

CORPORATE BULLETIN



Centre Head: Amit Kashyap

JUDGMENTS

NCLT dismisses application as Petitioner fails to establish a contractual relationship with the corporate Debtor

Shree Pathology Laboratory v. Bigdream Ventures (P) Ltd., 2020 SCC OnLine NCLT 806

NCLT dismissed an application filed under Section 9 of IBC, 2016 against Bigdream Ventures Private Limited, Corporate Debtor, for initiating CIRP. The NCLT dismissed the application and found that petitioner was an unregistered partnership firm and, found that even though the bills/invoices were raised in the name of Arogyam Hospitals, there have been certain business relationships between the petitioner and the Corporate Debtor. Also, it was evident that the Invoices were not raised against the Corporate Debtor. The medical Council rules also prohibited such practice of referral fee on the commission basis and therefore such contracts were void and unenforceable contracts.

Entire purchase cannot be treated as a bogus purchase when there is evidence to establish that the payment was carried out through banking channel: ITAT_Hyderabad

Bhagatram Hyderabad v. Asst. Commissioner of Income Tax, 2020 SCC OnLine ITAT 345

Income Tax Appellate Tribunal, Hyderabad while dealing with the issue on accommodation entries and bogus purchases said that the Entire purchase cannot be treated as a bogus purchase when there is evidence

banking channel. In the present case, the assessee failed to prove the credit-worthiness of the individuals from whom the gold and ornaments were purchased. The Tribunal held that the CIT(A) was not justified to enhance the addition by treating the entire bogus purchases as the income of the Assessee.

NCLAT Delhi rejects Corporate Creditor's demand of payment of outstanding operational debt worth Rs 58 crores, after finding 'plausible contention' in debtor's arguments

Allied Silica Limited v. Tata Chemicals Ltd., Company Appeal (AT) (Insolvency) No. 1522 of 2019

The Appellant (Operational Creditor) and the Respondent (Corporate Debtor) entered into a Business Transfer Agreement (BTA) dated 7 April 2018 for the transfer of undertaking on a Slump Sale basis under Section 2(42-C) of the Income Tax Act, 1961 at a lump sum amount of Rs 123 Crores. The appellant contended that the Corporate Debtor had only transferred a sum of Rs 65 Crores and the remaining debt of Rs 58 Crores was unpaid. After examining the documents supplied by both the parties, the Tribunal found that the corporate debtor had raised issues before the receipt of demand notices which proved 'pre-existence' of dispute and there was a plausible contention in the Defence raised by the corporate debtor, which required further investigation.

Company providing service to member companies without consideration not liable to service tax under

Commissioner of Central Excise, Customs and Service Tax v. Cera Boards and Doors, Kannur Kerala, 2020 SCC OnLine SC 657

CESTAT allowed an appeal which involved the question that whether the appellant company was liable to pay service tax under the category of Business Auxiliary Service (BAS) or whether the activity of the appellant was not taxable under the principle of mutuality, being services provided to group/promoter companies. The Bench while allowing the appeal found that the companies have come together to share the resources and there was mutuality of interest of the promoters/member companies and that the show cause notice was not maintainable both on the principle of mutuality and on the fact of lack of consideration for such services alleged to have been rendered.

NCLAT Asks NCLT To Constitute A Two Member Bench To Dispose Matter In Conformity With SC Directions

Indison Agro Foods Ltd. v. Registrar & Anr. 727/2020

NCLAT bench comprising of Justice Bansi Lal Bhatt Justice Jarat Kumar Jain and Justice Ashok Kumar Mishra observed that the case was similar to the case of Sonu Cargo Movers (I) Pvt. Ltd. v. Union Of India (2019) where the Supreme court has ruled that the matter should be heard by a two member bench comprising of a Judicial and Technical member.

NCLAT Sets Aside NCLT's Order For Acquisition Of RICOH By Dharamshi- Jhunjhunwala Consortium

Kotak Investment Advisors Limited v. Krishna Chamadia &oth. WRIT PETITION LODGING NO. 3621 OF 2019

The NCLAT allowed appeal of Kotak Investment Advisors Limited (KIAL). The bench observed that

grace error was committed by the Resolution Professional in accepting the Resolution Plan of the Resolution Applicant. The Bench held that accepting the Resolution Plan after the other bids open is not justified and was misuse of the authority. Further, it was observed that the NCLT had heard the arguments and reserved the order but the final order was passed by a 2 member bench which was violation of natural justice principle as the maxim one who hears the matter must decide applies.

Calcutta HC Quashes NCLT Order Mandating Submission Of Record Of Default For Filing Sec 7 Applications

Univalue Projects Pvt. Ltd. v. The Union of India & Ors. W. P. No. 5595 (W) of 2020 And W.P. No. 5861 (W) of 2020

The court observed that the judgement of the NCLT was ultra vires and beyond its jurisdiction. The order seeks to limit the intent of the legislature behind Section 7(3) of IBC, which provides the category of documents to be filed under Section 7 of IBC. Reliance was also laid on Section 4 Of the Adjudicating Rules, 2016 and Regulation 8 of the CIRP Regulations, 2016 of the IBBI. Also, the contention of the NCLT regarding section 215 of IBC was rejected. The court concluded that the order affects the substantive rights of the financial creditor under IBC 2016 and goes beyond the statutory limitations of the Companies Act, 2013

NCLT appoints RP in insolvency plea against Anil Ambani for being personal guarantor in loans to RCOM, RITL

State Bank of India v. Anil D Ambani IA No. 1009 of 2020 in CP (IB) 916 (MB) of 2020

The National Company Law Tribunal, Mumbai has appointed Resolution Professional in a SBI unit's application for initiation of insolvency resolution process against Anil Ambani. Project Finance Strategic Business Unit of State Bank of India (Financial Creditor) had filed

orders under Section 97(3) of the Insolvency and Bankruptcy Code, 2016. In response to the application, Ambani informed the NCLT that while UV Asset Reconstruction Company Limited had submitted a Resolution Plan in the CIRP of RCOM, Reliance Digital Platform & Project Services Limited had submitted a resolution plan for RITL. After hearing the parties, NCLT perused the provisions of the IBC and observed that it was “fallacious” to assume that no action could be taken in the present case against the personal guarantor.

NEWS ALERTS

SEBI

Depositories to preserve records and documents for 8 years

SEBI vide circular dated August 18, 2020 has issued corrigendum to master circular to depositories to replace the minimum period to preserve records and document from 5 years to 8 years in order to align the SEBI (Depositories and Participants) Regulations, 2018 and Master Circular for Depositories, 2019. SEBI has further advised the depositories to make relevant amendments in the by-laws for proper implementation.

Procedure to handle scores complaints by stock exchange

SEBI vide circular dated August 13, 2020 has issued the guidelines to handle SCORES complaints by stock exchange and listed companies.

Key highlights of the circular are:

- The investors can either directly approach the listed company or via SCORES platform. In case the direct complaint is not redressed within 30 days, same can be forwarded to Designated Stock Exchange through SCORES

- The company is required to submit Action Taken Report (ATR) within stipulated time beyond which action can be taken against the company.
- Stock Exchanges have to levy a fine of Rs. 1000 per day per complaint pending beyond the stipulated time of 60 days.
- The case where either the listed company fails to pay the fine or submit ATR, the depositories have to freeze the shareholding of the promoters till the time conditions are fulfilled.
- The circular will be come in force from September 1, 2020.

Resources for trustees in mutual funds to monitor AMCs

SEBI vide circular dated August 10, 2020 has issued guidelines to help trustees monitor various activities of Asset Management Company (AMC). The trustees have to appoint an officer having the experience of 5 years in finance and finance related field that would be their employee and report them directly. The trustees also have to specify the scope of work of the officer to support their roles and responsibilities. SEBI further directed the trustees to have standing arrangement with independent firms for the purpose of audit and legal advice. The expenditure incurred for this purpose would be covered under the fees and expenditure of the trustees. The circular would be applicable from October 1, 2020.

Amendment to SEBI (International Financial Services Centre) Guidelines, 2015

SEBI vide circular dated August 7, 2020 has amended clause 4(2) of SEBI (IFSC) Guidelines, 2015 to add sub-clause 2A, 2B, 2C which deals with the eligibility and shareholding limit for clearing corporations desirous of operating in IFSC.

Following are the amendments:

- Sub-clause 2A specifies that any recognized stock exchange or clearing corporation of India or foreign jurisdiction are eligible to form a subsidiary to provide service of clearing corporations in IFSC and shall hold 51% of the paid up equity shares.
- Sub-clause 2B specifies that the remaining shares can be held by any person but it should not exceed 5% of the paid up equity shares. It further says that companies specified under this clause can hold 15% of the [aid up equity shares.

SEBI to recognize wholly owned subsidiaries of Stock Exchange to administer and supervise IAs

SEBI vide circular dated august 6, 2020 has decided to recognize wholly-owned subsidiaries of Stock Exchange to administer and supervise Investment Advisors (IAs) using its power under regulation 14 of SEBI (Stock Exchange and clearing corporations) regulation, 2018. The step has been taken considering the increasing number of advisors.

Key highlights of the circular are:

- The criteria for grant of recognition would be based on the eligibility of the parent entity. The parent entity should have been in existence for 15 years with the net worth of INR 200 crore and has nation-wide terminals. Moreover, it must have investor grievance mechanism including arbitration and Investor Service Centre (ISC) in at least 20 cities.
- The stock exchange for this purpose can either form a subsidiary or designate the existing subsidiary. The responsibilities must be included in the MoA, AoA and bye-laws of the subsidiary. They should also have adequate system to maintain and govern IAs including the infrastructure.
- The responsibilities of subsidiaries include supervision of IAs, grievance redressal for clients, administration and monitoring, etc.

- The Stock Exchanges who fulfill the criteria are eligible to submit their proposal till September 5, 2020 (within 30 days of circular).

Grievance resolution between listed entities and proxy advisors

SEBI vide circular dated August 4, 2020 has facilitated listed companies with grievance resolution against proxy advisors. Proxy advisors advice shareholders in exercise of their rights in company including voting recommendations an agenda which at times differs from the views of the listed company and leads to grievance. The listed entities can now approach SEBI and SEBI would examine the matter of non-compliance by proxy advisors under provisions of code of conduct laid down in regulation 24(2) read with 23(1) of SEBI (Research Analyst) Regulation, 2014.

Procedural Guidelines for Proxy Advisors

SEBI vide circular dated August 3, 2020 has released additional guidelines for proxy advisors that they need to comply other than Regulation 24(2) read with 23(1) of SEBI (Research Analyst) Regulations, 2014 which mandates them to abide by the Code of Conduct.

Key highlights:

- SEBI mandates the proxy advisors to formulate voting recommendation policies and give updates to their clients and companies regarding same and policies should be reviewed once in a year.
- If the view point of company and proxy advisors differ, the proxy advisors can either revise the recommendation in the addendum report or issue an addendum to the report with its remarks, as considered appropriate.
- The factual errors or material revisions in the report should be intimidated to the clients within 24 hours by the proxy advisors.
- The procedure to communicate the potential conflicts which might arise out of other business

proxy advisors.

- The rules will be applicable from September 1, 2020.

Shri G P Garg takes charge as executive director of SEBI

Shri G P Garg takes the charge of Executive Director by replacing Bhabita Rayudu. Garg was the chief general manager of SEBI prior to his promotion. He joined SEBI in the year 1994. He played a key role in establishment of National Institute of Securities Markets (NISM) including the setting up of art campus at Patalganga. He has also headed the departments like Treasury and Accounts, Facilities Management, Establishment, Office of Investor Assistance and Education and Central Public Information Office.

Amendment to Clause 19 of SEBI (IFSC) Guidelines, 2015

SEBI vide circular dated August 21, 2020 has amended the clause 19 of SEBI (International Financial Securities Centres) Guidelines, 2015 which deals with reporting of financial statements in consultation with the stakeholders with the aim to streamline the operations at IFSC.

Following are the amendments:

- Clause 19 mandates the entities that are either issuing or listing their debt securities in IFSC to prepare their statement of accounts in accordance with the IFRS/US GAAP/IND AS or accounting standards as per their place of incorporation. Earlier these entities were supposed to make statement of accounts as per the accounting standards.
- Furthermore, if the entity does not prepare its statement of accounts in accordance with the changed standards then they need to file a quantitative summary of difference in the national standards and IFRS in the relevant disclosure documents with the exchange.

- The provision clause specifies that alone the statement of difference will suffice in case the issue is targeted only to institutional investors. In this case a disclaimer has to be issued by the issuer stating that it has not quantified the effects of applying new standards to its financial information and investor can make their own judgment regarding the same.

Incorporation of clause 8(3) in SEBI (IFSC) Guidelines, 2015

SEBI vide circular dated August 21, 2020 added a new clause 8(3) in the SEBI (International Financial Securities Centre) Guideline, 2015. The clause specifies that both Indian and foreign entity are eligible to provide financial services in IFSC provided that they comply with the all the regulatory guidelines for such services mandated by the Board from time to time.

Extension of implementation time for proxy advisors

SEBI vide circular dated August 27, 2020 has extended that implementation of “Procedural Guidelines for Proxy Advisors” from September 1, 2020 to January 1, 2020, owing to the prevailing business and market conditions due to Covid-19 pandemic. Further, the circular on “Grievance Resolution between listed entities and proxy advisors” that was issued on August 4, 2020 would also be implemented from January 1, 2020.

Execution of Power of Attorney (PoA) by the Client in favour of the Stock Broker

SEBI vide circular dated August, 27, 2020 has specified that Power of Attorney is optional and not mandatory for availing broking or depository participant services. The step has been taken after observing that the guidelines issued earlier were not adhered and the PoA was obtained as a part of KYC and account processing and were further misused by the stock brokers by taking authorization of activities that were prohibited.

Key highlights of circular:

- PoA is optional and not a condition precedent for availing broking services.
- The executed PoA should be utilized only for purposes specified.
- For transfer of securities held in client's beneficial account towards the Stock Exchange related deliveries or obligations arising out of trade executed by client through same broker.
- For pledging or re-pledging of securities in favor of trading member/clearing member for meeting margin requirements of clients.
- For limited purposes specified in guidelines.
- Physical delivery instruction slip (DIS) is mandatory to be obtained by depositories for off-market transfer of securities and need to be signed by clients. One time Password (OTP) can also be used to obtain client's consent.
- The circular will be applicable from November 1, 2020.

TAX

Government launches 'Transparent Taxation' system

Prime Minister Narendra Modi has inaugurated "Transparent Taxation – Honoring the Honest" platform through video conferencing on August 13, 2020. The platform aims to establish transparency and empowering the honest tax payers of the country. It also aims to simplify the compliances for tax payers and has allowed pre-filing of ITR to provide hassle-free compliance. The platform also aims to reduce other compliances for tax payers keeping in mind the pandemic by extending the deadline for filing returns and releasing refunds promptly to ensure liquidity among assesseees. Emphasis was also given on the respect that should be given to honest tax payers rather towards them with doubt and reasons.

Three main features of the platform are:

- Faceless Assessment- The main objective of the government to introduce faceless assessment is to reduce tax harassment and corruption by the officials.
- Faceless Appeals which include random allotment of cases to tackle litigation issues and no physical interaction of authorities.
- Tax Charter which was introduced by the Finance Minister Mrs. Nirmala Sitharaman for fiscal year 2010-21 aims to simplify the compliances and provide time-bound and hassle-free services to the taxpayers.

CBDT enhanced the monetary limit for appeals to reduce litigations

The monetary threshold for filing the appeal by income tax department has been increased by the revenue department to reduce taxpayer grievances and number of litigations and pendency in various courts. The other reason for the changes is to focus on cases involving complex legal issues and high tax effect. The monetary limit for Income Tax Appellate Tribunal has been increased from 20L to 50L, whereas for High Court courts the limit has been doubled from 50L to 1 crore. In case of Supreme Court, the limit has been increased from 1 crore to 2 crore.

GENERAL CORPORATE

Companies (Corporate Social Responsibility Policy) Amendment Rules, 2020 ("Amendment Rules")

The MCA has vide notification dated August 24, 2020 notified the Amendment Rules. This amendment craves out an exemption for companies engaged in research and development activity of new vaccine, drugs and medical devices related to COVID-19 in financial years 2020-21, 2021-22 and 2022-23 in their normal course of business, to permit classification of such activities undertaken by companies as part of their CSR activities. The aforesaid

research and development activities are carried out in collaboration with any of the institutes or organizations mentioned in item (ix) of Schedule VII to the Companies Act, (ii) details of such activity are disclosed separately in the annual report on CSR included in the board's report of such companies. Further MCA have also substituted item (ix) of schedule VII to Companies Act.

IBC

Order reserved on AGR dues of Insolvent telcos : Supreme Court

The Supreme Court has reserved the order on Adjusted Gross Revenue (AGR) dues on insolvent telcos. The telecom service providers have to pay the spectrum purchase price, AGR dues and license fees. The court also said that, if the company will not pay its dues then the liabilities will be transferred to the buyers as per the trading guidelines. If the decision would direct the Telcos to pay the past dues who are using the spectrum of bankrupted companies, then both Airtel and Reliance Jio Infocomm ltd. will have to pay Rs. 12,289 crore AGR dues to Airtel and Rs. 25,199 crores to Rcom.

RBI rejected Airtel's asset sale plan: ARC Association seeks clarity

The resolution plan has been rejected by the Central Bank that was asking for sale of asset of telecom operator Airtel group. UV ARC has written a letter to the Central Bank asking for the reason for rejecting the resolution plan because as per IBC, Asset reconstruction companies are allowed to participate in resolution process. The Central Bank has also rejected other resolution plan submitted by UV ARC. The NCLT had approved the bid of Rs. 6,630 crore for Airtel by UV ARC. Airtel has liabilities of Rs. 12,289 crores in the form of AGR dues.

Proceeding against Anil Ambani for personal guarantee of Rs. 1,200 crore has been put on hold : Delhi HC

Anil Ambani filed a petition challenging the appointment of Resolution Professional for a personal guarantee for a loan of Rs. 1,200 crore by RCom and Reliance Infratel Ltd. from State Bank of India. The Delhi HC has stayed the proceeding initiated against him under Part III of Insolvency and Bankruptcy Code. However, The court has restricted Anil Ambani from alienating his assets till next hearing.

The Insolvency and Bankruptcy Board of India amends the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016.

As per the regulations the committee of creditors has to fix the fee payable to the liquidator. In case where such fee has not been fixed by the committee of creditors, the regulations prescribe for a fee payable as a percentage of the amount realised and of the amount distributed by the liquidator. There are various cases where there are two different liquidators out of which one plays the role of realising the amount while another liquidator distributes the same to the stakeholders. The amendment made to the regulations today clarifies this aspect that where a liquidator realises any amount, but does not distribute the same, he shall only be entitled to a fee corresponding to the same amount realised by him. Similarly, where a liquidator distributes any amount, but does not realise the same, he shall be entitled to a fee corresponding to the amount distributed by him only. The amended regulations are effective from 05/08/2020.

The Insolvency and Bankruptcy Board of India amends the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017

As per the Insolvency and Bankruptcy Code, 2016 a corporate person can voluntarily initiate liquidation

fully from the proceeds of the assets. Insolvency professional is appointed to conduct the voluntary liquidation process by a resolution of members or partners, or contributories, as the case may be. Even so, there could be situations where another resolution professional needs to be appointed as the liquidator. The latest amendment made to the Regulations provides that the corporate person may replace the liquidator by appointing another insolvency professional as liquidator by a resolution of members or partners, or contributories, as the case may be. The amended regulations are effective from 05/08/2020.

MSMEs may get waiver from one-year insolvency suspension, centre plans special resolution framework.

The government shall be informing about a special insolvency resolution framework for stressed MSMEs in a short time, after which there is a possibility that the mandatory time-frame for submitting a resolution plan for such businesses shall be reduced to just 90 days from the current 270 days for all companies, in order to cut delays. MSMEs may also be allowed to approach the adjudicating authority even during this period to declare them insolvent if they wish to pursue a resolution of their stressed assets. But for this, they have to take approval from unrelated financial creditors accounting for at least 25% of the total outstanding financial claims. The promoters, who did not default intentionally, will also be allowed to bid for their stressed assets. However it is pertinent to note that the creditors, for their part, cannot drag MSMEs to the National Company Law Tribunal (NCLT) during the period of this one year.

NCLT to decide on Anil Ambani's RCom resolution plan on Aug 1

The fate of Anil Ambani's telecom ventures-Reliance Communications (RCom) and Reliance Telecom

Infrastructure Ltd will be decided on August 19 when the National Company Law Tribunal will take up the resolution plan proposed by the creditors of the telecom firm under the insolvency and bankruptcy code. Lenders to the beleaguered company has already approved the resolution plan which involves realization of around Rs 23,000 crore from sale of R.Com assets and claw back of money paid to some of the lenders. Mukesh Ambani's telecom and digital arm Reliance Jio and Delhi-based UV Asset Resolution Co Ltd (UVARCL) were the highest bidders for Anil Ambani's telecom business.

RBI

Purchase and Sale of Government of India Securities at Special Open Market Operation : RBI

Witnessing the turmoil in the economy, the RBI has decided to increase the market for the simultaneous purchase and sale of Government securities in an Open Market Operation (OMO) in two-folds of Rs. 10,000 crores each, through press release no. 2020-2021/226.

The Auction would be conducted on 27th August 2020 and 3rd September 2020. The eligible bidders need to submit their bids/offers through an electronic mode on RBI core banking solution (E-kuber) between 10:00 AM and 11:00 AM on August 27th 2020. The results will be announced on the same day.

RBI issued price for Sovereign Gold Bond Scheme 2020-2021 series

The subscription for the Sovereign Gold Bond Scheme 2020-2021 series will be opened from 31st August 2020 till 4th September 2020. The nominal value of the bond on simple average closing price for gold of 999 purity of last three business days turn out to Rs. 5,117 for one gram of gold. The Government and RBI has decided to offer a discount of Rs. 50 per gram than nominal price for the investors who are applying online and making the payment through digital mode.

Treasury Bill auction for 91 days, 182 days and 364 days: RBI

RBI announces auction for Government treasury bills. The auction will be conducted on 2ND September 2020 and the settlement will be done by 3rd September 2020. State government, designated foreign banks and any person or institution specified by the bank can participate on non-competitive basis only after fulfilling the terms and conditions specified in General notification F. No. 4(2)-W&M/2018 dated 27 March 2018. Maximum 5% allocation has been restricted for retail investors. Multiple Price method will be used in the auction and the bids should be submitted only through RBI core banking solution (E-kuber) system on 2nd September 2020.

Consumer Confidence Survey September 2020 round launched by RBI

This survey aims to collect information from households about general economic condition, employment, price level, income, spending etc. and generating useful inputs for the purpose of monetary policy making from the qualitative responses. The survey has been conducted among major 13 cities in India over telephonic interviews and online forms.

RBI presents the National Strategy for Financial Education 2020-2025.

The Reserve Bank of India (RBI) recently launched the National Strategy for Financial Education (NSFE) to be executed during the period of next five years i.e. 2020 to 2025. This is the second national strategy framed by the RBI. The first NSFE was set in motion in the year 2013. NSFE 2020-25 has been launched with the purées of accomplishing a financially aware and empowered India.

National Strategy for Financial Education 2020-2025- Key Points:

- In the latest strategy, RBI has introduced 5 crucial action approaches.
- The five Cs on which RBI emphasized upon in the NSFE 2020-25 are Content, Capacity, Communication, Community, and Collaboration.
- In this case, “Content” refers to the curriculum of students in schools; where the term “Capacity” refers to creating capacity in intercessors involved in monetary administrations.
- “Communication” and “Community” are utilised to make a community driven show for financial proficiency by using the communication strategy.
- Finally, the term “Collaboration” refers to strengthening the cooperation among various members and stakeholders.
- The strategy also recommends using a strong observation system to assess the deviations as well as the advancements made.

Outline for Authorisation of Pan-India Umbrella Entity for Retail payments discharged by RBI

On August 20, 2020, the Reserve Bank of India declared an outline for Authorisation of Pan-India Umbrella Entity for retail payments.

- The RBI will set up a new pan-India umbrella entity with a minimum paid-up capital of Rs 500 crores.
- The entity shall be overseeing the new payment systems, which consists of ATMs, Aadhaar based payments, label Point of Sales and remittance services. Further the entity shall also build particular standards for payment methods and various issues related to technology.
- The sanction is to be issued by the Board for Regulation and Supervision of Payment and Settlement Systems. The Reserve Bank of India shall be appointing the directors of the board of *this entity*

RBI constitutes Kamath Panel for reorganisation of loans

The Reserve Bank of India has formed a panel under former ICICI bank CEO K V Kamath. The function of the panel is to make recommendations on financial parameters which are to be taken into consideration while structuring loans that are affected by COVID-19. It is anticipated that reorganizing the loans shall result in soothing the companies that are serving their loan obligations on time. In any case, the companies that were as of now in default for more than 30 days cannot profit from this facility.

RBI launches “Innovation Hub” for Financial Inclusion

On August 6, 2020, the Reserve Bank of India launched “Innovation Hub” for ideation and hatching of potential capabilities that can be utilised to extend financial incorporation. This hub is started to encourage the start ups in the country. It will help in identifying and efficiently utilising new and potential capabilities. This will aid in extending financial inclusion within the nation at the same time it shall also promote efficient banking services. The hub shall act as the core entity to create feasible and innovative financial products. The benefits provided by this hub are as follows:

- The hub will facilitate in attaining efficient banking.
- Even in times of emergencies, businesses won't have to shut down and will be in a position to continue.
- Reinforcing buyer assurance

Monetary Policy and Financial Markets: Twist and Tango

The Reserve Bank of India has commenced two special market operations namely, Operation Twist (OT) and Long-Term Repo Operations (LTRO) in December 2019 and February 2020 respectively. These two special operations are specifically shaped

shall be endured and at the same time it shall also facilitate monetary policy transmission. These two sets of special operations shall have an impact on money and government securities (GSEC) markets.

- The Overnight Indexed Swap (OIS) rates can be used to separate out expected and unexpected component of monetary policy, and therefore, can be deployed to track the impact of monetary policy announcements on longer-term yield.
- The relationship between OIS rates and GSEC yields indicates that monetary transmission to longer-term yield had diminished since mid-2019.
- An event study analysis shows that both OT and LTRO had a significant static as well as dynamic impact on GSEC yields of some maturities, thereby facilitating policy transmission.

RBI transfers Rs 57,128 crore surplus to the government for the year 2019-20

The Reserve Bank of India has agreed to pay a dividend amount of Rs. 57,128 crores to the government for its fiscal year. On the recommendation of Jalan committee RBI has decided to maintain a contingency risk buffer of 5.5 percent at the minimum threshold. During these times of COVID when government is facing a lot of fiscal impediments, this dividend amount that RBI would transfer to the government would play a very important role.

RBI gives affordable housing, rural lending second boost with Rs 10,000 crore facility

With the purpose of boosting rural lending and affordable housing the central bank has offered a new Rs 10,000-crore facility to the National Bank for Agriculture and Rural Development (Nabard) and National Housing Bank (NHB). As a result, the small non-bank finance companies and micro-lenders, which extend small-sized loans to the poor, and housing finance companies focused on affordable lending are going to get liquidity assistance

NABARD and NHB for the second time since the lockdown began in the month of march. Previously, NABARD got a refinance support of Rs 35,000 crore in April, NHB got Rs 10,000 crore.

COMPETITION LAW

Competition Commission of India dismisses information filed against WhatsApp Pay

By an order dated August 18, 2020, the Competition Commission of India has dismissed a complaint filed against WhatsApp, holding that the company has not abused its dominant position to expand in the country's digital payments market. The complaint was filed by Harshita Chawla stating that WhatsApp was bundling its digital payment facility – ‘WhatsApp Pay’ - within its messaging app for which it already has a large user base. This violated Section 4 of the Competition Act, 2002 which pertains to abuse of dominant position. The complaint alleged that WhatsApp was abusing its position by forcing its payments feature on to its existing users. While dismissing the case CCI held that it did not find any contravention of antitrust laws, and the company's "actual conduct is yet to manifest in the market" as it has not fully launched the service yet.

CCI approves acquisition of C&S Electric by Siemens

By an order dated August 20, 2020, CCI has approved the acquisition of C&S Electric by Siemens. In January 2020, both parties had signed an agreement whereby Siemens would acquire 99% equity in C&S Electric for around INR 21 Bn. As per the agreement, Siemens will acquire Indian operations of C&S Electric's low-voltage switchgear components and panels, low and medium-voltage power busbars as well as protection and metering devices businesses.

CCI approves acquisition of JB Chemicals by Tau Investment

By an order dated August 26, 2020, CCI has approved the acquisition of up to 64.90% of the share capital of J B Chemicals & Pharmaceuticals Limited by Tau Investment Holdings Pte. Ltd. (Tau Investment).

MISCELLANEOUS

UP RERA Organizes a Virtual Conference on August 14, 2020 with the Development Authorities to Discuss Project Delays and Compliances

Uttar Pradesh Real Estate Regulatory Authority has so far issued about 2000 recovery certificates, the value of the amount in these RC's being over Rs. 600 crores and about 15% of the amount against the RC's has been realized and transferred to the home buyers. Further, UP-RERA has requested the development authorities under whose jurisdiction the projects or the properties of the defaulting promoters are located to make available the list of unsold inventories, the vacant land, and the unsold FAR in the projects, both ongoing and completed of these defaulting promoters. In furtherance of the same UP-RERA has issued directions to the 25 top defaulting promoters

Punjab RERA issues Circular Regarding Project Category of Villas/Independent Floors

Punjab Real Estate Regulatory Authority August 4, 2020 issued a circular stating that villas constructed on individual plots would be treated as “residential plotted development” and not as part of “group housing” since it is a single residential unit constructed on an individual plot. Further, Punjab-RERA also stated that “independent floors” are actually multiple residential units constructed on an individual plot. Therefore, such units would fall under the category of “group housing” and would be liable to pay registration fee, as applicable for the category “group housing.”

Ombudsman model for regulation of OTT content

The Internet and Mobile Association of India has proposed an ombudsman model to the Ministry of Information & Broadcasting for the self-regulation of over-the-top streaming platforms. Earlier this year the IMAI introduced a Digital Content Complaints Committee that would have the authority to penalize OTT platforms that violated the norms of the IMAI's Code of Self- Regulation, however, a majority of the OTT platforms had opposed the formation of such a regulatory body. Although the details of the ombudsman model are not released, this seems to be a middle ground between the DCCC and self-regulation by the OTT platforms.

Centre to file reply to ban on online gambling apps and websites

The Madras High Court has ordered that notice be sent to the Central Government on a PIL seeking a ban on online gambling websites and apps. The Division Bench of the Madras High Court directed the Central Government to file its reply within 3 weeks. The PIL also states that the celebrity endorsers like Virat Kohli and Tamannaah be prosecuted for abetment to gambling, a criminal offence, as their activities as endorsers "hook innocent youngsters to play the games."

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