

Highlights

- MCA constitutes High Level Committee to suggest measures for monitoring of implementation of CSR policies
- MCA amends the Companies (Registration Offices and Fees) Rules, 2014
- MCA amends definition of small company and Section 185
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Corporate Brief

➤ *MCA constitutes High Level Committee to suggest measures for monitoring of implementation of CSR policies*

MCA has constituted a High Level Committee under the Chairmanship of Shri Anil Bajjal, Former Secretary, Government of India, to suggest measures for monitoring the progress of implementation of Corporate Social Responsibility (CSR) policies by companies at their level and by the Government under the provisions of Section 135 of the Companies Act, 2013 and Rules thereunder. The Committee has been directed to submit its report within six months from the date of holding of its first meeting. [See MCA Notification F.No. 05/09/2014-CSR dated February 03, 2015]

➤ *MCA amends the Companies (Registration Offices and Fees) Rules, 2014*

MCA has amended the Companies (Registration Offices and Fees) Rules, 2014 ('the Rules') by inserting sub-rule (7) after sub-rule (6) in Rule 10 of the Rules. Sub-Rule (7) provides that any information or document called for, in respect of application or e-form or document, filed electronically with the Ministry of Corporate Affairs shall be furnished in Form GNL-4 as an addendum. MCA has also inserted Form GNL-4 as an annexure to the Circular.

[See MCA Notification F.No. 01/16/2013 (Part-I)CL-V dated February 24, 2015]

➤ *MCA amends definition of small company and Section 186*

MCA has revised the definition of small companies by amending Clause (85) of Section 2 of the Companies Act 2013 ('The Act'). Under new norms, a company (other than a public company) is qualified as 'small companies' if it satisfies the following conditions, namely: (a) paid-up share

capital of which does not exceed fifty lakh rupees or such higher amount as notified; and (b) turnover of which, as per its last profit and loss account, does not exceed two crore rupees or such higher amount as prescribed. Earlier a company meeting any of the above conditions would have qualified as a small company.

Section 186(11)(b) of the Act has also been amended to insert 'acquisition of securities made by a banking company or an insurance company or a housing finance company, in the ordinary course of its business'. The items specified in sub-section (11) of section 186 of the Act are exempt from complying with the requirements of Section 186, except sub-section (1). Section 186 of the Act deals with 'Loan and Investment by company'. [See MCA Order F.No. 1/13/2013-CL.V-Part dated February 13, 2015]

➤ *RBI enables reporting under FDI Scheme on the e-Biz Platform*

RBI has, with a view to promote the ease of reporting of transactions under FDI, enabled the filing of the following returns with the RBI, under the aegis of the e-Biz project of the Government of India, viz. (1) Advance Remittance Form used by the companies to report the FDI inflows to RBI; and (2) FCGPR Form which a company submits to RBI for reporting the issue of eligible instruments to the overseas investors against the above mentioned FDI inflow. The reporting platform enables the customer to login into e-Biz portal, download the reporting forms and upload the completed form onto the portal using their digitally signed certificates. The Authorised Dealer Banks (ADs) will be required to download the completed forms, verify the contents from the available documents and upload the same for RBI to process. The reporting services shall be operational on the e-Biz Platform from February 19, 2015. [See A.P.(Dir Series) Circular No. 77 dated February 12, 2015]

➤ *RBI amends norms for investments by FPIs*

RBI has notified that Foreign Portfolio Investors (FPIs) will be permitted to invest in government securities, the coupons received on their existing investments in government securities. These investments shall be kept outside the applicable limit (currently USD 30 billion) for investments by FPIs in government securities. [See A.P. (DIR Series) Circular No. 72 dated February 05, 2015]

RBI has notified that all future investments by FPIs in corporate bonds will be required to be made with a minimum residual maturity of three years. Earlier FPIs were permitted to invest in Government securities with a minimum residual maturity of three years and no such condition was stipulated

for their investment in corporate bonds. [See A.P. (DIR Series) Circular No. 71 dated February 03, 2014]

➤ **RBI permits greater flexibility to residents borrowing in foreign currency**

RBI has permitted eligible residents to re-enter into fresh FCY-INR swap to hedge long-term foreign currency borrowings, on cancellation of the swap contract, with a view to provide greater flexibility to the residents borrowing in foreign currency. The re-entry of swaps is allowed only in cases where the underlying borrowing is still surviving and can be made only after the expiry of the tenor of the original swap contract that had been cancelled. [See A.P.(Dir Series) Circular No. 78 dated February 13, 2015]

➤ **RBI dispenses with the requirement of submitting requests to AD Bank for making payments towards imports**

RBI has decided to dispense with the requirement of submitting request in Form A-1 to AD Category-I Banks for making payments towards imports into India. However AD Category-I may need to obtain all the requisite details from the importers and satisfy itself about the bonafides of the transactions before effecting the remittance. Earlier persons, firms and companies making payments exceeding USD 5000 or its equivalent towards imports into India were required to make application in Form A-1. [See A.P.(Dir Series) Circular No. 76 dated February 12, 2015]

➤ **RBI tightens monitoring of advance received for exports**

RBI has observed that there is substantial increase in the number and amount of advances received for exports remaining outstanding beyond the period stipulated in the Foreign Exchange Management (Export of goods and services) Regulations, 2000 and amendments made therein, on account of non-performance of such exports and advised AD Category-1 banks to efficiently follow up with the concerned exporters in order to ensure that export performance are completed within the stipulated time period. RBI further reiterated that AD Category-1 Banks should exercise proper due diligence and ensure compliance with KYC and AML guidelines so that only bonafide export advances flow into India. Doubtful cases and instances of chronic defaulters may be referred to Directorate of Enforcement (DoE) for further investigation. A quarterly statement indicating details of such cases may be forwarded to the concerned Regional Offices of RBI within 21 days from the end of each quarter. [See A.P. (DIR Series) Circular No. 74 dated February 09, 2015]

➤ **RBI enhances the limit of Liberalized Remittance Scheme**

RBI, in its sixth bi-monthly Monetary Policy Statement 2014-15, enhanced the limit under Liberalized Remittance Scheme from USD 125,000 to USD 250,000 per person per year. [See RBI Press Release: 2014-2015/1619 dated February 03, 2015]

➤ **RBI notifies on FDI in Pharmaceuticals sector**

RBI has notified amendments in Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000 in consonance with Press Note No. 2 (2015 Series) dated January 6, 2015 issued by DIPP. The extant Foreign Direct Investment Policy on Pharmaceutical Sector has been reviewed and it has been decided to provide for special carve out for medical devices which was earlier given the same treatment as pharmaceutical sector. [See A.P. (DIR Series) Circular No. 70 dated February 02, 2015]

➤ **Notification of the Indian Insurance Companies (Foreign Investment) Rules, 2015**

Ministry of Finance, Government of India, has notified the Indian Insurance Companies (Foreign Investment) Rules, 2015 ('Rules'). Highlights of the Rules are as follows: (a) Foreign equity investment cap of 49 percent will be applicable to all Indian insurance companies; (b) Indian insurance companies shall ensure that ownership and control shall remain at all times in the hands of resident Indian entities; (c) The foreign equity investment cap of 49% shall also apply to insurance brokers, third party administrators, surveyors and loss assessors and other insurance intermediaries appointed under the provisions of IRDS Act, 1999; (d) FDI proposals up to 26% of the total paid up equity of the Indian insurance company shall be allowed on the automatic route, and FDI proposals which take the total foreign investment above 26% and up to the cap of 49% shall require FIPB approval; and (e) Any increase of foreign investment of an Indian insurance company shall be in accordance with the pricing guidelines specified by RBI under FEMA. [See Print Release, Press Information Bureau, Government of India, Ministry of Finance dated February 20, 2015]

➤ **Proposal to amend the Apprenticeship Rules, 1992**

Ministry of Labour and Employment has proposed amendments in the Apprenticeship Rules, 1992 ('Draft Rules') in light of the amended Apprentices Act, 1961 ('the Act') and notified draft apprenticeship rules. Highlights of the Draft

Rules are: (a) As non-engineering graduates and diploma in non-engineering have been allowed to undergo apprenticeship training under the Act. Draft Rules have defined the terms 'Non-engineering graduate' and 'Diploma in non-engineering' and 'Optional trade apprentice'; (b) The existing rule defining timeline for submission of contract of apprenticeship is proposed to be repealed as time period for registration of contract has been given in the amended Act; (c) Draft Rules proposed to provide terms and conditions for employers engaging the apprentices in optional trade, such as (i) Age should be

minimum 14 years but more than 18 years for hazardous trade, (ii) Minimum 8th class pass from recognized school; (iii) Duration of training shall be of minimum 6 months and maximum of 2 years etc. [See *Print Release, Press Information Bureau, Government of India, Ministry of Labour and Employment dated February 13, 2015*]

➤ *Extension of date of filing of health products of Insurance companies on certification basis*

Insurance Regulatory and Development Authority has given a onetime extension up to 31.03.2015 to insurance companies for filing of products containing health benefits on certificate basis. IRDA has also notified that the filing of such products will strictly be limited to (a) Rural products, (b) Micro insurance products and (iii) package products (iv) Government sponsored insurance products and (v) Miscellaneous products only, where health is part of the cover/product. Products other than the above types shall be out of the scope of this onetime exercise. It has also been notified that the products if not filed on certification basis on or before 31.03.2015 shall be treated as withdrawn and cannot be sold in the market. [See *IRDA Circular Ref.2/IRDA/HLT/MISC(51)/2013-14 dated February 11, 2015*]

➤ *Updates on Competition Commission of India*

- a) CCI has cleared Ajay Singh's proposal to acquire a majority stake in SpiceJet.
- b) CCI has ordered a fresh probe against realty major DLF, finding the company to have prima-facie abused its dominant position in development and sale of residential units in Gurgaon. Owing to its dominant position, the company has imposed hidden costs and onerous conditions on the buyers by way of an Agreement which is extremely one-sided and biased.

c) CCI has cleared proposed deal that includes merger of seven companies into FMCG major Nirma saying that the deal may not raise anti-competition concerns in India. Further the deal involves demerger of the healthcare division of Nirma into Aculife Healthcare.

d) CCI has cleared the merger of ING Vysya Bank and Kotak Mahindra Bank, as the deal is not likely to have any appreciable adverse effect on competition in India.



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