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## RBI Eases Norms for Foreign Investments in Debt

The Reserve Bank of India (RBI) on June 7th, 2018 published Circular A.P. (DIR Series) Circular N0.30 consisting of Single Master Form ("SMF") and Entity Master Form ("EMF") and A.P. (DIR Series) Circular 29 consisting of Part E - Form ECB 2 Return in an attempt to ease the investment norms for foreign portfolio investors in debt, especially into individual large corporates, a move that can help attract more overseas flows, arrest the recent fall in the rupee and boost demand for corporate bonds.

Foreign Portfolio Investment (FPI) are allowed to invest in various debt market instruments such as government bonds, treasury bills, state development loans and corporate bonds, but with certain limits and restrictions. The RBI increased the FPIs cap on investment in government securities to 30 per cent of the outstanding stock of that security, from 20 per cent earlier.

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## Cross Border Insolvency

On 20th June 2018 the Ministry of Corporate Affairs (MCA), Government of India has invited comments and views from stakeholders on introductory note and draft on Cross-Border Insolvency. The MCA is keen to introduce a globally accepted and well-recognised cross-border insolvency framework, fine-tuned to suit the needs of aspirational Indian economy. The Government has taken initiative for Cross-Border Insolvency within the Insolvency & Bankruptcy Code, 2016 (the Code) to provide a comprehensive legal framework. In order to strengthen the Insolvency and Bankruptcy Code, the government on Wednesday released a draft on cross-border insolvency that would help banks access overseas assets of a company undergoing resolution. Similarly, the Indian authorities will also be required to cooperate with foreign creditors to a domestic company.

The draft favours adoption of the UNCITRAL (United Nations Commission on International Trade Laws) model on dealing with cross-border insolvency. The UNCITRAL model law envisages a balance between liquidation and reorganisation of global companies going in for resolution. On the global scale, the UNCITRAL (United Nations Commission on International Trade Law) Model Law on Cross-Border Insolvency, 1997 (Model Law) has emerged as the most widely accepted legal framework to deal with cross-border insolvency issues while ensuring the least intrusion into the country's domestic insolvency law.

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