

Highlights

- MHUPA issues draft Real Estate Agreement Rules
- Goods and Services Tax (GST) Bill passed in Parliament
- Commencement Notification of Bankruptcy Code, 2016
- Foreign investment in other Financial Services sector approved
- IRDAI issues Discussion Paper on "Listing of Indian Insurance Companies"
- SEBI notifies on Rupee denominated bonds issued overseas by Indian Corporates

Corporate Brief

➤ *MHUPA issues draft Real Estate Agreement Rules*

Ministry of Housing & Urban Poverty Alleviation has firmed up the Draft Agreement for Sales Rules, 2016 ('**Draft Rules**') to be applicable to the five Union Territories of Chandigarh, Andaman & Nicobar Islands, Daman & Diu, Dadra and Nagar Haveli and Lakshadweep. The Draft Rules prescribe a format of agreement for sale to be entered into by promoter and allottee in respect of sale of apartment/plot/building under the Real Estate (Regulation and Development) Act, 2016. Highlights of the Draft Rules are: (a) Rights and interests of allottee under the agreement for sale cannot be restricted or limited by any application letter, allotment letter, agreement or any other document signed by allottee prior to the execution and registration of such agreement for sale. (b) Total price stipulated in the agreement for sale should be inclusive of recovery of land, construction of common areas, internal development charges, external development charged, taxes, cost of providing electric wiring, fire detection and firefighting equipment in the common areas etc. (c) Agreement for sale shall stipulate that promoter cannot make alterations in the sanctioned plans, layout plans and specifications in respect of the apartment/plot/building without obtaining prior written consent of allottee. (d) Promoter shall confirm the final carpet area that has been allotted to the allottee after completion of construction of the building and grant of occupancy certificate. Upon such confirmation, promoter shall recalculate the total price payable for the carpet area. In case the reduction of the carpet area is within the defined limit, promoter shall refund the excess money paid by allottee within 45 days alongwith interest. In case of increase in the carpet area allotted to allottee, promoter shall demand the excess amount from the allottee. (e) After execution of agreement for sale, promoter shall not mortgage or create a charge on the apartment, plot or building. If such mortgage or charge is created, then such mortgage or charge shall not affect the right or interest of the allottee. (f) Agreement for sale shall clearly stipulate that timely delivery of possession of the apartment/plot/building is the essence of the agreement. (g) Date of delivery of possession of the apartment/plot/building shall be clearly stipulated in the

agreement for sale. [See Ministry of Housing and Urban Poverty Alleviation, Government of India Notification No. O-17034/18/2009-H (Vol X)/ FTS No. 16083, dated August 02, 2016]

➤ *Goods and Services Tax (GST) Bill passed in Parliament*

The Constitution (122nd Amendment) Bill, 2014 ('the GST Bill') has been passed by both the Houses of Parliament. Salient features of the GST Bill are: (a) All central and state level taxes and levies on all goods and services will be subsumed within an integrated tax having two components- a Central GST and a State GST. (b) An Integrated GST would be levied on inter-State supply (including stock transfers) of goods or service which will be collected by the Centre. (c) For an initial period of two years or as further extended on the recommendation of the GST Council, a non-vatable Additional Tax not exceeding 1% on inter-State supply of goods would be levied and collected by the Centre and assigned to the originating State. (d) A common threshold exemption would apply to both Central GST and State GST. (e) The Parliament may provide compensation to states for any loss of revenue from the introduction of GST, for a maximum of 5 years.

➤ *Commencement Notification of Bankruptcy Code, 2016*

Central Government has notified Sections 188 to 194 of the Insolvency and Bankruptcy Code, 2016 ('**The Code**'), to come into force from August 5th, 2016. Sections 188 to 194 of the Code deal with provisions related to establishment and incorporation of Insolvency and Bankruptcy Board of India ("**Board**"), constitution of the Board, powers of Chairperson of the Board etc.

Furthermore, Central Government has notified certain other sections of the Act to come into force from August 19th, 2016. The notified sections deal with provisions pertaining to powers of Central Government to issue directions and to make rules by notification, powers of Board to make regulations consistent with the Code, power of Board to delegate its powers and functions under this Code to any member or officer of the Board. [See MCA Notification F. No. 30/08/2016-Insolvency Section dated August 05, 2016 and MCA Notification MCA Notification F. No. 30/08/2016-Insolvency Section dated August 19, 2016]

➤ *Foreign investment in other Financial Services sector approved*

The Union Cabinet has approved amendment in the regulation for foreign investment in the Non-Banking Finance Companies (NBFCs) to enable inflow of foreign investment in 'Other Financial Services' (financial services

which are not specifically indicated in the FDI Policy) on automatic route provided such services are regulated by any financial sector regulators (RBI, SEBI, PFRDA etc.) or government agencies. Foreign investment in "Other Financial Services" which are not regulated by any regulators / government agency can be made on approval route. [See *Print Release, Press Information Bureau, Government of India, Cabinet, dated August 10th, 2016*]

➔ *IRDAI issues Discussion Paper on "Listing of Indian Insurance Companies"*

Insurance Regulatory and Development Authority of India has issued discussion paper on "Listing of Indian Insurance Companies" (**'the Discussion Paper'**). As per the regulatory framework in place in the insurance space, the insurance company can get its shares listed through offer for sale and a public issue for meeting the capital requirements. Highlights of the Discussion Paper are: (a) All General Insurance companies, including the standalone health and reinsurance, shall take steps to get their shares listed on completion of 8 years of operations. All Life Insurance companies shall take steps to get their shares listed on completion of 10 years of operations. All companies which have already exceeded the number of years of operations as indicated above shall initiate steps to ensure that they get their shares listed within a period of 3 years. (b) Indian Insurance companies meeting the above criteria shall file roadmap for IPO with the Authority within 45 days from the date of approval by the Board and initiate action for IPO in accordance with the roadmap within such period as may be approved by the Authority. [See *Discussion Paper on 'Listing of Indian Insurance Companies' issued by IRDAI dated August 11th, 2016*]

➔ *SEBI notifies on Rupee denominated bonds issued overseas by Indian Corporates*

SEBI has notified that the INR 244,323 crore Corporate debt limit for Foreign Portfolio Investors shall be redefined as the Combined Corporate debt limit for all foreign investments in Rupee denominated bonds issued both onshore and overseas by Indian corporate. Foreign investments in Overseas Rupee denominated bonds shall now be reckoned against the Combined Corporate debt limit of INR 244,323 crore. The criteria for foreign investments in Overseas Rupee denominated bonds shall be as defined by RBI from time to time. [See *SEBI Circular No. SEBI/HO/IMD/FPIC/CIR/P/2016/67 dated August 04, 2016*]



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