

INDIA LEGAL UPDATE is a journal of Rajani, Singhanian & Partners which offers a legal perspective on the new business climate and opportunities in India in keeping with the existing laws, current happenings and events in Corporate India.

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Dear Reader,

Welcome to the February 2014 Dispute Resolution Special issue of India Legal Update!

In today's competitive global market the deals are bigger, the stakes higher and the disputes inevitable. Various issues invariably arise concerning certain provisions in the contract related to 'Liquidated Damages'. Our lead story offers a detailed insight on the relevant sections that set out the elements that constitute 'Liquidated Damages'.

In a recent judgment, the Supreme Court held that the Recovery of Debts due to Banks and Financial Institutions Act, 1993 ("RDB Act") being a subsequent legislation and being a special law would prevail over the General Law of the Companies Act, 1956 (Companies Act). This feature unravels the various facets of the case and provides an introspective analysis of the judgment.

Interim measures of protection in the realm of arbitration aim to protect the rights of the parties during the pendency of the disputes. This article explores the complexities of the provisions in the Model Law for interim measures to be granted by the Courts and Arbitral Tribunal.

I hope you will enjoy reading this issue of India Legal Update.

Look forward to your suggestions and feedback at [info@rsplaw.in](mailto:info@rsplaw.in)

Best Regards,



**Ravi Singhanian**  
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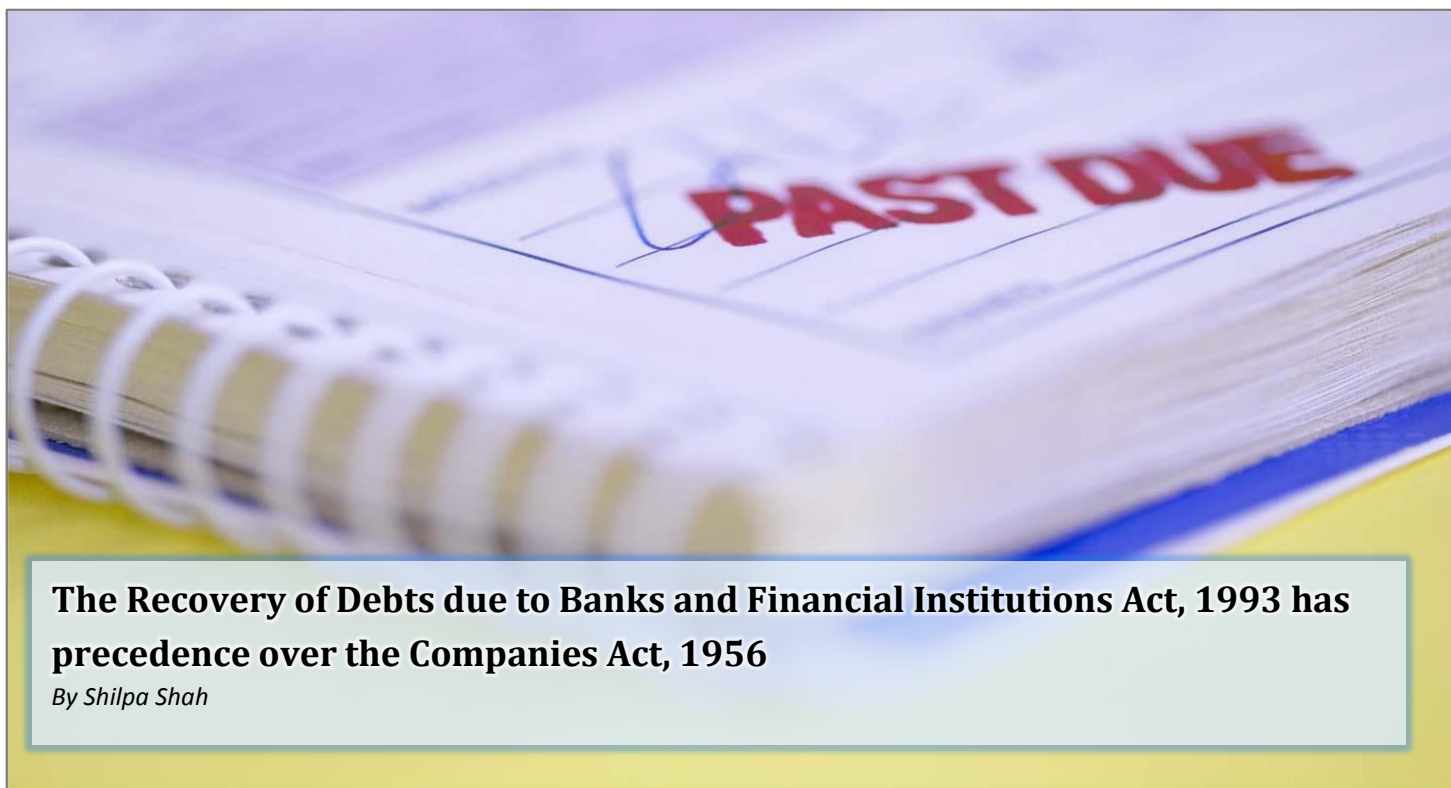
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## **The Recovery of Debts due to Banks and Financial Institutions Act, 1993 has precedence over the Companies Act, 1956**

*By Shilpa Shah*

**T**he essence of the judgment in the case of Civil Appeal No. 2511 of 2013, arising out of Special Leave Petition (C) no. 35627 of 2011, between the Official Liquidator, U.P and Uttarakhand vs. Allahabad Bank and others (reported in 2013 4 SCC 381) is that it sets a precedent for a view taken by the Hon'ble Supreme Court that the Recovery of Debts due to Banks and Financial Institutions Act, 1993 ("RDB Act") being a subsequent legislation and being a special law would prevail over the General Law of the Companies Act, 1956 (Companies Act).

In the aforementioned case, the Apex Court vide its Order dated 12th March 2013 held that when a company is under winding up, the Company Court has no jurisdiction to set aside an auction or sale held by the Recovery Officer under the RDB Act but if the Official Liquidator (OL) is aggrieved by an order of the Recovery Officer he is entitled to follow the provisions of the RDB Act by preferring an Appeal before the Debt Recovery Tribunal ("the Tribunal").

This judgment protects not only the banks and financial institutions for which the RDB Act was enacted for quick adjudication of alleged dues but also protects the interests of the workmen when the Company is under winding up by upholding the rights of OL to prefer an appeal, if necessary, before the Tribunal.

### **Gist of Facts:**

- Allahabad Bank, the 1st Respondent, a secured creditor with whom certain properties of M/s Rajindra Pipes Limited ("the Company") were mortgaged obtained a Debt Recovery Certificate (DRC) from the Tribunal at Jabalpur (subsequently transferred to the DRT at Allahabad) on 7th March 2000 under Section 9 of the RDB Act for recovery of certain dues from the Company pursuant to which the Recovery officer attached the immoveable properties of the company by Order dated 29th August 2002

- Simultaneously, the Company Court at Allahabad vide order dated 26th July 2000 wound up the Company, pursuant to which the Official Liquidator took possession of the assets of the Company on 24th July 2002
- At this juncture, the 1st Respondent obtained permission from the Company Court and sold the attached properties. However, when the auction-purchaser approached the Company Court for issuance of a direction to the OL to give physical possession, the Company Court vide Order dated 4th April 2007, set aside the sale on the ground that the OL who represented the workmen's dues and liabilities under Section 529-A of the Companies Act was not given an opportunity of hearing.
- Once again, the Recovery Officer, after associating with the OL, conducted the auction and proceeded with the confirmation of sale. However, while the auction-purchaser and Allahabad Bank filed separate applications before the Company Court for issuance of a direction to the OL to hand over possession of the properties, the OL filed objections relating to fixation of the reserve price, the non-inclusion of certain assets and the manner in which the auction was conducted. The Company Court passed an Order dated 24th October 2009 setting aside the sale and directed that the properties be auctioned after proper identification and after obtaining a fair valuation report from a Government approved valuer.
- In the Special Appeal preferred by the 1st Respondent, the Division Bench held that the Company Court had no jurisdiction to set aside the sale. This impugned Order was called in question before the Hon'ble Supreme Court.

### **Main Issues raised before the Supreme Court:**

#### **1. Whether the RDB Act overrides Company law in the event of a clash between its provisions?**

Decision of the Hon'ble Supreme Court: The court held that the RDB Act overrides Company law in the event of a clash between its provisions. It, however clarified that the sale of assets of companies in liquidation has to be conducted only with the association of the OL and that distribution of the sale proceeds were to be made in accordance with Section 19(19) of the RDB Act read with Section 529-A of the Companies Act.

### **Reasoning:**

The Hon'ble Supreme Court considered the fact that the objects, reasons and provisions of the RDB Act shows the unmistakable intention of the Parliament in enacting a comprehensive code dealing with all the facets of adjudication, appeal and realization of the dues payable to the banks and financial institutions in order to provide expeditious adjudication to banks and financial institutions.



The Hon'ble Court also considered that the case of Allahabad Bank vs. Canara Bank and another, wherein the Company Court in a winding up petition, had stayed the sale proceedings taken out by the Allahabad Bank before the Recovery Officer under the RDB Act. In the appeal, the division Bench held that the Tribunal had exclusive jurisdiction not only to adjudicate the liability of the debtor under Sections 17 & 18 of the RDB Act but also to take steps for recovery of the debts as per the procedures laid down in Sections 25-30 of the RDB Act. The Division Bench also held that there is no need to seek leave of the Company Court to proceed with the claim before the DRT. However, in International Coach Builders Ltd. Vs. Karnataka State Financial Corp., when the question whether the provisions of Section 29 of the State Financial Corporation Act, 1951 (SFC Act) overrides Sections 529 & 529-A of the Companies Act arose it was decided that though the Companies Act was a general law, as the provisions of Sections 529 & 529-A were introduced in 1985 to confer special rights on the workers it would be treated as special law made by the Parliament and hence, the said provisions would override Section 29 of the SFC Act.

A three judge bench who analysed the ratio between the Allahabad Bank case and the International Coach Builders case in Rajasthan State Financial Corpn. And another v. Official Liquidator and another held that while the right to sell the assets under the RDB Act or the SFC Act would not be taken away, the liquidator who is put in charge of the assets of the company is entitled to receive notice of the sale and be heard. The three judge bench also held that the distribution of the proceeds of the sale could only be done with the association of the OL so that distribution is in accordance with Section 529-A of the Companies Act.

The Hon'ble Supreme Court while adopting the reasoning of the Division Bench in the Allahabad Bank case, with respect to the superiority of the RDB Act over the Companies Act and holding that the Tribunal has exclusive jurisdiction for the purpose of sale of the properties, took a minor deviation by holding that in cases, where the Company is in liquidation, the sale of properties by the Recovery Officer can be made only with the association of the OL and after hearing the OL. The Supreme Court also held that distribution of the sale proceeds is to be done in accordance with Section 529-A of the Companies Act.

## **2. Whether the OL should approach the Company Court or the Tribunal in case of a grievance against the Order of the Recovery Officer?**

Decision of the Hon'ble Supreme Court: As Section 30 of RDB Act gives a right to any person aggrieved by an order of the Recovery Officer to prefer an appeal to the Tribunal, if the OL is aggrieved by an order of the Recovery Officer, he has to prefer an appeal before the Tribunal and not before the Company Court.

### **Reasons:**

The Hon'ble Supreme Court held that while the OL would contend that as the Company Court had control over the assets of the Company it would have jurisdiction to set aside the sale held by the Recovery Officer under the RDB Act., the case of Jyoti Bhushan Gupta & Others vs. The Banaras Bank Ltd., made it clear that such jurisdiction exercised by the High Court under the Companies Act is only original jurisdiction (and not appellate jurisdiction). This distinction is also seen in Section 18 of the RDB Act, which creates a bar of jurisdiction stating that no court or other authority shall have or be entitled to exercise any jurisdiction, powers or authority (except the Supreme Court and the High Court exercising jurisdiction under Articles 226 & 227 of the Constitution) relating to matters specified in Section 17 of the RDB Act.

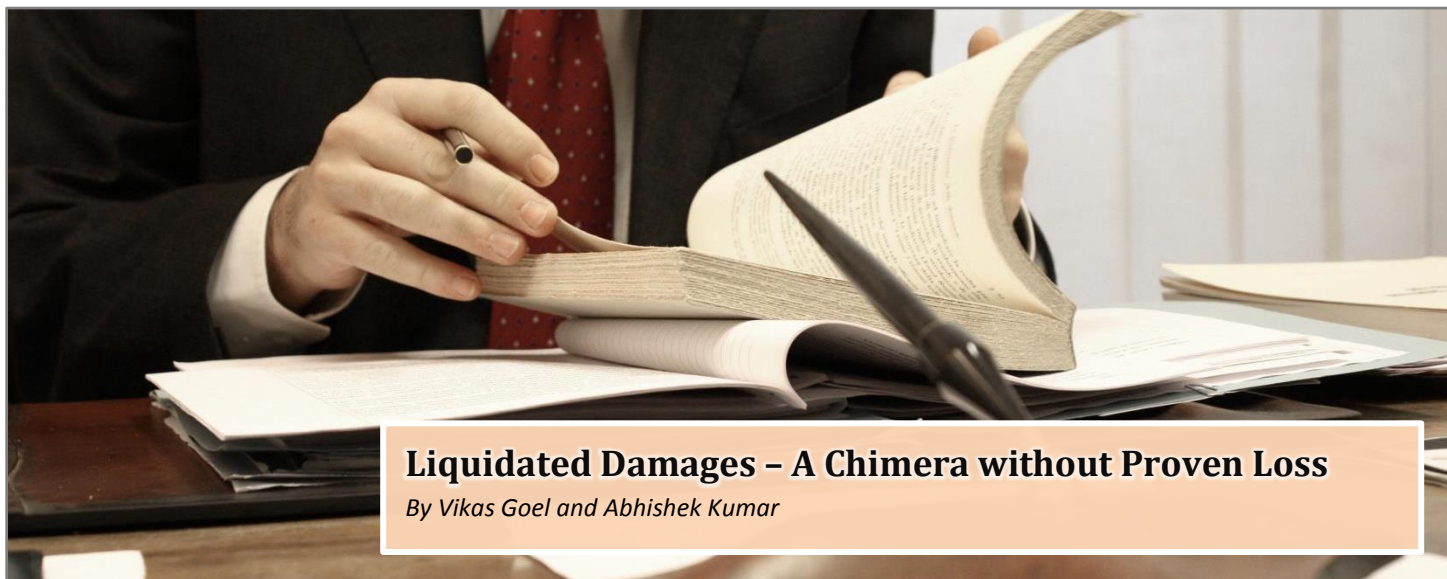
The Hon'ble Supreme Court also found clarity in Section 30 of the RDB Act which states that any person aggrieved with by an Order of the Recovery Officer could prefer an appeal to the Tribunal. The Court held that as Section 30 does not provide for any ambiguity, the OL cannot take recourse to the doctrine of election to approach the Company Court instead of the Tribunal as it is a well settled law that if there is only one remedy, the doctrine of election does not apply.

As such, the Hon'ble Court refrained from dealing with the merits of the case but held that while the Company Court has no jurisdiction to set aside the order of the Recovery Officer, the OL whose duty it is to ensure that there is no irregularity in conducting the auction could prefer an appeal to the Tribunal.



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## Liquidated Damages – A Chimera without Proven Loss

By Vikas Goel and Abhishek Kumar

**T**he present article aims at discussing various issues that invariably arise concerning a provision/term in the contract on 'Liquidated Damages' ("LD"). The first and foremost being 'if the whole of the LD provided in the contract is recoverable by the aggrieved party without proving the actual losses suffered by it'. The expression 'Liquidated Damages' is not per se defined under the Indian Contract Act but the relevant Sections, i.e. 73 and 74 which are extracted below, set out the elements, which constitute LD.

### Section 73 provides as under:

"When a contract has been broken, the party who suffers by such breach is entitled to receive, from the party who has broken the contract, compensation for any loss or damage caused to him thereby, which naturally arose in the usual course of things from such breach, or which the parties knew, when they made the contract, to be likely to result from the breach of it".

### Section 74 of the Contract Act reads as under:

"When a contract has been broken, if a sum is named in the contract as the amount to be paid in case of such breach, or if the contract contains any other stipulation by way of penalty, the party complaining of the breach is entitled, whether or not actual damage or loss is provided to have been caused

thereby, to receive from the party who has broken the contract reasonable compensation not exceeding the amount so named, or the case may be, the penalty stipulated for."

For a better understanding of the concept of LD it will be useful to look at the definition of 'Liquidated Damages' in The Black's Law Dictionary, and the same is as under:

"An amount contractually stipulated as a reasonable estimation of actual damages to be recovered by one party if the other party breaches; also

If the parties to a contract have agreed on Liquidated Damages, the sum fixed is the measure of damages for a breach, whether it exceeds or falls short of the actual damages."

A perusal of the above clarifies that LD is nothing but a pre-estimated damage, which the parties agree while making the contract, as likely to arise in case of a breach.

The Courts, while dealing with the issue of validity of imposition of LD by one party to the contract on the other, read Section 73 & 74 of the Contract Act together.

Under the Indian Law, the damages are awarded to recompense the aggrieved party. In other words, the aggrieved party has to be placed, as far as the money can do,

in the same position in which it would have been if no breach had occurred. As a necessary corollary, it means that the damages are to compensate the aggrieved party for the consequences directly and naturally arising from the breach and no one can be allowed to make an unjust enrichment under the garb of claiming compensation for a breach.

The definition in Section 73 of the Indian Contract Act necessarily pre-supposes that the damages are payable only if some loss has been occasioned by the breach. Succinctly stated, the principle is - No loss from the breach no damages. The same principle would, therefore, apply to a case of LD i.e. to be entitled to claim LD the aggrieved party must prove that it had suffered some loss arising out of the breach. To put it differently, even the LD cannot be claimed if it is proved that no actual damages were caused by the breach as held by the Delhi High Court in **[Indian Oil Corporation Vs. Messrs Lloyds Steel Industries Limited; 2007 (144) DLT 659]**. In this case the Court held mere delay in construction and commissioning of the terminal at Jodhpur by the contractor did not entitle IOC to recover Liquidated Damages because there was no loss suffered by IOC. The Court found that pipeline reached Jodhpur terminal (on 31.8.1996) much after the date of completion of construction (31.3.1996) and the terminal could not be put to commercial use without pipeline reaching the terminal.

Few questions/concerns that generally arise concerning LD and our response thereto are mentioned herein below:

### 1. Difference between LD and a Penalty

A question frequently asked is 'what is the difference between LD and a Penalty'. While the LD is a pre-assessed loss agreed to between the parties at the time of making a contract, as likely to arise from the breach. On the other hand, a Penalty is a stipulation in the contract in the nature of terroram. A Penalty, generally speaking is a stipulation to award an imposition which is so disproportionate or excessive that no prudent person would consider the same as a reasonable assessment of damages arising out of the breach. For example, a stipulation in the contract providing that the party in breach would be liable to pay ten times of the contract price to the aggrieved party in case of a breach is in the nature

of Penalty. Therefore, while both the LD as well as a Penalty are based on the stipulations mentioned in the contract itself, there is a stark distinction between the two terms. LD represents reasonable stipulation of likely losses, a Penalty is far from being reasonable and is intended to secure performance of the contract.

### 2. Whether the use of expression "genuine pre-estimate of likely damages" is essential or indicative of a stipulation in the nature of LD?

More often than not, a party opposing imposition of LD raises a point that unless the contract clause, which is said to be providing stipulation for imposition of LD, uses the expression "genuine pre-estimate of likely losses", it cannot be considered as a provision for LD. The parties then attempt to equate every such provision with that of Penalty to avoid imposition of damages as provided under the contract. Whether a provision is in the nature of LD or is a stipulation as a Penalty has to be seen from the quantum of damages provided for therein. Mere use of expression "genuine pre-estimate damages agreed between the parties" is not at all determinative of the nature of stipulation. The Court before which such stipulation is challenged will have to decide the same based on the facts and circumstances of each case and the relevant contractual clause. To qualify as a provision for LD, it must pass the test of being 'reasonable estimation of the parties'.

### 3. Can the Liquidated Damages be reduced proportionately depending upon the status of performance of the contract till the date of imposition of Liquidated Damages?

Another concern that engages the attention of the Courts and the Arbitrators is whether the amount of Liquidated Damages provided for under the contract can be reduced proportionately depending on the quantum of work done till the date of occurrence of breach. While it is true that wherever it is possible to prove actual damages, the party claiming LD will have to prove the losses actually suffered by it and confine its claim to that limit alone and not the full amount of agreed Liquidated Damages. However, it would not

be correct to state that the provision of LD would itself get proportionately reduced depending on the quantum of performance achieved till the date of breach. This would amount to re-writing the contract, which is not permissible in law. Furthermore, such concept goes contrary to the basic idea of providing the LD, i.e. the parties taking informed decision at the time of entering into a contract and providing for pre-estimated damages.

#### **4. Whether LD can be recovered without proving actual loss?**

The Courts have repeatedly held that the provision for LD is not different from non-liquidated damages and in both the situations i.e. LD and non-Liquidated Damages, breach and the damage has to be proved [**Egon Zhender Internaional Pvt. Ltd. Vs. Namgayal Institute For Research On Ladakhi Art and Culture; 2013(4) Arb.L.R. 273 (Delhi)**]. However, when in certain situations it would be impossible for the Courts to assess the compensation arising from the breach, the Court can award the full liquidated damages if it is found to be a genuine pre-estimate by the parties as a measure for reasonable compensation. In **Oil & Natural Gas Commission v. Saw Pipes Ltd – (2003) 5 SCC 705**, the Supreme Court held that Arbitral Tribunal was wrong in refusing to award LD in favour of ONGC for want of proof of actual losses. Supreme Court held that delay in deployment of rigs resulted in change

of the actual production of gas by ONGC. The Apex Court held that in such contracts it would be difficult to prove exact loss and after finding that the compensation provided for in the contract was not unreasonable, the Court upheld imposition of LD by ONGC on Saw Pipes Ltd.

#### **5. Whether in all cases the Courts should allow full amount of Liquidated Damages?**


The answer to the above question is obviously in the negative. Merely because the stipulation of LD is available in the contract, the aggrieved party cannot claim full amount of Liquidated Damages as a matter of right. Its entitlement would be to recover damages only to the extent of actual losses proved to have been suffered by it. In those cases, where no actual loss is proved, but undeniably losses have been caused, the Courts would not be powerless to award reasonable damages to the aggrieved party. There can be yet another type of situation i.e. where the nature of contract is such that assessing damages is not possible. In such a situation, the Court would be empowered to grant full amount of Liquidated Damages provided it is of the view that the same are fair and reasonable pre-estimate of damages agreed between the parties. [**Herbicides (India) Ltd. vs. Shashank Pesticides Pvt. Ltd. 180 (2011) DLT 243**].



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## *Un-enforceability of Interim Measures Granted by the Arbitrator under the Arbitration Act, 1996*

*By Madhu Sweta and Saurabh Bindal*

The Arbitration and Conciliation Act, 1996 ("the Act") was enacted seeking to consolidate and create a uniform code in line with the UNCITRAL Model Law on International Commercial Arbitration, 1985 ("Model Law"). The Model Law is designed to assist States in reforming and modernizing their laws on arbitral procedures so as to take into account the particular features and needs of international commercial arbitration. One of the basic tenets which was given due emphasis while framing the Act was that of party autonomy. The Courts were, however, empowered to intervene in certain situations. One such provision is contained in Section 9 of the Act which allows parties to seek interim relief from the Courts. The other provision is Section 17 of the Act which also provides for grant of interim relief from the Arbitral Tribunal itself, thereby minimizing the cost and prevent litigation.

The need to bring in interim measures of protection in the realm of arbitration was to protect the rights of the parties during the pendency of the disputes. Keeping this objective, the Model Law contains provisions for interim measures to be granted by the Courts and Arbitral Tribunal. In 2006, the Model law has been further amended and new chapter IV A was introduced to have a more comprehensive legal regime dealing with interim measures in support of arbitration. On similar lines, Section 9 and Section 17 of the Act also provides for interim measures of protection for the parties. The objective of these provisions is to preserve the prevailing situation till the final adjudication of the disputes. Interim measures such as attachment of property, issuing of commissions, protection of assets, injunctions etc. are effective remedies for achieving the ideals of true justice.



## Section 17 of the Act

Section 17 of the Act is essentially based on the Model Law with very few departures and contains two conditions - Firstly that the Arbitral Tribunal must regard the interim measure of protection as necessary, and secondly, the relief had to be in respect of the subject matter of the dispute. The Arbitral Tribunal is empowered by Section 17 to order a party to take any interim measures of protection in respect of the subject matter of the dispute, and also direct the party in whose favour the order has been passed to provide appropriate security as provided in Section 17(2) of the Act. The expression 'interim measure of protection' in Section 17 is wide enough to include all those measures which the parties themselves could have achieved by agreement. The protection envisaged is in relation to some tangible property and not an indeterminate monetary claim.

### Limitations under Section 17

However, there are various limiting factors. Firstly, a party has to wait for the creation of the Arbitral Tribunal before it can claim relief from it and secondly, there is no mechanism to enforce any order of the Arbitral Tribunal. As far as the first limitation is concerned, the solution lies within the 1996 Act itself. Section 9 of the Act provides power to the Court to grant interim relief to any party. The powers under Section 9 are much wider inasmuch as they extend to the period "pre" and "post" the award as well as with regard to the subject matter and nature of the orders. Further, the pendency of an application under Section 17 does not denude the Court of its powers to make an order for interim measures under Section 9 of the Act<sup>1</sup>.

In the case of *Sundaram Finance Ltd v. NEPC India Ltd.*<sup>2</sup>, the Supreme Court further held that Section 9 is available even before the commencement of the arbitration with the only precondition that there exists a valid arbitration agreement. The Court under Section 9 is only formulating interim measures so as to protect the right under adjudication before the Arbitral Tribunal from being frustrated. This dictum of the

Court was also upheld in the case of *Firm Ashok Traders v. Gurumukh Das Saluja*<sup>3</sup>.

The second limitation, however, is still contentious. Though Section 17 gives the Arbitral Tribunal the power to pass orders, the same cannot be enforced as orders of a Court. The Act nowhere provides for the consequences of breach of an order of the Arbitral Tribunal under Section 17 of the Act. Section 37(2)(b) of the Act only provides for an appeal with respect to grant or refusal to grant an interim measure by the Arbitral Tribunal under Section 17.

### Unenforceability of Section 17

The enforceability of interim order passed by the Arbitral Tribunal was considered to be of great importance even by UNCITRAL, whose working groups comprising of all state members took up this issue for consideration<sup>4</sup>. The working group reviewed and sought an extensive revision of Article 17 which was eventually incorporated in Amendment of 2006. Apart from a wider range of powers, Article 17 H of the amended Model Law inter alia now states that "*an interim measure should be recognized as binding, unless stated by the tribunal and it may be enforced upon an application to a competent Court*".

In India, Section 17 of the Act still incorporates the provisions of old Model Law. This aspect was also recognized by the Supreme Court on a number of occasions. In *Sundaram Finance Ltd v. NEPC India Ltd*, the Supreme Court observed that "*though Section 17 gives the arbitral tribunal the power to pass orders, the same cannot be enforced as orders of a Court and it is for this reason only that Section 9 gives the Court power to pass interim orders during the arbitration proceedings*". In the case of *M.D. Army Welfare Housing v. Sumangal Services Pvt. Ltd.*<sup>5</sup>, the Supreme Court held that "*Even under Section 17 of the 1996 Act, no power is conferred upon the Arbitral Tribunal to enforce its order nor does it provide for judicial enforcement thereof.*"

<sup>1</sup> *N.H.A.I v. China Coal Construction Group Corp.*, 2006 (1) Arb LR 265

<sup>2</sup> 1999(2) SCC 479.

<sup>3</sup> (2004) 3 SCC 155.

<sup>4</sup> Report of the U.N. Secretary-General, Settlement of Disputes, A/CN.9/WP.108

<sup>5</sup> (2004) 9 SCC 619.

However in the case of *Sri Krishan v. Anand*,<sup>6</sup> while dealing with whether a petition under Section 9 seeking the same relief granted under Section 17 was maintainable, the Delhi High Court held that an order under Section 17 was indeed enforceable. The High Court relied on Section 27 (5) of the Act which states “Persons failing to attend in accordance with such process, or making any other default, or refusing to give their evidence, or guilty of any contempt to the arbitral tribunal during the conduct of arbitral proceedings, shall be subject to the like disadvantages, penalties and punishments by order of the Court on the representation of the arbitral tribunal as they would incur for the like offences in suits tried before the Court.” The High Court held that this provision provides the remedy for the breach and any person failing to comply with the order of the arbitral tribunal would be deemed to be ‘making any other default’ or ‘guilty of any contempt to the Arbitral Tribunal during the conduct of the proceedings’. Thus the remedy available to the other party would be to apply to the Arbitral Tribunal to make a representation before the Court. Reliance was also placed by the High Court on various rulings to the effect that a person can be punished for contempt of the Arbitral Tribunal which shows that the Arbitral Tribunal discharges inherent judicial functions of the State<sup>7</sup> and that the power to punish for any Contempt of the Arbitral Tribunal has been vested with the Court on a representation made by the Arbitral Tribunal.<sup>8</sup>

### Analysis of Section 27

At this stage, it would be relevant to analyze Section 27 of the Act. The scope of the powers granted to the Court under Section 27 was dealt with extensively by the Supreme Court in the case of *Delta Distilleries Limited v. United Spirits Limited & Ors*<sup>9</sup>, which held that Section 27 would be available to the Arbitral Tribunal to seek assistance from the Court where any person who is not cooperating with the Arbitral Tribunal or

where any evidence is required from any person, be it a party to the proceedings or others. However, this case dealt mainly with the powers of the Court to assist in taking evidence and calling witnesses, without referring to the aspect of unenforceability of orders passed by the Arbitral Tribunal.

However, the same reasoning can be applied to ensure that any interim order passed by the Arbitral Tribunal under Section 17 is not wilfully disobeyed by the parties.

### Conclusion:

By virtue of Article 141 of the Constitution of India, all lower Courts are bound by the decisions of the Supreme Court. Therefore, the position that the orders passed by the Arbitral Tribunal are un-enforceable still stands since the Supreme Court has not taken cognizance of Section 27 of the Act and its impact while dealing with the scope of enforceability of orders passed by the Arbitral Tribunal. It is submitted that widening the powers available to Arbitral Tribunals with regard to interim relief will only strengthen the position of arbitration in India. Without the ability to enforce the orders passed by Arbitral Tribunal, the parties are often forced to resort to litigation which is essentially an anathema to the purpose of arbitration itself.



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<sup>6</sup> (2009) 3 ArbLR 447 (Del).

<sup>7</sup> *Anupitech Equipments Private Ltd. v. Ganpati Cooperative Housing Society Ltd.*, AIR 1999 Bombay 219.

<sup>8</sup> *Maharashtra State Electricity Board Vs Datar Switchgear Ltd*, MANU/MH/1187/2002. *Saurashtra Chemicals Ltd. v.*

*Hon'ble Mr. Justice K. Ramamoorthy (Retd.)*,

MANU/GJ/0329/2005.

<sup>9</sup> 2014(1)SCC 113

## Newsquest

### RBI Reserve Bank Rates

Consequent to the increase in the policy repo rate under the Liquidity Adjustment Facility (LAF) as announced in the Third Quarter Review of Monetary Policy 2013-14 dated January 28, 2014, the Bank Rate stands adjusted by 25 basis points from 8.75 per cent to 9.0 per cent with effect from January 28, 2014. All penal interest rates on shortfall in reserve requirements, which are specifically linked to the Bank Rate, also stand revised.

SOURCE: [http://www.rbi.org.in/scripts/BS\\_CircularIndexDisplay.aspx?Id=8723](http://www.rbi.org.in/scripts/BS_CircularIndexDisplay.aspx?Id=8723)



### Withdrawal of all old series of Banknotes

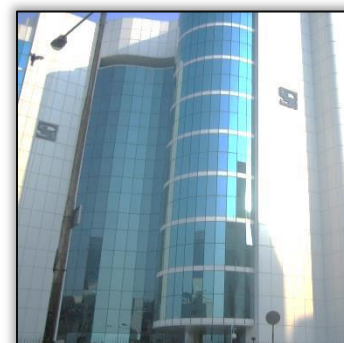
RBI has been following a policy of phasing out of certain series of banknotes from time to time. It has now been decided that all old series of banknotes issued prior to 2005 will be completely withdrawn from circulation.

SOURCE: <http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=8715&Mode=0>

### Change in Government Debt Investment Limits for FIIs

Government of India has now decided to enhance this sub-limit from USD 5 billion to USD 10 billion within the overall Government debt limit of USD 30 billion, for FIIs which are registered with SEBI under the categories of Sovereign Wealth Funds (SWFs), Multilateral Agencies, Endowment Funds, Insurance Funds, Pension Funds and Foreign Central Banks.

SOURCE: [http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1390999887031.pdf](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1390999887031.pdf)



### Deregulation of Interest Rates on Non-Resident (External) Rupee (NRE) Deposits

On a review and in order to give banks some time, it has been decided to extend the above dispensation till February 28, 2014. With effect from March 1, 2014, the interest rate ceiling will revert to the position prior to August 14, 2013, i.e. interest rates offered by banks on NRE deposits cannot be higher than those offered by them on comparable domestic rupee deposits.

SOURCE: [http://www.rbi.org.in/scripts/BS\\_CircularIndexDisplay.aspx?Id=8725](http://www.rbi.org.in/scripts/BS_CircularIndexDisplay.aspx?Id=8725)



### **Mumbai International Airport Pvt. Ltd. (MIAL) appoints Rajani, Singhania & Partners as legal counsel**

Rajani, Singhania & Partners' are engaged by Mumbai International Airport Pvt. Ltd. to defend them in the suit filed before City the Civil Court, Bangalore. Mumbai International Airport Pvt. Ltd. (MIAL) is a Public Private Partnership joint venture between GVK, BSDM, ACSA Global and Airports Authority of India (AAI).

### **Bravura Solutions (UK) Ltd appoints Rajani, Singhania & Partners**

The firm is representing Bravura Solutions (UK) Ltd in a suit filed by Sonata Software alleging infringement of trademark by Bravura Solutions (UK) Ltd and seeking relief of permanent injunction restraining Bravura or its agents from infringing the trademark "Sonata". The firm successfully protested the relief for temporary injunction, sought for by Sonata.



### **Rajani, Singhania & Partners are legal counsels to India Government Mint**

Security Printing and Minting Corporation of India Ltd. (SPMCIL) is an instrumentality of the Government of India responsible for printing of currencies, coins and various other instruments like stamp papers, court fee stamp and others. The firm is representing SPMCIL in various matters at Supreme Court and different High Courts concerning employment issues, writ petitions filed by bidders as well as members of public concerning different issues. The firm is also advising SPMCIL on legal issues of varying nature on a day to day basis.

### **Rajani, Singhania & Partners offers legal services to Mertex UK Ltd.**

Representing Mertex UK Ltd. a leading, diversified, natural resources group with renowned activity in the trading of metals, before the Bombay High Court in a suit filed by MJ Patel (India) Ltd. a Mumbai based company carrying on business, inter alia, of procuring orders in favour of the seller of various materials and products from the prospective buyers at an agreed commission, for recovery of sum of Rs.3.2 million towards commission amount due and payable for procuring orders for the sale of seamless pipes.



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