Highlights

- Press Note on amendments in FDI Policy on Construction Development Sector issued by DIPP
- Companies Amendment Bill passed in Lok Sabha
- Government approves amendments in FDI Policy in 'Pharmaceutical Sector'
- RBI liberalizes Overseas Direct Investments by Indian Party
- National Capital Territory of Delhi Laws (Special Provisions) Amendment Bill 2011 passed by Parliament
- RBI to include Multilateral Organisation in exemption list of Foreign Exchange Management (Deposit) Regulations, 2000
- RBI permits overseas investments by Alternative Investment Funds
- Union Cabinet approves amendments in Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013
- MCA amends the Companies (Cost Records and Audit) Rules, 2014

Corporate Brief

Press Note on amendments in FDI Policy on Construction Development Sector issued by DIPP

DIPP has notified the amendments in Foreign Direct Investment policy on the Construction Development Sector. Highlights of the amendments are: (a) Minimum floor area to be developed under each project to be 20,000 sq meter in case of construction development projects. No minimum area requirement in case of development of serviced plots, (b) Minimum FDI of USD 5 million is to be brought within 6 months of commencement of the project. Subsequent tranches of FDI can be brought till the period of 10 years from the commencement of the project or before the completion of the project, whichever expires earlier, (c) Investor to be permitted to exit on completion of the project or after development of trunk infrastructure, (d) Indian investee company to be permitted to sell only developed plots, (e) The conditions of minimum area requirement and minimum capital requirement will not be applicable to investee/joint venture companies which commit at least 30% of the total project cost for low cost affordable housing, (f) Project using at least 40% of the FAR/FSI for dwelling unit of floor area of not more than 140 sq mt will be considered as Affordable Housing Project for the purpose of FDI Policy in Construction Development Sector. It has further clarified that out of the total FAR/FSI reserved for Affordable Housing, at least one-fourth should be for houses of floor area of not more than 60 sq mt. *[See DIPP Press Note No. 10 (2014 Series) dated December 3, 2014]*

Companies Amendment Bill passed in Lok Sabha

Lok Sabha has passed the Companies (Amendment) Bill, 2014 to ease the process of doing business in India. Highlights of the Bill include the following: (a) To omit the requirement for minimum paid-up share capital, (b) To make common seal optional, (c) To prohibit public inspection of Board Resolutions filed in the Registry, (d) To include provisions for writing off past losses/depreciation before declaring dividend for the year. (e) To provide provisions empowering Audit Committee to give omnibus approvals for related party transactions on annual basis, (f) To replace 'special resolution' with 'resolution' for approval of related party transactions by non-related shareholders.

Government approves amendments in FDI Policy on 'Pharmaceutical Sector'

The Union Cabinet has approved amendments in the extant Foreign Direct Investment Policy on 'Pharmaceutical Sector' providing for a carve amount for FDI in medical devices. Highlights of the amendment are: (a) FDI up to 100% is permitted under automatic route in this segment. (b) The condition of non-compete clause would not be applicable to greenfield as well as brownfield projects in this segment. The term 'Medical Device' would include (i) any instrument, apparatus, appliance, implant, material or other article, whether used alone or in combination, including the software intended by its manufacturer to be used specially for human beings or animals for one or more of the specific purposes; (ii) an accessory to such an instrument; (iii) a device which is a reagent, calibrator, control material, kit, equipment or system whether used alone or in combination thereof intended to be used for examination and providing information for medical or diagnostic purposes. *[Press Information Bureau, Government of India, Cabinet Print release, dated December 24th, 2014]*

RBI liberalizes Overseas Direct Investments by Indian Party

RBI has amended the Foreign Exchange Management (Transfer or issue of any foreign security) Regulations, 2004 with respect to the following: (i) Permission to create charge (pledge) on the shares of JV/WOS/step down subsidiary (irrespective of the level) of an Indian Party in favour of domestic/overseas lender for securing the funded or non-funded facility to be availed of by the Indian Party or by its group companies/sister concerns/associate concerns or by any of its JV/WOS/SDS under the automatic route subject to the conditions as specified in the circular; (ii) Permission to create charge on the domestic assets of an Indian Party (or its group companies/sister concerns/associate concerns including the individual promoter/director) in favour of an overseas lender for securing the funded/non-funded facility to be availed of by the JV/WOS/SDS (irrespective of the level) of the Indian Party under the automatic route subject to the conditions as specified in the circular; (iii) Permission to create charge on the overseas assets (excluding the shares) of the JV/WOS/SDS (irrespective of the level) of an Indian Party in favour of a domestic lender for securing the funded or non-funded facility to be availed of by the Indian Party or by its group companies/ sister concerns/ associate concerns or by any of its overseas JV/WOS/SDS (irrespective of the level) under the automatic route subject to the conditions as specified in the circular. *[See RBI A.P. (DIR Series) Circular No. 54 dated December 29th, 2014]*

National Capital Territory of Delhi Laws (Special Provisions) Amendment Bill, 2011 passed by Parliament

Parliament has passed the National Capital Territory of Delhi Laws (Special Provisions) Amendment Bill, 2014 to extend the validity of the National Capital Territory of Delhi Laws (Special Provisions) Amendment Act, 2014 (The Act) for a period of three years from January 1st, 2015 to December 31st, 2017. As per the provisions of the Act, orderly arrangements had to be made for relocation or rehabilitation of slum dwellers and *Jhuggi Jhompri* clusters; regulation of street vendors; regularization of unauthorized colonies, village *abadi* areas and their extensions and existing farm houses; regularization of schools, dispensaries, religious and cultural institutions and, storages, warehouses and godowns built on agricultural land; redevelopment of existing godown clusters and building regulations for special areas. The extension of time is needed to provide opportunity to the Government Agencies to finalize the norms, policy, guidelines and feasible strategies in this regard and for the orderly implementation of the plan.

RBI to include Multilateral Organisation in exemption list of Foreign Exchange Management (Deposit) Regulations, 2000

RBI, with an objective of bringing all the multilateral organizations at par, for opening of accounts in India, has decided to include, in the exemptions laid down in Foreign Exchange Management (Deposit) Regulations, 2000, 'deposits held in accounts maintained with an Authorised Dealer by any multilateral organization of which India is a member nation, and its subsidiary/affiliates bodies in India, and its or their officials in India." *[See RBI A.P. (DIR Series) Circular No. 51 dated December 17, 2014]*

- *RBI permits overseas investments by Alternative Investment Funds*

RBI has permitted Indian Alternative Investment Funds, registered with SEBI, to invest in foreign securities under Foreign Exchange Management (Transfer or issue of any Foreign Security) Regulations, 2004. The investment can be made subject to an overall limit of USD 500 million. Alternative Investment Funds desirous of making investments in foreign securities may approach SEBI for prior approval in this regard. No separate permission from RBI would be necessary. *[See RBI A.P. (DIR Series) Circular No. 48 dated December 09, 2014]*

- *Union Cabinet approves amendments in Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013*

The Union Cabinet has approved amendments in the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 ('the Act'). Highlights of the amendments being: (i) Exempted 13 Acts are brought under the purview of the Act for the purpose of compensation as well as rehabilitation and resettlement, (ii) Fast track process is allowed for defence and defence production, rural infrastructure including electrification, housing for poor including affordable housing, industrial corridors and infrastructure projects including projects taken up under Public Private Partnership mode where ownership of the land continues to be vested with the government. *[See Press Information Bureau, Government of India, Cabinet, Print Release dated December 29, 2014]*

- *MCA amends the Companies (Cost Records and Audit) Rules, 2014*

MCA has amended the Companies (Cost Records and Audit) Rules, 2014. Highlights of the amendments are: (i) For the purpose of auditing of cost records, entities have been broadly classified into regulated and unregulated sectors. Regulated Sector includes class of companies engaged in telecommunication services, drugs and pharmaceuticals, generation, distribution, supply of electricity etc. Unregulated sector includes class of companies engaged in activities related to ores and mineral products, cement, coffee and tea etc. (ii) Every company engaged in production of goods or providing services falling under Regulated or Unregulated sectors, having turnover of rupees 35 crore or more during the immediately preceding financial year, shall be required to include cost records for such products or services in their books of accounts. (iii) Companies, falling under Regulated Sector and having turnover from all its products and services during preceding financial year of Rs. 50 crore or more and the aggregate turnover of the individual product/service for which cost records are required to be made is Rs. 25 crore or more, shall be required to get their cost records audited. Companies falling under Unregulated Sector and having turnover from all of its products or services during preceding financial year of Rs. 100 crore or more and the aggregate turnover of the individual product/service for which cost records are required to be made is Rs. 35 crore or more, shall be required to get their cost records audited. (iv) Any casual vacancy in the office of a Cost Auditor, whether due to resignation, death or removal shall be filled by the Board of Directors within 30 days of occurrence of such vacancy. *[See MCA notification F.No. 1/40/2013-CL-V dated December 31, 2014]*

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