

RBI

MFIs allowed to fix interest on their loans - Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 from April 1, 2022

- RBI has allowed microfinance lenders to fix interest rates on loans with a rider that those should not be usurious for the borrowers.
- Each regulated entity (RE) should put in place a board-approved policy regarding the pricing of microfinance loans and disclose pricing-related information to a prospective borrower in a standardized simplified factsheet.
- Further, a fair practice code (FPC) based on these directions shall be put in place by all REs with the approval of their boards.

The directions shall apply to all Commercial Banks (including Small Finance Banks, Local Area Banks, and Regional Rural Banks) excluding Payments Banks; All Primary (Urban) Co-operative Banks/ State Co-operative Banks/ District Central Co-operative Banks; and All Non-Banking Financial Companies (including Microfinance Institutions and Housing Finance Companies).

SEBI

SEBI disallows new mandates for pooled accounts to transact in units of mutual funds Existing mandates used for Mutual Fund transactions can continue to remain in the name of stockbrokers/clearing members.

- Existing mandates can continue to remain in the name of the stockbrokers/clearing members, subject to Stock Exchanges/ Clearing Corporations ensuring that Payment Aggregators (“PA”) have in place mechanisms wherein beneficiary of the mandate can only be an Approved Account (which shall only be the bank account of the Clearing Corporation) such that PA shall directly credit the monies collected from the bank account of the investor only into an Approved Account, and
- PA shall not act on instructions of the stockbrokers/clearing members to alter or modify the list of Approved Accounts and in no case, the monies shall be credited to the bank account of the stockbrokers/clearing members.

Further, here “Mandate” refers to an instrument, authorization, or order in any form, including electronic means, to effect a payment by a person for the purpose of mutual fund investment; and Payment Aggregators refers to Payment Aggregators authorized/permitted by RBI and scheduled commercial banks acting in the capacity of Payment Aggregators.

Listed entity are now allowed to appoint separate persons to the post of Chairperson and the Managing Director or the Chief Executive Officer

- The listed entity may appoint separate persons to the post of the Chairperson and the Managing Director or the Chief Executive Officer, such that the Chairperson shall be a non-executive director; and not be related to the Managing Director or the Chief Executive Officer as per the definition of the term “relative” defined under the Companies Act, 2013.
- The Amendment is brought under Schedule II, in PART E which deals with discretionary requirements in which a new clause D has been inserted to provide Separate posts of Chairperson and the Managing Director or the Chief Executive Officer in a listed company.

SEBI has developed a revised harmonized four-level industry classification framework for adoption by all stakeholders and for all relevant processes/ purposes in the Indian securities market.

- It is a harmonized four level industry classification framework for adoption by the stakeholders for issue and listing of Non-Convertible Securities, Securitized Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Papers
- A standardized framework will help bring about uniformity in the classifications being used across sectors as of date.
- It is provided that Post listing of securities, the issuer shall submit information to any of the stock exchanges where their securities are listed on a periodical basis (within 30 days from the end of the financial year) and/ or ‘as and when basis (event-based), as applicable.
- The stock exchange shall indicate the format of filing to the issuers in this regard. The provisions of this circular shall be applicable to all issuances of debt securities, which open, on or after April 1, 2022.

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SEBI approval is now mandatory for change in sponsor / of AIF before filing such changes / application in NCLT

- To streamline the process of approval to the proposed change in control of the Sponsor and/or Manager of the AIF involving scheme of arrangement which needs sanction of National Company Law Tribunal ("NCLT") it has been decided that such "approval in principle" will first need to be obtained from SEBI before the application is submitted to the NCLT seeking its approval
- The validity of such in-principle approval shall be 3 months from the date of issuance, within which the relevant application shall be made to NCLT.
- Within 15 days from the date of order of NCLT, the applicant shall submit the prescribed documents to SEBI for its final approval.

SEBI allows legal heirship certificate to be treated as acceptable document for transmission of securities

- Legal Heirship Certificate or its equivalent certificate issued by an approved Government authority will be an acceptable document for transmission of securities.
- The existing threshold limit for simplified documents has been revised from Rupees Two Lakhs to Rupees Five Lakhs for securities held in physical mode per listed issuer and Rupees Five Lakhs to Rupees Fifteen Lakhs for securities held in dematerialized mode for each beneficiary account.

TAX

CBDT notifies Late Fees for Delayed / Non Linking of PAN with Aadhar which ranges from INR 500 to INR 1000

In order to mitigate the inconvenience to the taxpayers, as per Notification No.17/2022 dated March 29, 2022, a window of opportunity has been provided to the taxpayers upto March 31, 2023 to intimate their Aadhaar to the prescribed authority for Aadhaar-PAN linking without facing repercussions. As a result, taxpayers will be required to pay a fee of Rs. 500 up to three months from April 1, 2022 and a fee of Rs.1000 after that, while intimating their Aadhaar.

CBDT issues Circular to explain all provisions related to deduction of Tax at Source (TDS) on Salary or Income Tax Payable on Salary for the FY 2021-22/AY 2022 – 23

- The present Circular contains the rates of deduction of Income-tax from the payment of income chargeable under the head "Salaries" during the financial year 2021-22 and explains certain related provisions of the Act and Income-tax Rules, 1962.
- All the sections and rules referred to are of Income-tax Act, 1961 and Income-tax Rules, 1962 respectively unless otherwise specified.
- As per Section 192 (1) of the Act, any person responsible for paying any income chargeable under the head "Salaries" shall, at the time of payment, deduct income-tax on the amount payable at the average rate of income-tax computed on the basis of the rates in force for the financial year in which the payment is made, on the estimated income of the assessee under the head of Salary income for that financial year.
- The section also provides that a person responsible for paying any income chargeable under the head "Salaries" shall furnish to the person to whom such payment is made a statement giving correct and complete particulars of perquisites or profits in lieu of salary provided to him and the value thereof.

Consequences of non-linking PAN with Aadhar applicable from April 1, 2023

CBDT vide its order Notifies April 1, 2023, as the specified date for the purpose of the proviso to sub-rule (2) of rule 114AAA of the Income-tax Rules, 1962. As per this proviso Where a person, whose permanent account number (PAN) has become inoperative due to non linking with Aadhaar under sub-rule (1) of Rule 114AAA, is required to furnish, intimate or quote his permanent account number under the Act, it shall be deemed that he has not furnished, intimated or quoted the permanent account number, as the case may be, in accordance with the provisions of the Act, and he shall be liable for all the consequences under the Act for not furnishing, intimating or quoting the permanent account number.

OTHER

FDI Policy amended to permit foreign investment in LIC to 20% under automatic route

- Foreign investors are now permitted to invest in LIC, which is India's biggest life insurance company, up to 20% ("twenty percent") of its paid-up share capital without any approvals from Government of India.
- The Press Note also stipulates the following (key) conditions for FDI in LIC:
 - a) Foreign investment in LIC shall be subject to compliance with the applicable provisions of the LIC Act and Insurance Act, 1938; and
 - b) If there is any increase in foreign investment in an Indian insurance company, then it shall be in accordance with the pricing guidelines specified by Reserve Bank of India under the respective Foreign Exchange Management (FEMA) Regulations.

Validity of Foreign Contribution Regulation Act (FCRA) registration of NGO extended till June 30, 2022

- NGOs for whom 5 years FCRA approval validity period is expiring between April 1, 2022 - June 30, 2022, and who have applied for renewal, the validity will stand extended up to June 30, 2022 or till the date of disposal of the renewal application, whichever is earlier.
- The validity of registration certificates of such entities whose validity was extended till March 31, 2022, in terms of the Public Notice dated December 31, 2021, and whose renewal application is pending will stand further extended till June 30, 2022, or till the date of disposal of the renewal application, whichever is earlier.