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**Mysore Chapter**

# eMagazine

## Drafting of Future Laws



**June 5:**  
**World Environment day**



For Private Circulation Only



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Mysore Chapter**

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# Message from Chairman



*Dear Readers,*

*The month of May is very crucial for CS students, who are preparing for their forthcoming exams in the month of June. The students are busy in preparation and the chapter is also getting prepared to conduct the exams. I advise the students to check their Enrolment Status on the ICSI website. Incase of any discrepancies, please get the same rectified at the earliest.*

*During this month, new members joined the Management Committee of the Chapter. I, on behalf of the Managing Committee of the Chapter welcome, CS. Raghavendra, CS. Bhagya M G and Ms. Kavitha Rao D B to the Committee. I am assured that their new ideas and contribution will certainly enable better administration, provide more impetus for future developments and overall growth of the Chapter. Lots of activities are lined up for the forthcoming months. The month of May will relatively have fewer activities as the chapter administrative heads are busy in ICSI administrative assignments.*

*Further, I wish all the CS students, who are all set to give their best in the exams. Be confident and be positive. Trust your talent.*

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

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# Drafting of Future Laws



**CS. Aishwarya Mohan Gahrana,**

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By the time this write-up reaches your hand, you may have read Report of Financial Sector Legislative Reform Commission and draft Indian Financial Code. Now, there is a high focus on this proposed law and deliberations are in plenty.

I call your attention to Chapter 2.3 of the report! This is titled "Approach to Drafting"- a very good read for all the students of drafting, which we are.

Indian legal drafting follows a set colonial pattern. We all are familiar with this "authoritative as well as negative style of drafting". This familiar drafting style uses compound and archaic words. Here, we use "not more than", "not less than", "Notwithstanding", "shall" and other open – ended terms. This is certainly not international practice.

Internationally, we use "plain and simple" drafting technique. This is to avoid complex, archaic phrases and legal jargons. A layman can understand the contents and interpret with logical mind. It brings clarity to any reader. This technique needs balance of simplicity and precision.

The fundamental objective of drafting is to convey. Where a layman needs a middleman to understand and translate a draft, does it properly convey?

When we approach international markets and international relations, the language has to be plain simple. This may sound strange to our country as it may unsettle the colonial drafting but the fact is that the global market needs a global language.

This is good to revisit above said Para of the report. The following list of plain drafting technique is worth noting:



1. Use of active voice,
2. Plain English words, (not legal English words),
3. Simple and short sentences,
4. Avoid archaic terms,
5. Avoid double negative,
6. Avoid complex sentences,
7. Use single words for words in pairs,
8. No vague word,
9. Avoid Latin words,
10. Avoid foreign words,
11. Use proper numbering

Now, I will take liberty to quote some example of this plain drafting from Draft Indian Financial Code. Relevant old technique examples are also given.

Draft Indian financial Code	Other relevant Example
A body by the name of the Unified Financial Authority is established under this Act to exercise the powers and carry out the functions designated to the Financial Authority under this Act.	With effect from such date as the Central Government may, by notification, appoint, there shall be established, for the purposes of this Act, a Commission to be called the "Competition Commission of India".
The Financial Authority will be a body corporate having – (a) perpetual succession; (b) a common seal; (c) the power to sue and be sued;	The Commission shall be a body corporate by the name aforesaid having perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold and dispose of property, both movable and immovable,

(d) the power to enter into and execute contracts; (e) the power to acquire, hold and dispose of property, both movable and immovable; and (f) the power to employ persons to discharge its duties.	and to contract and shall, by the said name, sue or be sued.
The Financial Authority will have its head office at Mumbai, and it may establish offices at any other place in or outside India.	The head office of the Commission shall be at such place as the Central Government may decide from time to time. The Commission may establish offices at other places in India.
Except for nominee members, all members of the board of a Financial Agency must be appointed by the Central Government from a list of persons shortlisted by a selection committee.	The Chairperson and other Members of the Commission shall be appointed by the Central Government from a panel of names recommended by a Selection Committee consisting of ....
Any member of the board of a Financial Agency may resign by giving a signed notice of resignation to the Central Government.	The Chairperson or any other Member may, by notice in writing under his hand addressed to the Central Government, resign his office:

These are some example of different approaches of drafting. We may also adopt plain drafting techniques in our own area of practice.

## Quotes on legal language:

Most legal writing is atrocious. Fred Rodell, Dean of Yale Law School before most of us were born, had it right when he said, "There are two things wrong with most legal writing. One is its style. The other is its content." This was in a fascinating article, *Goodbye to Law Reviews*, one which should be assigned reading for all law students.

**Judge Mark P. Painter, *Legal Writing 201***

The language of law must not be foreign to the ears of those who are to obey it. - ***Learned Hand***

The common language of the law is not the product of necessity, precedent, convention, or economy, but it is the product of sloth, confusion, hurry, cowardice, ignorance, neglect, and cultural poverty.

**Judge Lynn N. Hughes, *U.S. District Court, Houston, Texas.***

## Further Resource:

**Plain Language and the Law:** <http://www.plainlanguagenetwork.org/Legal/index.html>

**The Consequences of Bad Legal Writing:** [http://paralegaltoday.com/issue\\_archive/columns/LglWrtng\\_ma07.htm](http://paralegaltoday.com/issue_archive/columns/LglWrtng_ma07.htm)

**The Legal Writer #29: The Most Common Errors I See:** <http://www.judgepainter.org/legalwriter29>

Here are some plain English alternatives to some common stuffy phrases (<http://mariebuckley.com/tag/legal-writing/>)

<i>In all likelihood</i>	<i>likely, probably</i>
<i>Let me offer an explanation of the cause.</i>	<i>Let me explain why.</i>
<i>statement for professional services</i>	<i>bill</i>
<i>Enclosed please find. . . .</i>	<i>I have enclosed . . . .</i>
<i>presently</i>	<i>soon, now</i>
<i>Pursuant to our conversation . . . .</i>	<i>As we discussed . . . .</i>
<i>Per your request . . . .</i>	<i>As you asked . . . .</i>
<i>I am of the mind that . . . .</i>	<i>EEEEEEK! (There is no cure – just delete it.)</i>
<i>Signage</i>	<i>sign</i>
<i>Of particular import to this issue . . . .</i>	<i>In particular,</i>
<i>He was aware that . . . .</i>	<i>He knew that . . . .</i>
<i>He shall have the ability to . . . .</i>	<i>He can . . . .</i>

TAX!!! More than 50 % of our income goes in paying tax, directly or indirectly. For every purchase we need to pay indirect tax apart from income tax being already paid on our earnings. So, it is important to plan our investments to reduce the burden of tax. Friends, while surfing I come across <http://www.practicaltaxplanning.in> which helps to plan investments thus to save tax.

This website is useful not only for the investors and professionals, but also for those who want to follow decided case laws on Computation of Income, Investment Planning, Business deductions, etc. It is also helpful for those who want to make tax beneficial investment in land/buildings. This website provides ready links to other related sites like Union Budget, ITAT and Income Tax Department.



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Other notable features of this site are:

- Top Tax News
- Case Laws
- Circulars
- Deeds
- Forms
- Tax Tables
- Tax Calendar
- Expert Tax Views
- Tax Videos
- Tax Calculator
- Ready Referencer
- Investment Evaluator
- Small Savings  
Organiser
- EMI Planner

This site is also helpful to professionals to know about the procedure which deals with how to prepare various deeds like Gift, Partnership and Trust etc., and to know about the expert's views on the taxation.

This is very simple site, can be followed by common man as well for information about the taxation and burning issues in tax.

## Turning your Laptop into a WIFI hotspot!

Have you ever thought of using your laptop as a wifi router? Many time while on travel, hotels require you to pay exorbitant daily charges for each connection.

Some resort to carry a small wifi router with them, which will only add up to your luggage. How about converting your laptop into a wifi router wherever required? It seems possible!



While this is easy with Windows 7 or 8, even other versions too are capable of doing this, with few additional steps. Here are few sites that guide you to achieve this result:

<http://www.techquark.com/2009/01/configure-laptop-as-wifi-router.html>

<http://lifehacker.com/5369381/turn-your-windows-7-pc-into-a-wireless-hotspot>

<http://www.mypublicwifi.com/publicwifi/en/index.html>

Enjoy seamless access!

# The Missing Watch...!

# Living Room

There once was a farmer who discovered that he had lost his watch in the barn. It was no ordinary watch because it had sentimental value for him.

After searching high and low among the hay for a long while; he gave up and enlisted the help of a group of children playing outside the barn.

He promised them that the person who found it would be rewarded.

Hearing this, the children hurried inside the barn, went through and around the entire stack of hay but still could not find the watch. Just when the farmer was about to give up looking for his watch, a little boy went up to him and asked to be given another chance.

The farmer looked at him and thought, "Why not? After all, this kid looks sincere enough."

So the farmer sent the little boy back in the barn.

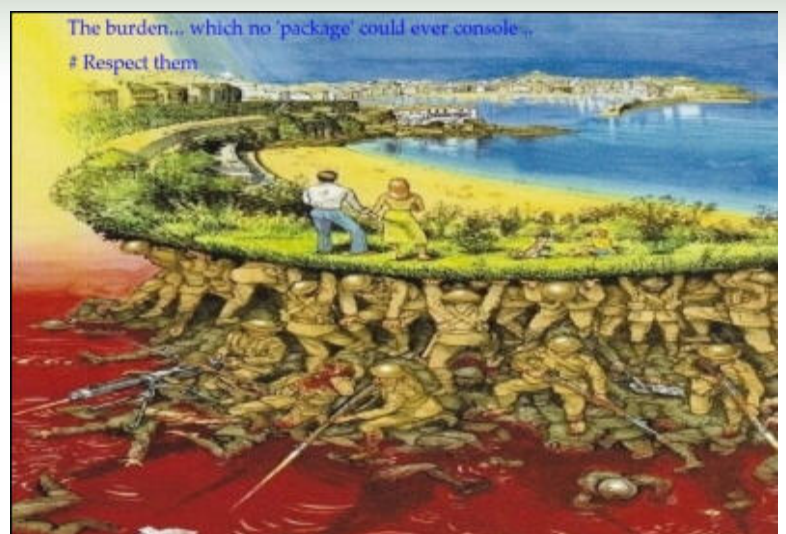
After a while the little boy came out with the watch in his hand!

The farmer was both happy and surprised and so he asked the boy how he succeeded where the rest had failed. The boy replied, "I did nothing but sit on the ground and listen. In the silence, I heard the ticking of the watch and just looked for it in that direction."

A peaceful mind can think better than a worked up mind. Allow a few minutes of silence to your mind every day, and see, how sharply it helps you to set your life the way you expect it to be!



## Words worth Millions







Compilation:  
CS. Ajaay Madaiah, Mysore

## Liquidity Control Tools Used by RBI

Last week we heard RBI through its policy statement that, it had kept the liquidity controlling rate—Cash Reserve Ratio (CRR)—unchanged, it had announced to purchase bonds worth Rs. 10,000 crore to infuse liquidity in the system through Open Market Operations (OMO).

Now let us have an overview of this term OMO:

RBI's major source of funding and control over credit and interest rates was the CRR (Cash reserve ratio) and the SLR (Statutory Liquidity Ratio). But after the reforms, the use of CRR as an effective tool was de-emphasized and the use of open market operations increased. OMO's are more effective in adjusting market liquidity.

However, even after sidelining CRR as an instrument, there was still less liquidity in the market. And thus, on the recommendations of the Narsimha Committee Report (1998), RBI has brought a Liquidity Adjustment Facility (LAF). LAF commenced in June, 2000, and it was

set up to oversee liquidity on a daily basis and to monitor market interest rates. For the purpose of LAF, two rates were set by the RBI: repo rate and reverse repo rate. The repo rate is applicable while selling securities to RBI, while the reverse repo rate is applicable when banks buy back those securities. Also, these interest rates fixed by the RBI also help in determining other market interest rates.

On the recommendations of the Working Group of RBI on instruments of Sterilization, a new scheme known as the Market Stabilization Scheme (MSS) was set up. The LAF and the OMO's were dealing with day to day liquidity management, whereas the MSS was set up to sterilize the liquidity absorption and make it more enduring.

The RBI will endeavour to actively and appropriately manage liquidity to ensure adequate credit flow to the productive sectors of the economy and to reinforce monetary transmission consistent with the growth-inflation balance.

### Did you know?

#### Gold facts:

India is known to be the largest importer of gold in the world. The imports of gold by India have been rising unabated in recent years notwithstanding the sustained increase in gold prices. Such large import of gold, when the gold prices are ruling high is one major source of bulging trade deficit.

At the global level, the annual demand for gold during the last five years (2008 to 2012), on an average, is estimated to be over 4000 tonnes. During 2011-12, India imported about 1080 tonnes of gold. In India Gold imports constitute more than 10 per cent of total imports and about a third of India's trade deficit today. Globally, apart from traditional demand for household jewellery consumption, industrial use and investment purpose, it has been seen that the central banks tend to accumulate gold and diversify their foreign exchange reserves during the time of financial turbulence. As at end March 2012, total official gold holdings were about 31,063 tonnes.



### pick of the month

#### When a Dividend need not be paid within 30 days of declaration?

In the following cases dividend need not be paid within 30 days of declaration:

- By operation of law;
- Shareholders' directions cannot be complied;
- Where there is dispute as to Dividend;
- Lawfully adjusted against sum due from the shareholder;
- Any other reason, not due to any default of Company.



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## CUSTOMS & FTP Notifications/ Circulars

Exempts capital goods for pre-production, production and post production, capital goods in SKD & CKD condition and spare parts thereof from duties of customs on import subject to satisfaction inter alia of the condition that imported goods are covered by a valid authorization issued under EPCG Scheme and are also imported within eighteen months from the date of issue of said authorization. As regards CVD, importer is given option to specifically claim exemption there from.

*No. 22/2013 - Cus. dated April 18, 2013*

Exempts goods from payment of whole of custom duties when imported into India against Post Export EPCG duty credit scrip issued by the Director General of Foreign Trade in accordance with EPCG scheme subject to satisfaction of specified conditions.

*No. 23/2013 - Cus. dated April 18, 2013*

Extends time limit for using re-credited DEPB scrips/ Reward Scheme scrips in case of 4% SAD upto September 30, 2013.

*No. 18/ 2013 - Cus. dated April 29, 2013*

Amendment to notification No. 21/2012-Customs, dated the 17th March, 2012, to withdraw exemption of Special Additional Duty of Customs (SAD) on imports of brass scrap

*No. 26/2013-Cus,dt. 08-05-2013*

Supersedes notification No. 114/2008, dated the 31st October, 2008 so as to withdraw levy of anti-dumping duty on imports of Phenol, originating in or exported from Singapore and European Union and to continue levy of anti-dumping duty on imports of Phenol, originating in or exported from South Africa up to the 30th October, 2013

*No. 10/2013 - Cus (ADD), dt 03-05-2013*

Seeks to modify anti-dumping duty on Carbon black used in rubber applications, originating in, or exported from the People's Republic of China, Thailand, Russia and Australia

*No. 09/2013 - Cus (ADD), dt 26-04-2013*

Regarding refund of 4% CVD (SAD)-Extension of time up to 30th September 2013, for using re-credited 4% CVD (SAD) amount in DEPB -

*No. 18/2013, dt 29-04-2013*

Regarding classification of Filters referred to as "Disposable Sterilized Dialyzer" and "Microbarrier": for filtering blood"

*No. 19/2013, dt 09-05-2013*

### Case Law

All statutory powers have to be exercised within a reasonable period even when no specific period is prescribed by law. Bombay High Court while observing so, has granted interest on delayed payment of the sale proceeds of auctioned goods (under Section 150 of the Customs Act) as directed by the settlement commission. The court while exercising its jurisdiction under Article 226 of the Constitution of India rejected the department's defence that Customs Act provides for payment of interest only in respect of a refund of duty and interest.

*Vishnu M. Harlalka V. Union of India - Bombay High Court Judgement dated 3-4-2013 in Writ Petition No. 1136 of 2011*

Mumbai bench of CESTAT has held that principle of unjust enrichment cannot be made applicable in cases involving refund of penalty and fine since Section 28D of the Customs Act, 1962 covers only case involving refund of duty.

*Veekay Products V. Commissioner - 2013 - TIOL - 622 - CESTAT - MUM*

CESTAT Mumbai has held that redemption fine does not come within the purview of Section 129E of Customs Act, 1962, i.e. the provision under which stay application is made and therefore pre-deposit of redemption fine is not warranted while hearing any stay application.

*Aristo Export V. Commissioner -2013-TIOL-584-CESTAT-MUM*

For taking action under Section 111(d) or Section 111(m) of the Customs Act, 1962, the competent authority should identify the imported goods, one cannot hold the goods to be prohibited or to have been misdeclared. CESTAT, Bangalore held that goods could not be confiscated in view of the said facts.

*Pasura Life Sciences Private Limited V. Commissioner - 2013 TIOL 576 CESTAT - Bang*

Statement of co-accused recorded under Section 108 by the customs officers are admissible as evidence. Mere retraction of statements so recorded is not enough to make the statements so such statements as evidence, it is relevant to consider when and



why the statement was retracted. It was also held that inadmissibility of a witness cannot also be claimed on technical ground of the witness not being a cited witness as list of additional witness not being a cited witness as list of additional witness can be filed subsequently.

*Prem Prakash Chaudhary V. DRI - 2013 TIOL 276 HC Del.*

CESTAT Mumbai has held that royalty/licence fee relating to sale of imported goods in India is includible in assessable value of imported goods as it becomes a 'condition of sale' under Rule 9(1)(c) of the Customs Valuation Rules. It was further held that since a replicated CD contains artistic/intellectual inputs, cost of the same has to be considered while charging customs duty.

*Commissioner V. Excel Productions Audio Visuals Pvt. Ltd - 2013-TIOL-647-CESTAT-MUM*

## Regulatory Developments

### Notifications/Circulars/News

**Sushil Kumar Modi to release FICCI task force report on GST:**

A task force on GST headed by FICCI's former president Harsh Mariwala has made a strong pitch for a uniform rate of GST for both goods and services and all States to be taken on board the GST regime at the same time. Besides, the task force has emphasized a need for a single agency either at the Centre or at the State or independent where assessee can submit composite returns instead of multiple jurisdictions and multiple filing of returns under GST.

## CENVAT

### Notifications/ Circulars

Exempts goods from payment of excise duties when cleared against Post Export EPCG duty credit scrip issued in accordance with EPCG Scheme.

*No. 14/ 2013-CE dated April 18, 2013*

### Case Law

The larger bench of the CESTAT held that in case of DTA clearances by a 100% EOU education cess and secondary and higher education cess are chargeable only once on the sum of basic customs duty and CVD and cannot be charged once again on central excise duty calculated by adding up basic customs duty and CVD.

*Kumar Arch Tech Pvt. Ltd. Vs. CCE [2013-TIOL-614-CESTAT-DEL-LB]*

The CESTAT held that assessee is entitled to take Cenvat credit on input services and utilize the same for payment of service tax on Goods Transport Agency service during financial year 2007 - 08.

*GE India Industrial Pvt. Ltd. Vs. CST [2013-TIOL-608-CESTAT-BANG]*

The CESTAT held that fumigation of export containers is an input service being in the nature of packing expenses and assessee is entitled to avail Cenvat credit of the same.

*Venus Wire Industries Vs. CCE [2013-TIOL-624-CESTAT-MUM]*

## Service Tax

### Notifications/Circulars

Exempts taxable services provided or agreed to be provided by a person located in taxable territory to another person in taxable

territory against Focus Market Scheme duty credit scrip from whole of service tax leviable thereon under Section 66B of Chapter V of the Finance Act, 1994 ("the Finance Act") subject to satisfaction of conditions specified therein.

*No. 06/ 2013 - ST dated April 18, 2013*

Exempts taxable services provided or agreed to be provided by a person located in taxable territory to another person in taxable territory against Focus Product Scheme duty credit scrip from whole of service tax leviable thereon under Section 66B of the Finance Act subject to satisfaction of conditions specified therein.

*No. 07/ 2013 - ST dated April 18, 2013*

Exempts taxable services provided or agreed to be provided by a person located in taxable territory to another person in taxable territory against Vishesh Krishi and Gram Udyog Yojana duty credit scrip from whole of service tax leviable thereon under Section 66B of the Finance Act subject to satisfaction of conditions specified therein.

*No. 08/ 2013 - ST dated April 18, 2013*

The Central Board of Excise & Customs ("the CBEC") extended date of submission of Form ST - 3 for the period October 1, 2012 to March 31, 2013 from April 25, 2013 to August 31, 2013.

*Order No. 03/2013 - ST dated April 23, 2013*

The CBEC has clarified that activity of providing pandal and shamiana along with erection thereof and other incidental activities ("the Activity") do not amount to transfer of right to use goods. It is a service of preparation of a place to hold a function or event. Effective possession and control over pandal or shamiana remains with service provider, even after erection is complete and space for temporary use is handed over to customer. Hence, the Activity is a taxable service.

*No. 168/3/2013 - ST dated April 15, 2013*

CBEC has amended the form ST -5, ST - 6 and ST - 7 for filing appeal petition before Tribunal. These forms would be applicable from 1 June 2013.

*No. 5/2013 - ST dated 10-04-2013]*

Rules regarding the form and manner of declaration, form and manner of acknowledgement of declaration, manner of payment of tax dues and form and manner of issuing acknowledgement of discharge of tax dues under the Service Tax Voluntary Compliance Encouragement Scheme, 2013.

*No. 10/2013-ST dt. 13-05-2013*

### Case Law

Appellant had paid the shortfall in payment of service tax on own ascertainment before issuance of show cause notice and deposited tax along with interest. This fact was also brought to the notice of the department. Revenue had levied penalties for such default. Hon'ble Tribunal has observed that there is no element of any contumacious conduct comes out from show cause notice. Section 73(3) does not require further proceedings, if the assessee intimate about deposit of tax and interest on the basis of its own ascertainment. Accordingly, appeal was allowed in favour of appellant.

*A.B.R. Petro Products Ltd. - (2013) 32 Taxmann.com 316*

Appellant has not levied or paid or short levied or short paid service tax on the Outdoor catering services provided by him during the relevant periods. Appellant claimed waiver of

penalties under section 76 & 78 on the ground that failure to pay service tax was due to "dilemma whether service tax was payable or sales tax was payable". Hon'ble Tribunal upheld that statutory definition of "outdoor caterer" at all times has been clear enough for any prudent person to believe that anyone engaged in providing services in connection with catering at a place other than his own would fit in the definition. Assessee being a prudent person cannot have entertained any doubt about this. It was not open to him to plead ignorance of law as an excuse for not getting registered with department, not filing service tax returns, not paying service tax, etc. Hence, plea of bona fide belief was not acceptable and penalties were upheld.

*Maganti Rama Rao - (2013) 32 Taxmann.com 335 (Banglore)*

## VAT, Sales Tax and Entry Tax

### Notifications/ Circulars

The Commissioner, Department of Trade & Taxes, Government of NCT of Delhi ("the Commissioner") has notified that dealers who apply online for registration with the department upto June 30, 2013 will not be required to furnish security.

*No.F.7(453)/Policy/VAT/2013/Pt.II/88-98 dated April 16, 2013*

The Commissioner has clarified that existing works contract dealers paying tax under Section 3 of the Delhi VAT Act as well as dealers who were paying composition tax under earlier composition scheme, are eligible to opt for new composition

scheme by filing an application in Form WC 01 before April 30, 2013.

*No. 1 of 2013-14 dated April 10, 2013*

The Commissioner has clarified that last date of online filing of return for monthly dealers and composition dealers for returns due on April 25, 2013 extended upto to May 1, 2013. The last date of filing of hard copy of return for above tax period also extended upto May 06, 2013.

*No. 3 of 2013-14 dated April 25, 2013*

### Case Law

The Supreme Court held that DTH is not a place related entertainment; therefore demand of entertainment tax on DTH broadcast is not covered under Section 3 of the Madhya Pradesh Entertainment Duty and Advertisement Tax Act, 1936.

*Tata Sky Limited Vs. State of Madhya Pradesh and Others [2013-VIL-01-SC]*

The High Court of Allahabad held that reopening of finalized assessment order is not permissible on the ground that assessee has claimed stock transfer through Form F to its branches but these branches were not disclosed in application for granting registration under the Central Sales Tax Act, 1956.

*J.K Industries Ltd. Vs. State of Uttar Pradesh [2013-VIL-30-ALH]*



## Consumer forum slaps Rs. 50 lakh compensation on Doctor and his clinic

The State Consumer Dispute Redressal Commission, Uttar Pradesh, has ordered a doctor and a clinic in Varanasi to pay Rs 50 lakh to the family of woman who died due to medical negligence. The Commission said Rs 30 lakh would be paid as compensation for the death of a patient (aged 60) due to medical negligence and deficiency in service, while Rs 20 lakh for the wrong treatment. The judges also asked the petitioner to pay back all the reimbursement; they availed from IFFCO for treatment of the patient after they receive the compensation amount.

## SEBI starts repayment to investors in Sahara case

In the high profile Sahara case involving over Rs. 24,000 crore raised through 'various illegalities', market regulator SEBI has begun the process of refund to individual investors who have been verified by it.

Even among the lists of investors submitted by Sahara to SEBI, after being directed by the apex court to do so, the regulator

has come across numerous multiplicities and other anomalies. There are numerous instances of one investor being named at hundreds of places, while there are also cases of multiple addresses for one single investor and hundreds of investors sharing the same address, sources said. The refunds, if any, to the 'genuine' investors finding multiple mentions in Sahara's list would be made after further probe into these details and a subsequent direction from the Supreme Court in this regard, as SEBI suspects that there might be some manipulation on the part of the companies. SEBI has already written to Enforcement Directorate, RBI, and other government agencies to look into possible violations of rules by Sahara in this matter, including any money laundering activities through fictitious entities.

## Reserve Bank places restriction on gold imports by banks

The Reserve Bank of India (RBI), has imposed restrictions on banks to import gold with immediate effect to curb the widening current account deficit (CAD). "To moderate the demand for gold for domestic use, it has been decided to restrict the import of gold on consignment basis by banks, only to meet the genuine needs of exporters of gold jewellery," RBI said in a notification.

The Working Group on Gold, under the chairmanship of K. U. B. Rao, had recommended aligning gold import regulations with rest of the imports for creating a level-playing field between gold imports and other imports.



## **Ranbaxy pleads guilty, Whistleblower to get \$48 mln**

Generic drugmaker Ranbaxy Laboratories Ltd pleaded guilty on Monday to felony charges related to the manufacture of drugs at two Indian locations that did not meet safety standards and to four counts of making material false statements drug safety and will pay \$500 million in civil and criminal fines under the settlement agreement with the U.S. Department of Justice.

Dinesh Thakur, former Ranbaxy director and global head of research information & portfolio management, is entitled to \$48.6 million as the whistleblower in the case, the Justice Department said. It was Thakur who uncovered the unsafe practices and violations at Ranbaxy.

"Ranbaxy's management was notified of these widespread problems. When they failed to correct the problems, it left me with no choice but to alert healthcare authorities," Thakur said in a statement.

"It took us eight years to help government authorities unravel a complicated trail of falsified records and dangerous manufacturing practices that threatened to compromise the quality and safety of Ranbaxy drugs," he added.

## **SBI to consider merger of associate banks in July-August 2013**

SBI said it will consider merger of five associate banks in the second quarter of the fiscal year. SBI did first ever amalgamation of its associate State Bank of Saurashtra in 2008 followed by State Bank of Indore in August 2010. The country's largest lender has five associate banks -- State Bank of Bikaner and Jaipur, State Bank of Travancore, State Bank of Patiala, State Bank of Mysore and State Bank of Hyderabad

## **23 banks, insurance firms accused of money laundering**

As many as 23 public and private sector banks and insurance companies were accused of "running a nation-wide money laundering racket, blatantly violating laws of the land" by online portal Cobrapost. Cobrapost alleged that the financial sector entities offered to open bank accounts and lockers for customers without following Know Your Customer (KYC) norms, convert their black money into white and obtain fictitious PAN

cards. Those named in the expose include SBI, LIC, Punjab National Bank (PNB), Bank of Baroda, Canara Bank, Reliance Life, Tata AIA, Yes Bank, Indian Bank, Indian Overseas Bank, IDBI Bank, Oriental Bank of Commerce, Dena Bank, Corporation Bank, Allahabad Bank, Central Bank of India, Dhanlaxmi Bank, Federal Bank, DCB Bank and Birla Sun Life.

## **US rejects India's unlimited farm subsidies proposal to WTO**

The US has rejected India's proposal to the WTO seeking flexibility to continue helping poor farmers through support prices without a limit on the subsidy. The US says this would amount to re-writing trade rules. The outright rejection of one of the two key issues in the limited agenda for the World Trade Organisation's next ministerial meeting at puts a question mark on its fate. With the ongoing decade-old Doha Development Round not producing any result, trade ministers are working towards building consensus on a small set of issues to signal that the comatose Round is not dead.

## **Brazilian becomes new head of global trade organization**

Roberto Azevedo, Brazil's ambassador to the World Trade Organization since 2008, has won the race to become the next director-general of the global trade body. He is the first representative from BRICS nations - Brazil, Russia, India, China and South Africa - to hold this post since WTO was formed in 1995. Azevedo beat Herminio Blanco, Mexico's former trade minister, who was widely reported to be backed by the United States and European Union, in the final round of the contest to succeed France's Pascal Lamy.

## **India Launches WTO Action against US over Renewable Energy**

India has lodged a complaint against the US with the World Trade Organization over what it alleges are unfair subsidy and incentive programs provided by both federal and state governments to local renewable energy firms.

According to the Indian complaint, the provision of government subsidies to US renewable energy companies for local content requirements breaches the WTO's Trade Related Investment Measures (TRIM) agreement and has unfairly impeded the entry of Indian firms in the sector.