

December 2017

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(Knowledge Manager with Acquisory)

## **CONTENT**

## **DECEMBER 2017**

| AT | A GLANCE   | 5  |
|----|--|----|
| AR | TICLES   | 6  |
| •  | FINANCIAL RESOLUTION AND DEPOSIT INSURANCE BILL, 2017-GOVERNMENT AS AN EFFECTIVE OVERSEER? | 6  |
| •  | A PARADIGM SHIFT IN INSOLVENCY & BANKRUPTCY CODE - 2017                                    | 8  |
| LE | GAL UPDATES  | 11 |
| •  | RESERVE BANK OF INDIA (RBI)  | 11 |
| •  | MINISTRY OF CORPORATE AFFAIRS (MCA)  | 12 |
| •  | SECURITIES EXCHANGE BOARD OF INDIA (SEBI)  | 16 |
| •  | TAXATION   | 18 |
| •  | <u>OTHERS</u>  | 22 |
| GL | OSSARY   | 24 |



## AT A GLANCE

#### ACQUISORY NEWS CHRONICLE DECEMBER, 2017

#### ARTICLE

## Financial Resolution and Deposit Insurance Bill, 2017- Government as an Effective Overseer?

The Financial Resolution and Deposit Insurance (FRDI) Bill proposes to create a framework for overseeing financial institutions. The 'Resolution Corporation', proposed in the draft bill, would look after the process and prevent the banks/ financial institutions from going bankrupt. The draft bill empowers Resolution Corporation to cancel the liability of a failing bank or convert the nature of the liability which has become a controversial issue.

## A Paradigm Shift in Insolvency & Bankruptcy Code 2017

The Parliament approved amendments to the Insolvency and Bankruptcy Code Bill to bar owners of defaulting firms from bidding to buy back assets when they are auctioned as part of bankruptcy proceedings.

The code proves to be a learning experience as it is the first time that such jurisprudence has been introduced in India. Overall, the Bill broadly appears to be clarificatory in nature. Although the intentions are laudable, it remains debatable if the imposition of a blanket ban on the existing promoters, without taking into account the causes of failure of an enterprise, is effective. It can only be hoped that the Government will be pro-active in the future too in removing ambiguities as and when they surface.

#### LEGAL UPDATES

- ➤ Condonation of Delay Scheme, 2018 MCA has issued Condonation of Delay Scheme, 2018 providing an opportunity for non-compliant, defaulting companies to rectify the default, which shall be effective form 01.01.2018 31.03.2018.
- ▶ Companies (Amendment) Act, 2017 receives President's Assent – The Presidential assent brings into effect additional 93 amendments in Companies Act, 2013 to provide relief to stakeholders and to provide more clarity on some of provisions of Companies Act, 2013.
- CBDT extends deadline till 31.3.18 for submission of Aadhaar number, and PAN or Form 60 by client to the reporting entity
- ➤ Government Extends Due Date for Filing forms for GST
- FORM GST CMP-03 till 31st January, 2018 -
- FORM GSTR-1 to 10<sup>th</sup> January, 2018
- February, 2018 Central Government has notified 1st February 2018 as due date for implementing E-Way Bill Rules under the Goods and Services Tax (GST) regime.



## Financial Resolution and Deposit Insurance Bill, 2017- Government as an Effective Overseer?

The Financial Resolution and Deposit Insurance Bill, 2017 (FRDI), seeks to create a framework for resolving bankruptcy in financial firms (such as banks and insurance companies). The Bill repeals the Deposit Insurance and Credit Guarantee Corporation Act, 1962 and amends 12 other laws.

The Bill was introduced as a specialized law in order to create a framework for effective resolution of financial firm and to tide over multiple regulatory agencies with overlapping authorities.

In this context, the Financial Resolution and Deposit Insurance Bill, 2017 was introduced in Lok Sabha on August 10, 2017. The Bill seeks to establish a Resolution Corporation to monitor financial firms (along with regulators), and resolve them in case of failure. The Bill will apply to financial firms, and any other financial service provider designated as a 'systemically important financial institution' by the central government.



"FRDI Bill, 2017 seeks to protect and enhance the depositors' existing rights and bring in a comprehensive and efficient resolution regime for financial firms. Bill replace the existing resolution regime by providing a comprehensive resolution regime that will help ensure that, in the rare event of failure of a financial service provider, there is a system of quick, orderly and efficient resolution in favour of depositors."



#### Government an Overseer? - Financial Resolution & Deposit Insurance Bill, 2017

#### Main Highlights of the Bill

| S.No. | Particulars   |  |  |  |  |  |
|-------|---|--|--|--|--|--|
| 1.    | Establishment of Resolution Corporation to monitor financial firms, anticipate risk of failure, take  |  |  |  |  |  |
|       | corrective action and resolve them in case of such failure.   |  |  |  |  |  |
|       | The Corporation to provide a deposit insurance up to a certain limit, in case of bank failure.        |  |  |  |  |  |
| 2.    | The Resolution Corporation or the appropriate financial sector regulator may classify financial firm  |  |  |  |  |  |
|       | under five categories, based on their risk of failure. These categories in the order of increasing    |  |  |  |  |  |
|       | are: (i) low, (ii) moderate, (iii) material, (iv) imminent, and (v) critical.                         |  |  |  |  |  |
| 3.    | The Resolution Corporation will take over the management of a financial firm once it is classified    |  |  |  |  |  |
|       | 'critical'. It will resolve the firm within one year (may be extended by another year).               |  |  |  |  |  |
| 4.    | Resolution may be undertaken using methods including: (i) merger or acquisition, (ii) transferring    |  |  |  |  |  |
|       | assets, liabilities and management to a temporary firm, or (iii) liquidation.                         |  |  |  |  |  |
|       | If resolution is not completed within a maximum period of two years, the firm will be liquidated. The |  |  |  |  |  |
|       | Bill also specifies the order of distributing liquidation proceeds.                                   |  |  |  |  |  |

#### Conclusion

The FRDI Bill will replace the existing resolution regime by providing a comprehensive resolution regime that will help ensure that, in the rare event of failure of a financial service provider, there is a system of quick, orderly and efficient resolution in favour of depositors.

The bill will also revoke the amendment of resolution-related provisions in sectoral Acts as listed in Schedules of the Bill. Also it will cancel the DICGC Act to transfer the deposit insurance powers and responsibilities to the Resolution Corporation.

\*\*\*\*



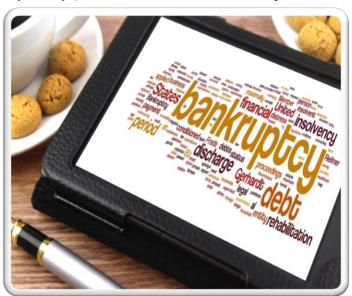
### A Paradigm Shift in Insolvency & Bankruptcy Code, 2017

#### Background

The Insolvency and Bankruptcy Code, 2016 was enacted to consolidate insolvency related laws and provide a time bound process to resolve insolvency among companies and individuals.

The Insolvency and Bankruptcy Code (Amendment) Bill, 2017 amends the Insolvency and Bankruptcy Code, 2016 and replaces an Ordinance promulgated in November, 2017. The code provides a time bound process to resolve insolvency of companies and individuals. Whereas compared to process under the 2016 code upon default, the insolvency professional manages the defaulter's assets and constitutes a creditors committee.

Creditors committee decides to either: i) approve a resolution plan to restructure the defaulter's loans, or ii) liquidate (sell) its assets to recover the outstanding amount. If no decision is taken within 180 days (extendable by 90 days), the defaulter's assets will be liquidated.



"The Bill prohibits certain persons from submitting a resolution plan in case of defaults. These include: (i) wilful defaulters, (ii) promoters or management of the company if it has an outstanding nonperforming debt for over a year, and (iii) disqualified directors, among others.

Further, it bars the sale of property of a defaulter to such persons during liquidation."

image source- https://sv1.mysnap.top

#### **Main Features**

The Bill amends provisions related to corporate default to prohibit: (i) certain persons from submitting resolution plans, and (ii) sale of the defaulter's assets to such persons in case of liquidation. A resolution plan contains details which include: (i) the manner of repaying debts of the defaulting company, and (ii) management of the company after the resolution plan is approved.

• Resolution applicant: Under the Code, any person submitting a resolution plan to an IP is known as a resolution applicant. These applicants may include lenders or investors, among other persons. The Bill amends this provision to specify that a resolution applicant may submit a plan only on being invited by the IP.



### A Paradigm Shift in Insolvency & Bankruptcy Code, 2017

• Who is barred as per the amended code? Any persons under the below categories are prohibited from submitting a plan if:

| A person is an undischarged insolvent (individual unable to repay his debt),  | A person has been prohibited from trading in securities by SEBI,  |
|---|---|
| A person is a wilful defaulter,   | A person is the promoter or in the management of a company which has indulged in undervalued, preferential, or fraudulent transactions,   |
| A person account has been identified as a non-<br>performing asset (NPA) for more than a year and he<br>has not repaid the amount before submitting a plan,                 | A person has given guarantee on a liability of the defaulting company undergoing resolution or liquidation, and has not honoured the guarantee,                                   |
| A person has been convicted of an offence punishable with two or more years of imprisonment, and he/ she has been disqualified as a director under the Companies Act, 2013, | A person has indulged in these specified activities abroad, or (x) he is connected to any person mentioned above (including promoters, management, or any person related to them) |

- Approving resolution plan: The Bill prohibits the committee of creditors from approving a resolution plan submitted before the Ordinance was promulgated, if the plan was submitted by a person ineligible to be a resolution applicant.
- Liquidation: The Code allows the IP to sell the property of the defaulter in case of liquidation. The Bill prohibits the sale of this property to any person ineligible to be a resolution applicant.
- Penalties: The Bill inserts a provision to specify that a person contravening any provisions of the Code, for which no penalty has been specified, will be punishable with a fine ranging between one lakh rupees to two crore rupees.



### A Paradigm Shift in Insolvency & Bankruptcy Code, 2017

#### **Brief Analysis on Effectiveness of Amendments**

#### Excluding persons from the process may reduce competition among applicants for the defaulting firm

The Bill prohibits certain persons from submitting a resolution plan for resolving a defaulting company. One argument to exclude such persons may be that these people have not complied with laws in the past, and therefore could be undesirable candidates to restructure a failing company. Further, promoters and management of a defaulting firm may have been responsible for its failure and it may be improper to allow them to regain control of the company.

However, on the other hand excluding certain people (including persons related to the promoters or management) may result in lower competition among applicants seeking to resolve a company, which may lead to lower recoveries for creditors. Further, in case of some small and medium enterprises, the promoter may be the only person submitting a plan to revive the company. In such cases, the defaulting firm will go into liquidation even if there could have been a viable resolution plan.

#### Rationale for barring certain persons from the liquidation process unclear

In case of liquidation, the Bill prohibits the liquidator from selling the assets of the company to any person ineligible to submit a resolution plan. Unlike a resolution, after liquidation the company ceases to exist. Therefore, the background of the person bidding for its assets may not be relevant. Excluding some prospective bidders from the liquidation process may lead to lower recovery from the sale of the assets. On the other hand, it could be argued that certain promoters may deliberately run down the company to buy its assets at a lower price, and therefore there may be reason to exclude them from the liquidation process.

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## 1. Reserve Bank cautions regarding risk of virtual currencies including Bitcoins

Reserve Bank has issued a press released to cautions the general public regarding risk of trading and dealing in virtual currencies including Bitcoins. Attention of members of public is drawn to the Press Release issued by the Reserve Bank of India (RBI) on December 24, 2013, cautioning users, holders and traders of Virtual Currencies (VCs) including Bitcoins regarding the potential economic, financial, operational, legal, customer protection and security related risks associated in dealing with such VCs. It has further, clarified that RBI has also clarified that it has not given any licence / authorisation to any entity / company to operate such schemes or deal with Bitcoin or any VC. In the wake of significant spurt in the valuation of many VCs and rapid growth in Initial Coin Offerings (ICOs), RBI reiterates the concerns conveyed in the earlier press releases.

https://www.rbi.org.in/Scripts/BS\_PressReleaseDisplay.aspx?prid=42462

## 2. RBI issues Master Directions on Foreign Investments in India

RBI vide Notification dated 4<sup>th</sup> January, 2018 has issued Master Directions on Foreign Investments in India. The Master Direction lays down the modalities as to how the foreign exchange business has to be conducted by the Authorised Persons with their customers/ constituents with a view to implementing the regulations framed. A person resident outside India may hold, own, transfer or invest in a security in India if such security was acquired, held or owned by such person when he was resident in India or inherited from a person who was resident in India. Such investment will be held by such person on a non-repatriable basis.

https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11200& Mode=0

## 3. RBI permits overseas branches/subsidiaries of Indian banks to refinance ECBs

RBI vide Circular dated 4<sup>th</sup> January, 2018 has eased out the norms for refinancing of External Commercial Borrowings (ECB), it has been decided, in consultation with the Government of India, to permit the overseas branches/subsidiaries of Indian banks to refinance ECBs of

highly rated (AAA) corporates as well as Navratna and Maharatna PSUs, provided the outstanding maturity of the original borrowing is not reduced and all-in-cost of fresh ECB is lower than the existing ECB. Partial refinance of existing ECBs will also be permitted subject to same conditions.

https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11198& Mode=0

## 4. GOI announces launch of 7.75% Savings (Taxable) Bonds, 2018 commencing from 10th January 2018

Government of India has announced to launch of 7.75% Savings (Taxable) Bonds, 2018 commencing from 10th January 2018 to enable resident citizens/HUF to invest in a taxable bond, without any monetary ceiling.

NRIs are not eligible for making investments in these Bonds.

The Bonds will be issued at par i.e. at Rs.100.00. The Bonds will be issued for a minimum amount of Rs.1,000/- (face value) and in multiples thereof.

The Bonds will be issued in demat form (Bond Ledger Account) only.

The Bonds will have a maturity of 7 years carrying interest at 7.75% per annum payable half- yearly.

The Bonds are not transferable.

https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11196& Mode=0



## 1. Relaxation of additional fees and extension of last date of filing of Form CRA.4 under the Companies Act, 2013

MCA has issued circular to give Relaxation of additional fees and extension of last date of filing of Form CRA - 4 under the Companies Act, 2013. The MCA has received several representations about extension of the last date for filing of Form CRA-4 without additional fees on account of Companies (Cost Records and Audit) Amendment Rules, 2017 and for other reasons. The matter has been examined and it has been decided to extend the last date for filing of Form CRA4, for the financial years starting on or after 1st April, 2016, without additional fees till 31st December, 2017.

http://www.mca.gov.in/Ministry/pdf/GeneralCircular15\_0512 2017.pdf

## 2. IBBI notifies Regulations for handling of Grievances and Complaints

Ministry of Corporate Affairs (MCA) vide Press Release dated 10<sup>th</sup> December, 2017, The Insolvency and Bankruptcy Board of India (IBBI) has notified the IBBI (Grievance and Complaint Handling Procedure) Regulations, 2017 in the Gazette of India on 7th December, 2017. The Regulations enable a Stakeholder, namely, debtor, creditor, claimant, service provider, resolution applicant or any other person having an interest in an insolvency resolution, liquidation, voluntary liquidation or bankruptcy transaction under the Insolvency and Bankruptcy Code, 2016 (Code), to file a grievance or a complaint against a Service provider, namely, insolvency professional agency, insolvency professional, insolvency professional entity or information utility. The Regulations provide for an objective and transparent procedure for disposal of grievances and complaints by the IBBI, that does not spare a mischievous service provider, but does not harass an innocent service provider.

A Stakeholder may file a grievance that shall state the details of the conduct of the service provider that has caused the suffering to the aggrieved; details of suffering, whether pecuniary or otherwise, the aggrieved has undergone; how the conduct of the service provider has caused the suffering of the aggrieved; details of his efforts to get the grievance redressed from the service provider; and how the grievance may be redressed.

A Stakeholder may file a complaint in the Specified Form along with a fee of Rupees Two Thousand and Five Hundred (Rs.2,500). A complaint needs to state the details of the alleged contravention of any provision of the Code, or rules, regulations, or guidelines made there under or circulars or directions issued by the IBBI by a Service provider or its associated persons; details of alleged conduct or activity of the Service provider or its associated persons, along with date and place of such conduct or activity, which contravenes the provision of the law; and details of evidence in support of alleged contravention. If the complaint is not frivolous or malicious, the fee will be refunded.

Where the IBBI is of the opinion that there exists a prima facie case, it may order an inspection under sub-regulation (3) of Regulation 3, order an investigation under sub-regulation (2) of Regulation 7 or issue a Show Cause Notice under sub-regulation (2) of Regulation 11 of the Insolvency and Bankruptcy Board of India (Inspection and Investigation) Regulations, 2017, as may be warranted and the matter shall be proceeded accordingly.

#### 3. MCA notifies Companies (Cost Records & Audit) Amendment Rules, 2017

MCA has notified the Companies (Cost Records & Audit) Amendment Rules, 2017. The amendments shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2016. The "Indian Accounting Standards" shall have the means Indian Accounting Standards as referred to in Companies (Indian Accounting Standards) Rules, 2015. Further, in the principal rules, for Form CRA-1 and Form CRA-3, shall respectively be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2016. It has further clarified and certified by the MCA that no person is being adversely affected by giving retrospective effect to this notification. The proposed amendments have been made on account of amendments made in the Companies (Indian Accounting Standards) Rules, 2015.

http://mca.gov.in/Ministry/pdf/CompaniesCostrecordsAuditRule\_08122017.pdf



4. Insolvency and Bankruptcy Board of India issues Guidelines for Technical Standards for Core Services The Insolvency and Bankruptcy Code of India has issued guidelines for Technical Standards for the performance of Core services and other services under IBBI (Information Utilities) Regulations, 2017. The Technical Committee constituted by IBBI under the chairmanship of Dr. R. B. Barman, has made recommendations on 14 out of 18 matters for which technical standards are required to be laid down by IBBI through Guidelines issued under the Regulations. The Technical Standards will ensure and enforce the reliability, confidentiality and security of financial information to be stored by the information utilities. In furtherance thereof, the Board hereby lays down Technical Standards on the basis of the recommendations given by the Technical Committee on Information Utilities. The Technical Committee consciously did not prescribe any specific choice of technology or platform, so that each IU can exercise its own choice. Instead, it recommended that the IUs adopt robust data governance standards to take care of complete integrity of the IU database. In terms of the IBBI (Information Utilities) Regulations, 2017, an Information Utility shall ensure compliance with these Technical Standards at all times.

http://ibbi.gov.in/webadmin/pdf/whatsnew/2017/Dec/FINAL %20STANDARDS%20GUIDELINES%2013.12.2017\_2017-12-13%2021:39:59.pdf

#### 5. IBBI has issued the guidelines which shall be known as Insolvency Professionals to act as Interim Resolution Professionals or Liquidators (Recommendation) Guidelines, 2017

IBBI has issued the guidelines which shall be known as Insolvency Professionals to act as Interim Resolution Professionals or Liquidators (Recommendation) Guidelines, 2017 through which IBBI has proposed to prepare a Panel of IPs for appointment as IRP or Liquidator and share the said Panel with AA. The AA may pick up any name from the Panel for appointment of IRP or Liquidator for a CIRP or Liquidation, as the case may be. The Panel will have Bench wise list of IPs based on the registered office of the IP. It will have a validity of six months and a new Panel will replace the earlier Panel every six months. The eligible IPs will be included in the Panel in order of the volume of ongoing

assignments they have in hand. The IP who has the lowest volume of ongoing assignments will get a score of 100 and will be at the top of the Panel. The IP who has the highest volume of ongoing assignments will get a score of 0. The difference between the highest volume and the lowest volume will be equated to 100 and other IPs will get scores between 0 and 100 depending on volume of their ongoing assignments.

# 6. Rajya Sabha passes Companies (Amendment) Bill, 2017 – amends the companies law to strengthen corporate governance standards, initiate strict action against defaulting companies and help improve ease of doing business in the country, simplification of the private placement process

The Rajva Sabha has passed the Companies (Amendment) Bill, 2017 on December 19, 2017 and shall come into force on getting the President's assent. On July 2, 2017, the Companies (Amendment) Bill, 2016 has been passed by the Lok Sabha as Companies (Amendment) Bill, 2017 & referred to Rajya Sabha for consideration and passing. The Bill to further amend the Companies Act, 2013 was introduced in Lok Sabha on 16th March, 2016 where after it was referred to the Parliamentary Standing Committee on Finance for examination and report. The Parliamentary Standing Committee on Finance had presented its report on the Companies (Amendment) Bill, 2016 to Lok Sabha and Rajya Sabha on 7th December, 2016. The bill provides for more than 40 amendments to the Companies Act, 2013. A bill to amend the companies law to strengthen corporate governance standards, initiate strict action against defaulting companies and help improve ease of doing business in the country. Among many amendments, Members severally liable if falls below the prescribed limit, reservation of name for a new Company shall now be for a period of twenty days from the date of approval and 60 days in case of change of name, simplification of the private placement process, rationalization of provisions related to loan to directors, omission of provisions relating to forward dealing and insider trading, doing away with the requirement of approval of the Central Government for managerial remuneration above prescribed limits, aligning disclosure requirements in the prospectus with the regulations to be made by SEBI, providing for maintenance of register of significant beneficial owners and filing of returns in this regard to the ROC and removal of



requirement for annual ratification of appointment or continuance of auditors are few welcome moves.

http://rstv.nic.in/parliament-passes-companies-amendment-bill-2017.html

## 7. MCA introduces Condonation of Delay Scheme, 2018 in order to give an opportunity for non-compliant, defaulting companies to rectify the default

With a view to giving an opportunity for the non-compliant, defaulting companies to rectify the default, the MCA has decided to introduce a Scheme namely "Condonation of Delay Scheme 2018" which will be implemented with effect from 01.01.2018 and shall remain in force up to 31.03.2018. The proposed scheme shall be available for all defaulting companies (other than the companies which have been stuck off/whose names have been removed from the register of companies under section 248(5) of the Act). A defaulting company is permitted to file its overdue documents which were due for filing till 30.06.2017 in accordance with the provisions of this Scheme. The defaulting company after filing documents under this scheme, shall seek condonation of delay by filing form e-CODS 2018 along with a fee of Rs. 30,000/- as prescribed under the Companies (Registration Offices and Fee) Rules, 2014 well before the last date of the scheme. Further, the DINs of the Directors associated with the defaulting companies that have not filed their overdue documents and the eform CODS, and these are not taken on record in the MCA21 registry and are still found to be disqualified on the conclusion of the scheme in terms of section 164(2)(a) r/w 167(1)(a) of the Act shall be liable to be deactivated on expiry of the scheme period. In the event of defaulting companies whose names have been removed from the register of companies under section 248 of the Act and which have filed applications for revival under section 252 of the Act up to the date of this scheme, the Director's DIN shall be re-activated only after NCLT order of revival subject to the company having filing of all overdue documents.

## 8. Listed companies must comply on appointing women board directors; total 142 listed companies fined

Ministry of Corporate Affairs vide Press Release dated 22<sup>nd</sup> December, 2017 has stated that Section 149 of Companies Act, 2013 (the Act) read with the corresponding rules requires every

listed company and prescribed class of companies to have a women director. Section 172 of the Act lays down punishment for non-compliance. Registrar of Companies have filed prosecutions against 202 non-compliant public unlisted companies. In case of 36 unlisted PSUs reference have been made to administrative Ministries for ensuring compliances in this regard.

Securities and Exchange Board of India (SEBI) has also mandated under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 for appointment of at least one woman director on the boards of listed companies. 54 and 88 number of companies including PSUs listed on National Stock Exchange and Bombay Stock Exchange respectively which had not appointed women directors as on 30.09.2017 have been levied fine for non-appointment of women directors, as per fine structure prescribed by SEBI.

## 9. Properties of struck off companies from RoC can't be used, operated, transferred or alienated in any manner

Ministry of Corporate Affairs vide Press Release dated 22<sup>nd</sup> December, 2017 has drawn the attention of all the concerned States and Union Territories (UTs) towards the fact that so far, 2,24,733, companies have been struck off from Register of Companies and that assets, properties etc. (i.e. all movable and immovable assets/properties) of such struck off companies (which ceased to operate as legal entities) cannot be used, operated, transferred or alienated in any manner by the companies including by their ex-directors/authorised signatories, till they are restored by following the due process of law under Section 252 of the Act.

#### 10. Rajya Sabha Passes Insolvency and Bankruptcy Code Amendment Bill

Rajya Sabha has passed the Insolvency and Bankruptcy Code (Amendment) Bill, 2017, which bars unscrupulous persons from misusing the provisions of the Code.

The Bill prohibits certain persons from submitting a resolution plan in case of defaults. These include: (i) wilful defaulters, (ii) promoters or management of the company if it has an outstanding non-performing debt for over a year, and (iii) disqualified directors, among others. Further, it bars the sale of property of a defaulter to such persons during liquidation.



#### 11. MCA notifies Condonation of Delay Scheme, 2018

MCA vide Circular dated 29<sup>th</sup> December, 2017 has issued Condonation of Delay Scheme, 2018 w.r.t. giving an opportunity for the non-compliant, defaulting companies to rectify the default, in exercise of its powers conferred under sections 403, 459 and 460 of the Companies Act, 2013. The scheme shall come into force with effect from 01.01.2018 and shall remain in force up to 31.03.2018.

http://www.mca.gov.in/Ministry/pdf/Generalcircular16\_2912 2017.pdf

#### 12. CODS 2018- Reactivation of DIN is in Process: MCA

Stakeholders of Condonation of Delay Scheme (notified vide General Circular No.16/2017 dated 29th December 2017) may kindly note that the process for 'reactivating' the DINs in system in respect of disqualified Directors is in progress and they may check the status of the relevant DINs by 12th January 2018. However, they are requested to be ready with necessary 'overdue documents' for filing purposes.

Stakeholders may further note that the scheme is not applicable for those Directors who may have been associated with a company which was struck off under Section 248(1) of the Companies Act-2013 and such DINs shall be activated only upon receipt of orders for revival of the said company as per due process laid down under Section 252 of the Companies Act-2013.

## 13. President Gives Assent to Companies (Amendment) Act, 2017

President of India has given assent to Companies (Amendment) Act, 2017 which seeks to strengthen corporate governance standards, initiate strict action against defaulting companies and help improve ease of doing business in the country.

## 14. Insolvency professional to use Registration Number and Registered Address in all his communications.

Insolvency and Bankruptcy Board of India (IBBI) has issued circular to state that In all communications done by Insolvency Professional (IP), whether by way of public announcement or otherwise to a stakeholder or to an authority, an insolvency

professional shall prominently state: (i) his name, address and email, as registered with the IBBI, (ii) his Registration Number as an insolvency professional granted by the IBBI, and (iii) the capacity in which he is communicating.

## 15. Insolvency professional not to outsource his responsibilities

Insolvency and Bankruptcy Board of India (IBBI) has issued circular to state an insolvency resolution professional shall not outsource any of his duties and responsibilities under the Insolvency and Bankruptcy Code, 2016. He shall not require any certificate from another person certifying eligibility of a resolution applicant.

## 16. Insolvency professional to ensure compliance with applicable laws

Insolvency and Bankruptcy Board of India (IBBI) has issued circular to state While acting as an Interim Resolution Professional, a Resolution Professional, or a Liquidator for a corporate person under the Insolvency and Bankruptcy Code, 2016, an insolvency professional shall exercise reasonable care and diligence and take all necessary steps to ensure that the corporate person undergoing any process under the Code complies with the applicable laws.



## 1. BSE issues notices for Compulsory Delisting of Companies

BSE has issued a public notice informing all Trading Members of the Exchange that the 87 companies that have remained suspended for more than 3 years would be delisted from the platform of the Exchange, with effect from December 1, 2017 pursuant to order of the Delisting Committee of the Exchange in terms of Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. Further, Trading Members of the Exchange are hereby informed that the 7 companies that have been compulsorily delisted by NSE, would be delisted from the platform of the Exchange, with effect from December 1, 2017 pursuant to order of the Delisting Committee of the Exchange in terms of Rule 21(2)(b) of the Securities Contracts (Regulation) Rules 1957 ("Regulations"). Rule 21(2) (b) of the Securities Contracts (Regulation) Rules 1957, states that "If the securities is delisted under clause (1), ...... the said securities shall be delisted from all recognized stock exchanges". As per SEBI Delisting Regulations, 2009 these companies have to face the consequences of compulsory delisting including the securities of these companies would cease to be listed and therefore not be available for trading on the platform of the Exchange and Promoters of these delisted companies will be required to purchase the shares from the public shareholders as per the fair value determined by the independent valuer appointed by the Exchange, as mentioned in the Public Notice to be issued shortly. Further, in terms of Regulation 24 of Delisting Regulations, the delisted company, its whole-time directors, promoters and group companies shall be debarred from accessing the securities market for a period of 10 years from the date of compulsory delisting.

http://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20171129-6

## 2. Categorization and Rationalization of Mutual Fund Schemes

SEBI vide Circular No. SEBI/HO/IMD/DF3/CIR/P/2017/126 dated 4<sup>th</sup> December, 2017 has modified the guidelines regarding categorization and rationalization of Mutual Fund Schemes. While preparing the single consolidated list of stocks, average full market capitalization of the previous six

month of the stocks shall be considered.

http://www.sebi.gov.in/legal/circulars/dec-

2017/categorization-and-rationalization-of-mutual-fund-schemes 36804.html

## 3. SEBI mandate disclosure of PAN with holding of specified securities

SEBI vide Circular dated 19<sup>th</sup> December, 2017 has issued circular amending the prescribed manner of representation of holding of specified securities. Now, the details of the shareholding of the promoters and promoter group, public shareholder and non-public non-promoter shareholder must be accompanied with PAN Number (first holder in case of joint holding). Further, the shareholding of the promoter and promoter group, public shareholder and non-public non-promoter shareholder is to be consolidated on the basis of the PAN and folio number to avoid multiple disclosures of shareholding of the same person.

http://www.sebi.gov.in/legal/circulars/dec-2017/disclosureof-holding-of-specified-securities-and-holding-of-specifiedsecurities-in-dematerialized-form\_37028.html

## 4. Limit for investment by FPIs in Government Securities for Jan-March 2018

SEBI vide Circular dated 20<sup>th</sup> December, 2017, It has been decided to revise the limit for investment by FPIs in Government Securities, for the January - March 2018 quarter, with effect from January 01, 2018, as follows: a. Limit for FPIs in Central Government securities shall be enhanced to INR 191,300 cr. b. Limit for Long Term FPIs (Sovereign Wealth Funds (SWFs), Multilateral Agencies, Endowment Funds, Insurance Funds, Pension Funds and Foreign Central Banks)in Central Government securities shall be revised to INR 65,100cr. c. The debt limit category of State Development Loans (SDL) shall be enhanced as follows: i. SDL-General shall be enhanced to INR 31,500 cr. ii. SDL-Long Term shall be enhanced to INR 13,600 cr.

http://www.sebi.gov.in/legal/circulars/dec-2017/investmentsby-fpis-in-government-securities 37040.html



5. SEBI issues Standard Format of Exemption Application under Regulation 11(1) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (SAST Regulations) which gives power to the Board to grant exemption from the obligation to make an open offer for acquiring shares.

SEBI has issued a Standard Format of Application under Regulation 11(1) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (SAST Regulations). The said regulations, gives power to the Board to grant exemption from the obligation to make an open offer for acquiring shares. Further, as per Regulation 11(3) of SAST Regulations, the acquirer shall file an application with the Board, supported by a duly sworn affidavit, giving details of the proposed acquisition and the grounds on which the exemption has been sought. In order to ensure uniformity of disclosures in such applications, it has been decided to provide a standard format for filing of application with SEBI. The instructions along with the list of document to be attached and procedure to be followed for making an application for exemption are provided in the circular and shall be applicable to all the applications that are filed with SEBI after the date of this circular.

https://www.sebi.gov.in/legal/circulars/dec-2017/exemption-application-under-regulation-11-1-of-sebi-substantial-acquisition-of-shares-and-takeovers-regulations-2011 37083.html

#### 6. SEBI Board Meeting

SEBI at its Board Meeting held on 28th December, 2017 had discussed some crucial issues, including Amendments to the SEBI (Credit Rating Agencies) Regulations, 1999 and SEBI (Listing Obligations and Disclosure Requirements), 2015; Additional methods for listed entities to achieve minimum public shareholding (MPS) requirements; Issuance of refund orders/allotment letters/share certificates through electronic mode under SEBI (Issue of Capital and Disclosure Requirements Regulations), 2009; Norms for Shareholding and Governance in Mutual Funds; Proposed framework for listing of Security Receipts issued by ARCs under SEBI

(Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008; Amendments to the SEBI (Infrastructure Investment Trusts) Regulations, 2014 and SEBI (Real Estate Investment Trusts) Regulations, 2014; Easing of Access Norms for Investment by Foreign Portfolio Investors (FPIs); Consultation Paper for "Amendments to the SEBI (Investment Advisers) Regulations, 2013 and Fees Payable by Stock Brokers Trading in "Options" in Commodity Derivatives.

https://www.sebi.gov.in/media/press-releases/dec-2017/sebi-board-meeting\_37183.html

## 7. SEBI issues SEBI (Issue and Listing of Debt Securities) (Second Amendment) Regulations, 2017

SEBI has made amendment to Issue and Listing of Debt Securities Regulations. The amendment has been made w.r.t. change in definition of debt securities the definition now has a wider scope and includes debentures, bonds and such other securities of a body corporate or a Trust registered with the Board as a Real Estate Investment Trust or an Infrastructure Investment Trust, or any statutory body constituted by virtue of a legislation, whether constituting a charge on the assets of the body corporate or not, but excludes bonds issued by Government or such other bodies as may be specified by the Board, security receipts and securitized debt instruments.

http://www.dhc.co.in/uploadedfile/1/2/-1/SEBI%20-%20SEBI%20(Issue%20and%20Listing%20of%20Debt%20 Sec)%20(Second%20Amendment)%20reg%202017.pdf



# 1. CBDT issues Clarification of India's position on the acceptance of MAP and bilateral APA in cases of countries where Article 9(2) of OECD Model Tax Commentary is absent

CBDT has issued Clarification of India's position on the acceptance of MAP and bilateral APA in cases of countries where Article 9(2) of OECD Model Tax Commentary is absent. A number of references have been received from time to time regarding the acceptance of applications pertaining to Transfer Pricing MAP cases and bilateral Advance Pricing Agreements (APAs) where the Associated Enterprise (AE) of the Indian entity is resident of a country with which India has entered into a Double Taxation Avoidance Agreement (DTAA) but the Agreement does not contain Paragraph relating to 'Corresponding Adjustment'. The matter has been examined by the Central Board of Direct Taxes (CBDT) and it has been decided to accept Transfer Pricing MAP and bilateral APA applications regardless of the presence or otherwise of Paragraph 2 of Article 9 (or its relevant equivalent Article) in the DTAAs.

http://www.incometaxindia.gov.in/Lists/Press%20Releases/Attachments/674/Press-Release-Clarification-India-position-acceptance-MAP-bilateral-APA-countries-27-11-2017.pdf

#### 2. Unauthorized expansion of scope of limited scrutiny

CBDT has issued detailed guidelines/ directions for completion of cases of limited scrutiny selected through CASS module. These guidelines postulate that an Assessing Officer, in limited scrutiny cases cannot travel beyond the issues for which the case was selected. The idea behind such stipulations was to enforce checks and balances upon powers of an AO to do fishing and roving inquiries in cases selected for limited scrutiny. Further, the guidelines for proper maintenance of order sheets have been given in the Manual of Office Procedure issued by the Directorate of Organisation and Management Services. The Manual clearly lays down that the minutes of the hearing must be entered with date, in the ordersheet and to record entries for each posting, hearing and seeking and granting of adjournments. Instances have come to of CBDT where some Assessing Officers are traveled beyond their jurisdiction while making assessments in Limited Scrutiny cases by initiating inquiries on new issues without complying with mandatory requirements of the relevant CBDT Instructions. In view of discussion in the preceding paragraphs it is once again reiterated that the Assessing Officers should abide by the instructions of CBDT while completing limited scrutiny assessments and should be scrupulous about maintenance of note sheets in assessment folders.

## 3. CBDT extends date till 31.03.18 for linking of Aadhaar with PAN

Ministry of Finance vide Press Release dated 8<sup>th</sup> December, 2017 has extended the date of linking of Aadhar with PAN till 31.03.2018.

Under the provisions of recently introduced section 139AA of the Income-tax Act, 1961 (the Act), with effect from 01.07.2017, all taxpayers having Aadhaar Number or Enrolment Number are required to link the same with Permanent Account Number (PAN). In view of the difficulties faced by some of the taxpayers in the process, the date for linking of Aadhaar with PAN was initially extended till 31st August, 2017 which was further extended upto 31st December, 2017.

It has come to notice that some of the taxpayers have not yet completed the linking of PAN with Aadhaar. Therefore, to facilitate the process of linking, it has been decided to further extend the time for linking of Aadhaar with PAN till 31.03.2018.

## 4. CBDT issues Clarification on Indirect Transfer provisions in case of redemption of share or interest outside India under the Income-tax Act, 1961

CBDT has issued Clarification on Indirect Transfer provisions in case of redemption of share or interest outside India under the Income-tax Act, 1961. Concerns have been expressed by investment funds, including private equity funds and venture capital funds. That on account of the extant indirect transfer provisions in the Act, non-resident investment funds investing in India, which are set up as multi-tier investment structures, suffer multiple taxation of the same income at the time of subsequent redemption or buyback. Such taxability arises firstly at the level of the fund in India on its short term capital gain / business income and then at every upper level of



investment in the fund chain on subsequent redemption or buyback. The matter has been examined by the Board and it has been decided that the provisions of section 9(1)(i) of the Act read with Explanation 5 thereof shall not apply in respect of income accruing or arising to a non-resident on account of redemption or buyback of its share or interest held indirectly (i.e. through upstream entities registered or incorporated outside India) in the specified funds if such income accrues or arises from or in consequence of transfer of shares or securities held in India by the specified funds and such income is chargeable to tax in India.

http://www.incometaxindia.gov.in/communications/circular/circular28\_2017.pdf

## 5. Revise TRAN-I by 27.12.2017 if claimed wrong transitional Input credit

Ministry of Finance vide Press Release dated 12<sup>th</sup> December, 2017 has announced that Taxpayers who have claimed transitional credit erroneously are advised to avail of the opportunity to revise Form TRAN-1 by 27th December, 2017 and ensure that only correct and bonafide credit is availed in transition, failing which the tax administration would be constrained to initiate audit and enforcement action against the identified units.

# 6. Extension of deadline till 31.3.18 for submission of Aadhaar number, and Permanent Account Number or Form 60 by client to the reporting entity

Ministry of Finance vide Press Release dated 13<sup>th</sup> December, 2017, it has been decided to notify 31st March, 2018 or six months from the date of commencement of account based relationship by the client, whichever is later, as the date of submission of the Aadhaar number, and Permanent Account Number or Form 60 by the clients to the reporting entity/Bank. http://www.egazette.nic.in/WriteReadData/2017/180832.pdf

7. CBEC eases the norms for furnishing security / surety alongwith Bank Guarantee / bond by importers seeking to avail concessional duty benefit in terms of Customs (Import of Goods at Concessional Rate of Duty) Rules 2017 CBEC eases the norms for furnishing security / surety alongwith Bank Guarantee / bond by importers seeking to avail concessional duty benefit in terms of Customs (Import of

Goods at Concessional Rate of Duty)Rules 2017. Accordingly, all importers who are manufacturers / service providers registered under GST and have been filing prescribed GST returns without fail and whose annual turnover in preceding year is above Rs. 1 Cr, shall give surety for the amount of duty foregone and where they are unable to do so, a Bank Guarantee / Cash security equivalent to not more than % of duty foregone shall be furnished and for all other cases, importers have to furnish Bank Guarantee / Cash security equivalent to not more than 5% of duty foregone amount. Further, to avail this exemption, there should not have been initiated or launched any prosecution against the importer under any of the Act in past three years.

http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2017/circ48-2017cs.pdf

8. CBDT notifies Income Tax (25<sup>th</sup> Amendment) Rules, 2017 w.r.t. non delivery of communication to the address available with the Income Tax Authorities, in such case the communication to be delivered or transmitted to the following address available with the Bank or the Post Master General or Insurance Company or the address of the assessee as furnished in Form No.61 or Form No.61A.

CBDT has notified the Income Tax (25th Amendment) Rules, 2017 which shall come into force from the date of their publication in the Official Gazette. A new proviso shall be inserted after Rule 127 (2) to deal with the situations where the communication cannot be delivered or transmitted to the address available with the Income Tax Authorities. In such situations, the communication shall be delivered or transmitted to the following address available with the Bank or the Post Master General or Insurance Company or the address of the assessee as furnished in Form No.61 or Form No.61A or the address of the assessee as available in the records of the Government or the address of the assessee as available in the records of a local authority.

http://www.incometaxindia.gov.in/communications/notification/notification/98-2017.pdf



# 9. CBEC notifies the amended Central Goods and Services Tax (Thirteenth Amendment) Rules, 2017 w.r.t. revision of GST Returns and forms to have some additional information's.

CBEC has notified the amended Central Goods and Services Tax (Thirteenth Amendment) Rules, 2017 which shall come into force on the date of their publication in the Official Gazette. The amendments are being carried out to revised the GST Returns and Forms to have some additional information's. The FORM GSTR-1 is being revised to include the details w.r.t Zero rated supplies and Deemed Exports; FORM GST RFD-01, to have new Statement 1A, w.r.t ITC accumulated due to inverted tax structure; FORM GST RFD-01A to have revised declaration. Stakeholders are requested to use revised forms only.

#### 10. Govt Extends Due Date for Filing FORM GST CMP-03

Central Government has extended the time limit for intimation of details of stock held on the date preceding the date from which the option for composition levy is exercised in FORM GST CMP-03 to 31st January 2018.

## 11. GST: Due Date for Filing Return for Input Tax Credit is 31st January

Central Government has notified the extension of time limit for making declaration GST ITC-01 to avail Input Tax Credit till the 31st day of January 2018.

## 12. GST: Non-Resident Tax Payers Can File Returns Till 31st January, 2018

Central Government has notified January 31 as the time limit for furnishing the return for the months July to December by a non-resident taxable person in FORM GSTR-5 under the Goods and Services Tax laws.

#### 13. Extension of date for filing return in FORM GSTR-1

The last date for filing of return in FORM GSTR-1 for all taxpayers for the relevant periods, as shown in the Table below, has been extended to 10th January, 2018.

| Class of          | Return     | Previous  | Revised   |
|-------------------|------------|-----------|-----------|
| Taxpayer          |            | last date | last date |
| Registered        | Quarterly  | 31st      | 10th      |
| persons having    | return in  | December, | January,  |
| Aggregate         | FORM       | 2017      | 2018      |
| turnover of up to | GSTR-1 for |           |           |
| 1.5 crore rupees  | July –     |           |           |
| in the preceding  | September, |           |           |
| financial         | 2017       |           |           |
| year or the       |            |           |           |
| current financial |            |           |           |
| year              |            |           |           |
| Registered        | Monthly    | 31st      | 10th      |
| persons having    | returns in | December, | January,  |
| aggregate         | FORM       | 2017      | 2018      |
| turnover of       | GSTR-1 for |           |           |
| more than 1.5     | July-      |           |           |
| crore rupees in   | October,   |           |           |
| the preceding     | 2017       |           |           |
| financial year    |            |           |           |
| or the current    |            |           |           |
| financial year    |            |           |           |

## 14. Government Notifies Due Dates for Filing GST Returns (Aggregate Turnover of Upto Rs. 1.5 Crore)

Government has notified the last dates for filing returns under GST regime. Registered persons having aggregate turnover of upto 1.5 crore rupees shall file monthly return in form GSTR-1 for the period July-Sep, 17 before 10 Jan, 18; for Oct-Dec, 17 before 15 Feb, 18; Jan-March, 18 before 30 April, 18.

## 15. Government Notifies Due Dates for Filing GST Returns (Aggregate Turnover More Than Rs. 1.5 Crore)

Last dates for filing GST returns for persons having aggregate turnover of more than 1.5 crore rupees shall file monthly return in form GSTR-1 for the period July-Nov, 17 before 10 Jan 2018; for Dec, 17 before 10 Feb 2018; for Jan, 18 before 10 Mar 2018; for Feb, 18 before 10, April 2018; for Mar, 18 before 10 May 2018.



16. GST E-Way Bill Rules Are Applicable From 1st February
Central Government has notified 1st February 2018 as due date

for implementing E-Way Bill Rules under the Goods and Services Tax (GST) regime.

17. Government Waives Late Fee for Delay in Furnishing GSTR-4

Central Government has waived the late fee payable u/s 47 of the CGST Act, by any registered person for failure to furnish the return in FORM GSTR-4 by the due date, which is in excess of an amount of twenty five rupees for every day during which such failure continues.

18. Government Notifies CGST (Fourteenth Amendment) Rules, 2017

Government has notified Central Goods and Services Tax (Fourteenth Amendment) Rules, 2017, according to which Unique Identity Number in accordance with the provisions of Section 25(9) granted to a person on registering with the GST shall be applicable to the territory of India.

#### 19. Lok Sabha Passes GST (Compensation to States) Amendment Bill 2017

Lok Sabha has passed Goods and Services Tax (Compensation to States) Amendment Bill 2017. The bill seeks to increase maximum rate at which Compensation Cess can be levied from 15 to 25% on motor vehicles for transport of not more than 13 persons, including the driver.

20. Cessation of 8 % GOI Savings (Taxable) Bonds, 2003 with effect from the close of banking business on Tuesday, the 02nd January, 2018.

The Government of India (GoI) vide Press Release dated 1st

January, 2018 has announced that 8% GOI Savings (Taxable) Bonds, 2003 shall cease for subscription with effect from the close of banking business on Tuesday, the 02nd January, 2018.



## 1. Registrar of Corporate Societies, Government of Delhi mandates for all societies to have their own website

The Registrar of Corporate Societies, Government of Delhi has made mandatory for all societies to have their own website. This taken Delhi step is by Government to enhance Transparency level between society and its stakeholders and to ultimately reduce the litigation. Further, every such registered corporate society shall upload / update various information on regular basis including Membership Details like Name, Father's Name, Address, Contract Number and Membership Number, Annual Audit Reports, Annual Returns, Election and Details of Management Committee including mobile number and email id, AGM and Other Resolutions, SGM meeting resolution, MC meeting resolution, Public Notice etc. All societies are also instructed to submit website details and url of the website to the department.

#### 2. DGFT notifies the revised Foreign Trade Policy 2015-2020

The DGFT has notified the revised Foreign Trade Policy 2015-2020 which shall come into force from 05-12-2017. The revised provides impetus to specified labour intensive industries, such as, Textile, leather, agriculture, carpets, marine-products, etc., and also specified service sectors, by way of providing enhanced benefits under the \*Merchandise Export from India Scheme (MEIS) and the Service Export from India Scheme(SEIS). The major key points includes SEIS Rate has been increased from 5% to 7% for export of Professional Services, R&D Services, Rental & Leasing services, Business services, Tourism related services, Recreational, Cultural, and Sporting services, Transport services, Construction and related Engineering services, Educational services, and Health related and Social services. Notified SEIS Rate would be valid till 31.03.2018. It will be revised and announced at later point of time. Installation certificate has to be obtained from the jurisdictional Customs Authorities instead of Central Excise Authorities, or from the Independent Chartered Engineer, at the option of the EPCG Holder. Further, the Scope of 'Deemed exports' for the purpose of the FTP and the GST is explained.

## 3. Sale (re-issue) of the Government of India Floating Rate Bonds and Stocks

The Government of India has announced the Sale (re-issue) of (i) "Government of India Floating Rate Bonds 2024" for a

notified amount of Rs.3000 crore (nominal) through price based auction, (ii) "6.79 per cent Government Stock, 2027" for a notified amount of `8,000 crore (nominal) through price based auction, (iii) "7.73 per cent Government Stock 2034" for a notified amount of Rs. 2,000 crore (nominal) through price based auction, (iv) "6.62 per cent Government Stock, 2051" for a notified amount of Rs. 2,000 crore (nominal) through price based auction. Subject to the limit of Rs. 15,000 crore, being total notified amount, GoI will have the option to retain additional subscription up to Rs.1,000 crore against any of the above security. The auctions will be conducted using multiple price method. The auctions will be conducted by the Reserve Bank of India, Mumbai Office, Fort, Mumbai on December 22, 2017 (Friday).

Up to 5% of the notified amount of the sale of the stocks will be allotted to eligible individuals and Institutions as per the Scheme for Non-Competitive Bidding Facility in the Auction of Government Securities.

Both competitive and non-competitive bids for the auction should be submitted in electronic format on the Reserve Bank of India Core Banking Solution (E-Kuber) system on

December 22, 2017. The non-competitive bids should be submitted between 10.30 a.m. and 11.30 a.m. and the competitive bids should be submitted between 10.30 a.m. and 12.00 noon.

The result of the auctions will be announced on December 22, 2017 (Friday) and payment by successful bidders will be on December 26, 2017 (Tuesday).

The Stocks will be eligible for "When Issued" trading in accordance with the guidelines on 'When Issued transactions in Central Government Securities' issued by the Reserve Bank of India vide circular No. RBI/2006-07/178 dated November 16, 2006 as amended from time to time.

#### 4. Labour Law Reforms

The Ministry has taken a number of legislative initiatives in labour laws during the last 3 years. Some of the important initiatives are as follows:-

Amendment to the Payment of Bonus Act, 1965 by which eligibility limit for payment of bonus enhanced from Rs. 10000/- to Rs. 21000/- per month and the Calculation Ceiling from Rs. 3500/- to Rs. 7000/- or the minimum wages.



- ➤ Payment of Wages (Amendment) Act, 2017 enabling payment of Wages to employees by Cash or Cheque or crediting it to their bank account.
- ➤ Child Labour (Prohibition and Regulation) Amendment Act, 2016 provides for complete ban on employment of children below 14 years in any occupation or process.
- Maternity Benefit Amendment Act, 2017, increases the paid maternity leave from 12 weeks to 26 weeks.
- ➤ The Employee Compensation (Amendment) Act, seeks to rationalize penalties and strengthen the rights of the workers under the Act.
- Ministry has notified "Ease of Compliance to maintain Registers under various Labour Laws Rules, 2017" on 21st February 2017 which has in effect replaced the 56 Registers/Forms under 9 Central Labour Laws and Rules made there under in to 5 common Registers/Forms. The number of forms provided under 3 Central Acts/Rules has been reduced from existing 36 to 12. The register can also be maintained in digitised manner. This will save efforts, costs and lessen the compliance burden by various establishments.
- A Model Shops and Establishments (RE&CS) Bill, 2016 has been circulated to all States/UTs for adoption with appropriate modification. The said Bill inter alia provides for freedom to operate an Establishment for 365 days in a year without any restriction on opening/closing time and enables employment of women during night shifts if adequate safety provisions exist.
- A category i.e. Fixed Term Employment has been introduced under Industrial Employment (Standing Orders) Act, 1946 to impart flexibility to an establishment to employ people in case of Apparel Manufacturing Sector to meet the fluctuating demands of the sector due to its seasonal nature.

#### 5. An Online Facility offered for Covering of Indians Working Abroad Under EPFO

Ministry of Labour and Employment vide Press Release dated 20<sup>th</sup> December, 2017 has launched an online facility to obtain Certificate of Coverage (COC) by EPFO.

This facility is available to Indian workers who are deputed by their employer to the countries with whom India has entered into a Social Security Agreement (SSA) and they take Certificate of Coverage (COC) from Employees' Provident Fund Organization (EPFO).

India has entered into Social Security Agreements (SSAs) with 18 countries, namely:-

- (i) Australia, (ii) Austria, (iii) Belgium, (iv) Canada, (v) Czech Republic,
- (vi) Denmark, (vii) Finland, (viii) France, (ix) Germany, (x) Hungary, (xi) Japan,
- (xii) Republic of Korea (South Korea), (xiii) Luxembourg, (xiv) Netherlands,
- (xv) Norway, (xvi) Portugal, (xvii) Sweden and (xviii) Switzerland.

#### 6. Amendment in Maternity Benefit Act

Ministry of Labour and Employment vide Press Release dated 20<sup>th</sup> December, 2017 has announced the amendment in Maternity Benefit Act - The working women already on maternity leave are entitled to enhanced maternity leave subject to fulfillment of other conditions.

As per the Maternity Benefit (Amendment) Act, 2017, it has been made mandatory for the establishments employing 50 or more employees to provide crèche facility, either separately or along with common facilities within a prescribed distance.

#### 7. Exposure Draft of Framework Governing Internal Audits

The Internal Audit Standards Board of The Institute of Chartered Accountants of India (ICAI) has issued the proposed Framework Governing Internal Audits. The proposed framework shall provide the required clarity on key components of the audit activity and helps aggregate all aspects of the internal audit process in a cohesive manner thereby ensuring standardisation of key requirements governing internal audit assignments.

http://www.dhc.co.in/uploadedfile/1/2/-1/ICAI%20-%20ED%20on%20framework%20governing%20Internal%2 0Audit.pdf



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