of the said Act, for a period of five years from the date of publication of the notification.

The measure has been taken to alleviate the concerns of stakeholders who felt constrained by the thirty days deadline stipulated in the Act for submission of notices of combination to the Competition Commission of India.

India has a suspensory regime wherein combinations come into effect only after either 210 days have passed from the day on which the notice has been given to the Commission or the Commission has passed orders under Section 31, whichever is earlier. In most jurisdictions with such suspensory regimes, notice of combinations can be given by enterprises to Competition Authorities at their convenient point of time but prior to giving effect to the said combination. With this measure, the combinations regime in India will be in line with the global best practices and enterprises will be free to submit notice of combinations to the Commission at a time convenient to them but prior to giving effect to such combinations. Enterprises are also, as per the notification, mandated to submit the notice in compliance of sub-section (2A) of Section 6 of the Act prior to giving effect to combinations and are liable for penalty, under section 43A of the Act, if they fail to do so.

The measure is in line with the Government's objective of providing Ease of Doing Business in India and is expected to bring about immense relief in cases of combinations covered under the Competition Act, 2002.

FINANCE

Press Information Bureau
Government of India
Ministry of Finance

18-June-2017

Relaxation in Return Filing Procedure for First Two Months of GST Implementation

With the objective of ensuring smooth rollout of GST and taking into account the concerns expressed by the trade and industry regarding filing of the returns in GST regime, it has been decided that, for the first two months of GST implementation, the tax would be payable based on a simple return (Form GSTR-3B) containing summary of outward and inward supplies which will be submitted before 20th of the succeeding month. However, the invoice-wise details in regular GSTR – 1 would have to be filed for the month of July and August, 2017 as per the timelines given below –

Month	GSTR - 3B	GSTR - 1	GSTR - 2 (auto populated from GSTR - 1)
July, 2017	20th August	1st - 5th September*	6th - 10th September
August, 2017	20th September	16th - 20th September	21st - 25th September

* Facility for uploading of outward supplies for July, 2017 will be available from 15th July, 2017.

No late fees and penalty would be levied for the interim period. This is intended to provide a sense of comfort to the taxpayers and give them an elbow room to attune themselves with the requirements of the changed system. This not only underlines the government's commitment towards ensuring that all the stakeholders are on board but also provides an opportunity to the taxpayers to be ready for this historic reform.

Settled View on Section 2 (22) (e) of the Income Tax Act, Trade Advances

Circular No. 19/2017

F.No.279IMisc.I140/2015I1TJ
Government of India
Ministry of Finance
Central Board of Direct Taxes

New Delhi, Dated 12th June, 2017

Sub: Settled View on section 2(22)(e) of the Income Tax Act, trade advances -reg.

Section 2(22) clause (e) of the Income Tax Act, 1961 (the Act) provides that"dividend" includes any payment by a company, not being a company in which the public are substantially interested, of any sum by way of ***advance*** or ***loan*** to a shareholder, being a person who is the beneficial owner of shares (not being shares entitled to a fixed rate of dividend whether with or without a right to participate in profits holding not less than ten per cent of the voting power, or to any concern in which such shareholder is a member or a partner and in which he has a substantial interest (hereafter in this clause referred to as the said concern) or ***any payment*** by any such company on behalf, or for the individual benefit, of any such shareholder, to the extent to which the company in either case possesses accumulated profits.

2. The Board has observed that some Courts in the recent past have held that trade advances in the nature of commercial transactions would not fall within the ambit of theprovisions of section 2(22) (e) of the Act. Such views have attained finality.

2.1 Some illustrations/examples of trade advances/commercial transactions held to benot covered under section 2(22) (e) of the Act are as follows:

I. Advances were made by a company to a sister concern and adjusted against the dues for job work done by the sister concern. It was held that amounts advanced for business transactions do not to fall within the definition of deemed dividend under section 2(22) (e) of the Act. (CIT vs. Creative Dyeing & Printing Pvt. Ltd.[1], Delhi High Court).

ii. Advance was made by a company to its shareholder to install plant and machinery at the shareholder's premises to enable him to do job work for the company so that the company could fulfil an export order. It was held that as the assessee proved business expediency, the advance was not covered by section 2(22)(e) of the Act.(CIT vs Amrik Singh, P&H High Court)[2].

iii. A floating security deposit was given by a company to its sister concern against the use of electricity generators belonging to the sister concern. The company utilised gas available to it from GAIL to generate electricity and supplied it to the sister concern at confessionals rates. It was held that the security deposit made by the company to its sister concern was a business transaction arising in the normal course of business between two concerns and the transaction did not attract section 2(22) (e) of the Act. (CIT, Agra vs Atul Engineering Udyog, Allahabad High Court)[3]

3. In view of the above it is, a settled position that trade advances, which are in the nature of commercial transactions would not fall within the ambit of the word 'advance' in section 2(22)(e) of the Act. Accordingly, henceforth, appeals may not be filed on this ground by Officers of the Department and those already filed, in Courtsrrribunals may be withdrawn/not pressed upon.

4. The above may be brought to the notice of all concerned.

5. Hindi version follows.

N Bansal
12/06/17

(Neetika Bansal)
Deputy Secretary to Government of India

Applicability of Explanation 2 to Section 132B of the I. T. Act, 1961

Circular No.20/2017

F. No. 279/Misc./140/2015/ITJ
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

New Delhi, Dated 12th June, 2017

Subject: Applicability of Explanation 2 to Section 132B of the I. T. Act,1961- reg. -

Section 132B of the Income Tax Act 1961, provides for adjustment of seized assets/requisitioned assets against the amount of any existing liability under the Income Tax Act, 1961, (the Act), the Wealth-tax Act, 1957, the Expenditure-tax Act, 1987, the Gift-tax Act, 1958 and the Interest-tax Act,1974, and the amount of the liability determined on completion of theassessment under section 153A of the Act and the assessment of the year relevant to the previous year in which search is initiated or requisition is made,or the amount of liability determined on completion of the assessment under Chapter XIV -B for the block period, as the case may be (including any penalty levied or interest payable in connection with such assessment) and in respect of which such person is in default or is deemed to be in default, or the amountof liability arising on an application made before the Settlement Commissionunder sub-section (1) of section 245C of the Act.

2. Dispute arose between the Department and the assessees with regard toadjustment of such seized/requisitioned cash against advance tax liability etc. Several Courts held that on an application made by the assessee, the seized money is to be adjusted against the advance tax liability of the assessee. Subsequently, Explanation 2 to Section 132B of the Act was inserted by the Finance Act, 2013 w.e.f. 01-06-2013, clarifying that "existing liability" does not include advance tax payable in accordance with the provisions of Part C of Chapter XVII of the Act. However, the dispute continued on the issue as to whether the amendment was clarificatory in nature having retrospective applicability or it has only prospective applicability.

3. Several Courts have held that the insertion of Explanation 2 to section 1328 of the Act, is prospective in nature and not applicable to cases prior to 01.06.2013.The SLPs filed by the Department against the judgement of the Hon'ble Punjab and Haryana High Court in the case of Cosmos Builders andPromoters Ltd. 1 and the Hon'ble Allahabad High Court in the case of Sunil Chandra Gupta2 , have been dismissed. Subsequently, the CBDT has also accepted the judgment of the Hon'ble Punjab & Haryana High Court in the case of Spaze Towers Pvt. Ltd.3 dated 17.11.2016, wherein it was held that the Explanation 2 to Section 132B of the Act is prospective in nature.

4. Accordingly, it has now been settled that insertion of Explanation 2 to Section 132B of the Act shall have a prospective application and so, appeals may not be filed by the Department on this issue for the cases prior to 01.06.2013 and those already filed may be withdrawn/ not pressed upon.

5. The above may be brought to the notice of all concerned.

6. Hindi version follows.

NBansal 12/06/17

(Neetika Bansal)
Deputy Secretary to Government of India

Press Information Bureau
Government of India
Ministry of Finance

19-June-2017

CBDT Notifies Rule 10CB for Secondary Adjustments under Section 92CE of IT Act, 1961

Rule 10CB for operationalising the provisions of secondary adjustment has been notified by the Central Board of Direct Taxes on 15th June, 2017. It prescribes the time limit for repatriation of excess money and the rate of interest to be applied for computing the income in case of failure to repatriate the excess money within the prescribed time limit. Separate rates of interest have been provided for international transactions denominated in Indian currency and in foreign currency. The rates of interest are applicable on an annual basis.

The time limit of 90 days for repatriation of excess money shall begin only when the primary adjustments exceeding Rupees One Crore made in respect of Assessment Year 2017-18 or later, attains finality. Where the transfer pricing order is appealed against by the taxpayer, the time limit for repatriation shall commence only after the appeal is finalised by the appellate authority.

The rule is available on the website of the Income-tax Department (www.incometaxindia.gov.in)

The Finance Act, 2017 inserted section 92CE in the Income-tax Act, 1961 with effect from 1st April, 2018 to provide for secondary adjustment by attributing income to the excess money lying in the hands of the associated enterprise, in order to make the actual allocation of funds consistent with that of the primary transfer pricing adjustment. The provision shall apply to primary adjustments exceeding Rupees One Crore made in respect of Assessment Year 2017-18 onwards.

MONETARY POLICY STATEMENT

प्रेस प्रकाशनी PRESS RELEASE

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RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi

Website: www.rbi.org.in

इ-मेल email: helpdoc@rbi.org.in

June 7, 2017

Second Bi-monthly Monetary Policy Statement, 2017-18
Resolution of the Monetary Policy Committee (MPC), Reserve Bank of India

On the basis of an assessment of the current and evolving macroeconomic situation at its meeting today, the Monetary Policy Committee (MPC) decided to:

- keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 6.25 per cent.

Consequently, the reverse repo rate under the LAF remains at 6.0 per cent, and the marginal standing facility (MSF) rate and the Bank Rate at 6.50 per cent.

The decision of the MPC is consistent with a neutral stance of monetary policy in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth. The main considerations underlying the decision are set out in the statement below.

Assessment

2. Since the April 2017 meeting of the MPC, global economic activity has expanded at a modest pace, supported by firming growth in major advanced economies (AEs) and in some emerging market economies (EMEs) as well. In the US, a tightening labour market is generating wage gains. Alongside, industrial production has steadily improved in recent months and retail sales remain robust, although home sales ebbed in April. Political risks remain high, however. In the Euro area, the recovery has been underpinned by consistently falling unemployment, rising retail sales and a brighter outlook for manufacturing reflected in purchasing managers' and business surveys. In Japan, exports supported by a depreciated yen and industrial activity are driving an acceleration in growth. Wages and inflation, however, are depressed and holding back domestic demand. Among EMEs, the Chinese economy is stabilising, especially in manufacturing, but financial risks in the form of the credit-fuelled debt overhang could impinge on the outlook. Brazil appears to be emerging out of recession, although growth dynamics remain fragile due to worsening labour market conditions and political turmoil. In Russia, the strengthening global environment is supporting the recovery with improving macro fundamentals. South Africa is grappling with structural constraints which are depressing economic activity.

Chart 1: Quarterly Projection of CPI Inflation (y-o-y) for Q1:2017-18 to Q4:2017-18

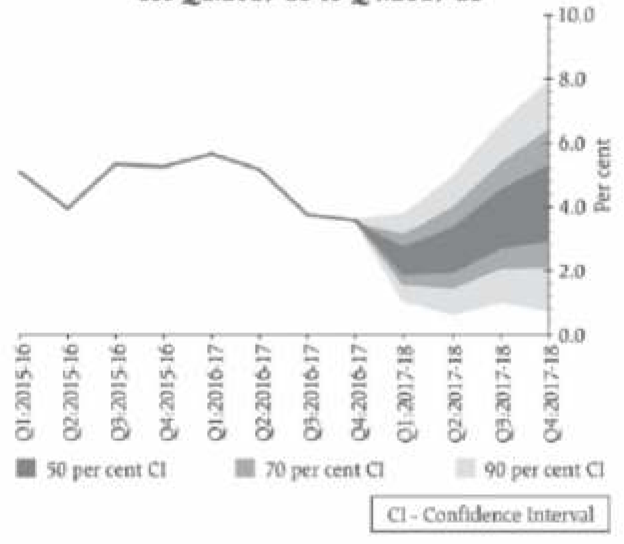
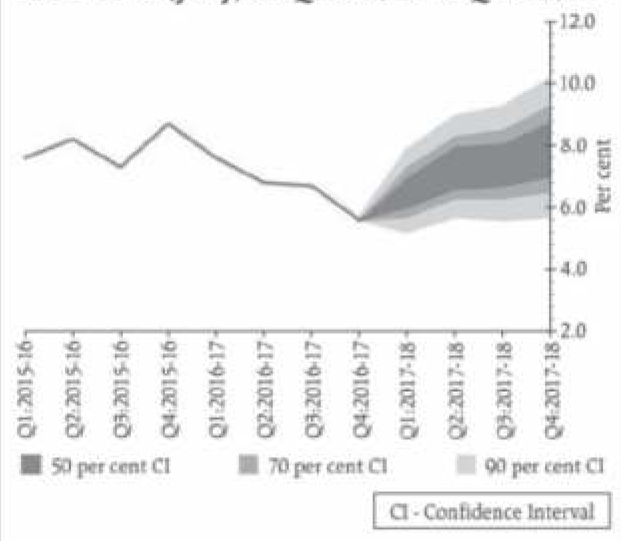


Chart 2: Quarterly Projection of Growth in GVA at Basic Prices (y-o-y) for Q1:2017-18 to Q4:2017-18



16. The MPC noted that incoming data suggest that the transitory effects of demonetisation have lingered on in price formations relating to salient food items, entangled with excess supply conditions with respect to fruits and vegetables, pulses and cereals. At the same time, however, the CSO's latest releases on national income accounts and industrial production attest to the effects of demonetisation on the broader economy being sector specific and transient, as well as to the noteworthy resilience of private consumption. At this stage, it is difficult to isolate these factors or to judge the

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strength of their persistence. As the year progresses, underlying inflation pressures, especially input costs, wages and imported inflation, will have to be closely and continuously monitored.

17. Noting that inflation has fallen below 4 per cent only since November 2016, the MPC remains focused on its commitment to keeping headline inflation close to 4 per cent on a durable basis keeping in mind the output gap. The current state of the economy underscores the need to revive private investment, restore banking sector health and remove infrastructural bottlenecks. Monetary policy can play a more effective role only when these factors are in place. Premature action at this stage risks disruptive policy reversals later and the loss of credibility. Accordingly, the MPC decided to keep the policy rate unchanged with a neutral stance and remain watchful of incoming data.

18. The Reserve Bank will continue to work in partnership with the government to address the stress in banks' balance sheets. Better alignment of administered interest rates on small savings with market rates and stepped-up recapitalisation of banks to facilitate adequate flow of credit to productive sectors are important steps to follow through.

19. Five members were in favour of the monetary policy decision, while Dr. Ravindra H. Dholakia was not in favour. The minutes of the MPC's meeting will be published by June 21, 2017.

20. The next meeting of the MPC is scheduled on August 1 and 2, 2017.

COMMERCE AND INDUSTRY / LABOUR / ELECTRONICS

Press Information Bureau
Government of India
Ministry of Commerce & Industry

19-June-2017

Commerce & Industry Minister Launches the Startup India Hub

The Commerce & Industry Minister Smt. Nirmala Sitharaman today launched the Startup India Virtual Hub, an online platform for all stakeholders of the entrepreneurial ecosystem in India to discover, connect and engage with each other.

Speaking about the need to bring the entire ecosystem together on one platform, Smt. Nirmala Sitharaman mentioned that Startup India Virtual Hub is an effort to create a marketplace where all the stakeholders can interact, exchange knowledge, and enable each other to grow. It will streamline the lifecycle of existing and potential startups, helping them access the right resources at the right time. She also encouraged all entrepreneurs in India to utilize this portal and all enabling stakeholders to contribute to the platform as much as possible. The Minister also announced a new initiative, wherein a Startup exchange program amongst the SAARC nations would be organized.

The portal will host startups, investors, funds, mentors, academia, incubators, accelerators, corporates, Government bodies and more. The Hub attempts to solve the problem of information asymmetry and lack of access to knowledge, tools, &experts, especially in the nascent ecosystems across Tier II and III towns.

The Virtual Hub is a dynamic & interactive platform that will facilitate learning & development, networking, mentorship, funding,etc. for startups. The basic principle behind developing this platform is to aggregate different offerings of theecosystem and enable discovery by the right audience. Startup India Hub has partnered with various organizations to on-board entrepreneurs & investors, as well as build knowledge modules. To ensure accessibility across various platforms, dedicated Apps are also available on both Android and iOS.

India is the third largest startup ecosystem around the globe, with 3-4 startups commencing every day. The Hub will act as a nodal platform and will enable users to connect with ecosystem stakeholders, access free learning resources, tools & templates on legal, HR, accounting & regulatory issues and discussion forums. The Hub has also aggregated over 50 relevant Govt schemes/programs. In the next phase, the platform will also aggregate schemes available across various state governments. To provide a better user experience, the platform has been enabled to build smart intelligence along with Chatbots to automatically collate, update information and respond to queries.

The launch event of the Hub was kick-started by a panel discussion on 'Navigating the Startup Landscape' with a representative from each of the startup, investor, incubator, accelerator, and mentor communities. The discussion was followed by an address by Shri Ramesh Abhishek Secretary, Department of Industrial Policy and Promotion who made a presentation on various initiatives taken up under the Startup India Initiative.

Press Information Bureau
Government of India
Ministry of Commerce & Industry

28-June-2017

Commerce and Industry Minister writes to Members of Parliament to consider setting up co-working spaces/incubators for Start-ups

The Commerce and Industry Minister Smt. Nirmala Sitharaman has written a letter to all Members of Parliament to consider setting up co-working spaces/incubators for Startups in their constituency under the Members of Parliament Local Area Development Scheme Fund (MPLADS). She said this step will promote the Startup ecosystem in the country and help Startups in their constituency make rapid strides towards establishing themselves and also create jobs.

In the letter Smt. Sitharaman said the Startup India initiative of the Government of India envisions building a strong eco-system for nurturing innovation in the country and empowering Startups to grow through innovation and design. She said the Government has been making all-out efforts towards realizing the vision of the Startup India Mission.

The Minister said we have been interacting with various Startups regarding their business needs and support that they expect from the Government. She said one of the crucial aspects that needs to be addressed in this regard is infrastructure. She said Startups may not be able to own/hire working space due to financial constraints, thereby, it was suggested that if Government could support in creating co-working spaces, it could help translate their ideas into successful businesses.